FINANCIERE AGACHE

2023 Financial Documents

2023 Financial Documents

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

This document is a free translation into English of the original French "Documents financiers 2023", hereafter referred to as the "2023 Financial Documents". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

Management Report of the Board of Directors: The Financière Agache group

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

1. Business group overview

Financière Agache 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 winegrowing 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. Whether they are part of haute couture or luxury fashion, the Financière Agache 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 Financière Agache 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 Financière Agache group's youngest business group – operate in the high-end watchmaking, jewelry and high jewelry sectors. The Group's brands in this business group are 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 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 Financière Agache 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

Driven by the engagement of the Financière Agache group and its Maisons to craft dreams, the Group puts heart and soul into everything it 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 motivate staff to achieve ambitious goals.

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

3. Operating model

The Financière Agache group's unique operating model is based on six pillars, and contributes to its 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. Financière Agache'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 Financière Agache 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 Financière Agache group

2. Business overview, highlights and outlook

1. Wines and Spirits

In 2023, revenue for the Wines and Spirits business group represented 8% of the Financière Agache group's total revenue. Champagne and wines made up 52% of this revenue, while cognac and spirits accounted for 48%.

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 palate. Easy to love, each creation – from the iconic *Moët Impérial* to the exquisite *Grand Vintage* collection, from the innovative *Moët Ice Impérial* to the smooth *Nectar Impérial*, and the multifaceted *Collection Impériale*, which represents a new expression of the Maison's "Haute Œnologie" (high winemaking) expertise – amazes with a broad range of flavors and aromas capturing the full 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 is driven by a creative ambition – a relentless quest to achieve perfect harmony. This vision has guided Dom Pérignon from the outset: in 1668, Dom Pierre Pérignon, the 17th-century Benedictine monk, made it his ambition to produce "the best wine in the world". Today, Vincent Chaperon, the Maison's Cellar Master, brings that same creative ambition to each vintage champagne he crafts, fully embracing the three dimensions having built Dom Pérignon's renown: the year and the character of its seasons; the successive windows of expression, called *Plénitudes*, requiring long maturation on lees; and color, through the hues captured in white and rosé styles.

Founded in 1772, **Veuve Clicquot**, has been spreading its joyful, sun-kissed "Culture Solaire" all over the world for more than 250 years, always driven by daring, creativity and innovation. When she took over the management of the Maison in 1805, Madame Clicquot became one of the first businesswomen of modern times. Staying true to her motto, "Only one quality: the finest", this great lady changed the face of Champagne through a series of creative breakthroughs, including the first vintage champagne, the first riddling table, and the first blended rosé champagne, all still holding sway today. As part of this quest for excellence, the Maison continues to apply its unique expertise grounded in a love for Pinot Noir and a deep understanding of the art of aging. Drawing on more than two centuries of know-how, Veuve Clicquot's constancy of style has given rise to iconic cuvées like *Brut Yellow Label* as well as the prestige cuvée *La Grande Dame*, the epitome of the Maison's winemaking prowess. The gold-yellow color used on its labels since 1877 is also that of the rising sun, evoking at once Veuve Clicquot's unique heritage, its radiant vision and its optimistic mindset. Paying tribute to its history and the extraordinary destiny of an exceptional woman, in 1972 the Maison established what is known today as the Bold Woman Award, taking shape as an impactful program offering tangible support throughout the year to women entrepreneurs around the world.

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.

Armand de Brignac is the latest champagne house to join the Group's portfolio, bringing unrivaled energy and innovation to the sector since 2006. Also known under the name Ace of Spades and reflecting the unique vision of Shawn "Jay-Z" Carter, Armand de Brignac upends conventions and encapsulates contemporary luxury, all while honoring the traditions of Champagne's famed terroirs. Jointly owned by LVMH and Shawn "Jay-Z" Carter since 2021, the Maison is continuing to expand its reach by reaffirming its resolutely upscale 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; the iconic **Colgin Cellars** (founded by Ann Colgin 30 years ago and acquired by LVMH in 2017), **Joseph Phelps** (one of the most acclaimed wine estates in Napa Valley, acquired by the Group in 2022) and **Newton Vineyard** in California; **Terrazas de los Andes** and **Cheval des Andes** in Argentina; **Ao Yun** in China; and **Bodega Numanthia** in Spain. The **Cape Mentelle** winery in Australia was sold in 2023. 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 a *Grand Cru* of the Côte de Nuits. **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) also joined the portfolio of wines in 2019. Lastly, in 2023 the Group acquired **Château Minuty**, renowned worldwide for its rosé wine, which has also been a *Cru Classé des Côtes-de-Provence* since 1955, and is located in Gassin on the peninsula of Saint-Tropez.

1.1.2 Competitive position

In 2023, shipments of Group champagne brands were down 6.8% from 2022, while shipments from the Champagne region decreased by 8.2% (source: CIVC). The Group's market share thus rose to 22.9% of the total shipments, compared to 22.5% in 2022.

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

(in millions of bottles and percentage)	2023			2022			2021		
	Sales volume		Market share	Sales volume		Market share	Sales volume		Market share
	Region	Group	*(%)*	Region	Group	*(%)*	Region	Group	*(%)*
France	127	9.0	7.1	138.4	9.1	6.6	140.8	8.6	6.1
Export	172	59.4	34.6	187.5	64.4	34.3	180.0	60.4	33.6
Total	**299**	**68.4**	**22.9**	**325.9**	**73.4**	**22.5**	**320.8**	**69.0**	**21.5**

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

The geographic breakdown of the Group's champagne sales is as follows (as a percentage of total sales expressed in number of bottles):

(as %)	2023	2022	2021
Germany	5	5	5
United Kingdom	7	7	7
United States	20	23	25
Italy	4	4	4
Japan	10	10	9
Australia	5	5	5
Other	36	34	32
Total export	**87**	**88**	**87**
France	13	12	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 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. As of year-end 2023, 241 million bottles were stored in the Group's cellars in Champagne, 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 100 million bottles), including the quality reserve withheld from sale in accordance with applicable industry rules (equivalent to 10 million bottles).

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

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

1.1.4 Grape supply sources and subcontracting

The Financière Agache group owns 1,650 hectares under production, which provide 21% of its annual needs. In addition, the Group's Maisons purchase grapes and wines from winegrowers 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 for *Viticulture Durable en Champagne* certification.

Since 1996, industry agreements have established a qualitative reserve in order to cope with variable harvests. The surplus inventories stockpiled this way can be bottled and 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 2023 harvest, the marketable yield for the Champagne appellation was set at 11,400 kg/ha. The maximum level of the stockpiled reserve was revised at the time of the 2023 harvest and is now set at 10,000 kg/ha (up from 8,000 kg/ha previously).

The price paid for each kilogram of grapes in the 2023 harvest ranged between 6.25 euros and 7.35 euros depending on the vineyard, an average increase of 7.5% compared to the 2022 harvest. Premiums may be paid on top of the base price in line with the special conditions agreed under each partnership, in particular the additional work required for *Viticulture Durable en Champagne* certification.

Dry materials (bottles, corks, etc.) and all other components of containers and packaging are purchased from non-Group suppliers.

In 2023, the champagne houses also used subcontractors for about 42 million euros of services, notably pressing, co-packing, 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 primarily at the European market.

1.2.2 Competitive position

In 2023, the volumes shipped from the Cognac region were down 22.3% from 2022 (source: BNIC), while volumes of Hennessy shipped decreased by 20.9%. Hennessy's market share of volumes shipped from the Cognac region improved by 0.9 points to 49% in 2023 from 48% in 2022. 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)	2023			2022			2021		
	Sales volume		Market share	Sales volume		Market share	Sales volume		Market share
	Region	Group	*(%)*	Region	Group	*(%)*	Region	Group	*(%)*
France	4.4	1.6	36.8	5.1	2.3	45.2	5.3	2.4	45.4
Europe (excl. France)	26.8	7.3	27.1	27.7	7.4	26.7	28.9	6.6	22.8
United States	58.1	38.1	65.6	110.6	63.5	57.4	114.5	62.6	54.7
Asia	57.4	21.3	37.0	50.1	17.3	34.5	57.2	19.2	33.6
Other markets	15.4	10.8	69.6	15.2	9.3	61.6	12.9	8.0	62.0
Total	**162.2**	**79.0**	**48.7**	**208.7**	**99.8**	**47.8**	**218.9**	**98.9**	**45.2**

(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 %)	2023	2022	2021
United States	54	60	65
Japan	1	1	-
Asia (excl. Japan)	22	19	18
Europe (excl. France)	9	8	7
Other	13	12	10
Total export	**99**	**100**	**100**
France	1	-	-
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. Following an increase of 3.5% in 2021, and then 6% in 2022, Hennessy decided not to raise its purchase prices for eaux-de-vie in 2023.

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

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

1.2.5 The vodka production method, supply sources and subcontracting

Belvedere vodka is made using only two ingredients – Polish rye and pure water – and is produced at one of Poland's oldest distilleries, which has been making vodka since 1910. Belvedere contains no additives, and is produced according to Polish laws governing vodka production, which stipulate that nothing may be added. Belvedere, an expert in rye distilling, draws upon more than 600 years of Polish tradition to produce extraordinary vodka with a distinct flavor and character. Belvedere has three main and long-standing raw eaux-de-vie suppliers, each accounting for around 30% of the Maison's supplies. Belvedere began transitioning its star product, *Belvedere Pure*, to organic production in 2023, with the aim of achieving full conversion by 2025.

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 ten 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 2023, 26% of champagne and cognac sales were made through this channel.

1.4 Highlights of 2023 and outlook for 2024

	2023	2022	2021
Revenue *(EUR millions)*	**6,602**	**7,099**	**5,974**
Of which: Champagne and wines	*3,461*	*3,474*	*2,793*
Cognac and spirits	*3,141*	*3,625*	*3,181*
Sales volumes			
(in millions of bottles)			
Champagne	66.5	70.9	66.8
Cognac	83.2	94.3	102.6
Other spirits	21.5	23.9	20.8
Still and sparkling wines	52.7	56.5	51.5
Revenue by geographic region of delivery *(%)*			
France	7	6	6
Europe (excl. France)	20	18	18
United States	32	37	38
Japan	6	6	5
Asia (excl. Japan)	21	20	21
Other markets	14	13	12
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**2,109**	**2,155**	**1,863**
Current operating margin *(%)*	**31.9**	**30.4**	**31.2**

Highlights

Following an exceptional year in 2022, 2023 was marked by contrasting trends across different markets. Consumer demand waned in the United States and China, while Europe showed remarkable resilience, and Asia-Pacific, Latin America and the Caribbean continued to see strong growth, particularly in private sales and travel retail. Against this backdrop, Moët Hennessy pursued its value strategy, enhancing the appeal of its brands and diversifying its portfolio through product innovation and the integration of Château Minuty, confirming its leadership in the Provence rosé market. The desire to forge closer, more direct connections with end-consumers led to the opening of new points of sale, including the first Hennessy store in mainland China and the Cravan cocktail bar in the heart of Paris. Stepping up its commitment to sustainability, Moët Hennessy presented its Maisons' sustainable farming practices at the ChangeNOW summit, the world's largest event for sharing solutions for protecting the planet.

While maintaining a firm pricing policy as part of their value strategy, the champagne houses continued to achieve high sales volumes, achieving a record market share of Champagne-appellation shipments. **Moët & Chandon** benefited from the successful launch of its *Grand Vintage 2015* in the first half of the year, celebrating the Maison's 280 years of expertise and craftsmanship; in October, it unveiled *Collection Impériale Création No. 1*, the first cuvée of its "Haute Œnologie" (high winemaking)

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

vision, inspiring a collaboration with American artist Daniel Arsham. **Dom Pérignon** had a record year, with the release of two new vintages and several creative collaborations, while **Veuve Clicquot** turned in an exceptional performance, buoyed by the launch of *La Grande Dame 2015*, and offered unforgettable experiences including a tasting of bottles aged underwater in the Baltic Sea. The Maison also reaffirmed its commitment to sustainable luxury and women's entrepreneurship through a collaboration with Stella McCartney. **Krug** saw significant growth, with new editions paired with its signature sources of inspiration: fine dining and music. **Ruinart** unveiled a major collaboration with artist Eva Jospin and launched *Blanc Singulier*, a new cuvée that highlights the impact of climate change. **Armand de Brignac** continued its integration into the Moët Hennessy portfolio of brands and expanded its sales into strategic markets, starting with Japan.

The still wine Maisons continued to consolidate their market presence, against a backdrop of normalizing demand in the United States following the post-pandemic surge. **Château d'Esclans** consolidated its leadership in Côtes-de-Provence wines, **Château Galoupet** obtained organic certification and **Château Minuty** joined the Moët Hennessy portfolio. **Chandon** saw a slight decrease in sales volumes in 2023, despite the success of its all-natural aperitif, *Chandon Garden Spritz*.

In the first part of 2023, **Hennessy** experienced a significant slowdown in sales in the United States, although the situation gradually recovered at the end of the year. The Maison was also affected by the effects of the Covid pandemic on Chinese New Year celebrations at the beginning of the year. Despite this, it still managed to extend its global leadership in the spirits category. The brand stepped up its commitment to sustainability through initiatives such as the decarbonization of its Cognac distillery and the "Living Landscapes" program aimed at planting hedges in the Cognac region.

Revenue for **Glenmorangie** and **Ardbeg** whiskies was affected by market conditions in the United States and China, but substantially exceeded pre-Covid levels, thanks to strong performance in travel retail and in dynamic markets such as Japan. The two Maisons continued to focus on innovation, with Ardbeg introducing gift sets showcasing its legendary history. **Belvedere** vodka reaffirmed its value strategy with the launch of *Belvedere 10*, an exceptional vodka designed for the nightlife market. The Maison also obtained organic farming certification in 2023. **Woodinville** expanded its retail presence in the United States, where it is now available in 35 states. **Volcán de mi Tierra** continued to develop its ultra-premium expression, partnering with Formula 1 in Las Vegas. Cuban rum-maker **Eminente** opened a "Casa Eminente" pop-up location in Paris.

Outlook

In an environment that remains uncertain, especially in the United States and China, and with shifts in consumer behavior, the business group is approaching 2024 with caution and pragmatism. It will continue to draw on the strengths of its dynamic teams and solid foundations, including its balanced geographic coverage and diverse portfolio of prestigious brands. The Maisons will continue to enhance their desirability through powerful product-focused initiatives including Armand de Brignac's launch of the *Blanc de Noirs* cuvée and Hennessy's release of new bottles, as well as promotional initiatives including Veuve Clicquot's partnership with the legendary Venice Simplon-Orient Express and a new creative collaboration for Dom Pérignon. Mindful of their rich heritage and environmental responsibility, they will continue to pursue their sustainability-focused roadmap, aimed at protecting biodiversity and reducing their carbon footprint. In the second half of the year, Moët Hennessy will welcome the world's leading experts in soil microbiology and sustainable winegrowing to its second World Living Soils Forum, to be held in October in Arles (southern France), aimed at sparking dialogue and stepping up the pace of scientific progress in these fields. Excellence, authenticity, innovation and sustainability remain the guiding principles for the Maisons in the Wines and Spirits business group: core values that reflect their mission – "Crafting Experiences" – as well as Moët Hennessy's vision of being the leader in luxury wines and spirits.

2. Fashion and Leather Goods

In 2023, the Fashion and Leather Goods business group represented 49% of the Financière Agache 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 won over 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 for men and women.

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 women's and men's fragrances.

Kenzo, formed in 1970, joined the Group in 1993. Renowned for its lavish prints and vibrant colors, the Maison operates in the areas of ready-to-wear for men and women, fashion accessories, shoes and leather goods. Its perfume business is part of the Perfumes and Cosmetics business group.

Givenchy, founded in 1952 by Hubert de Givenchy and part of the Group since 1988, is 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 is 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 Group's first German brand, owned since 2016. 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 Financière Agache 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 Financière Agache group believes that one of its essential assets is its ability to attract a large number of internationally recognized designers to its Maisons. In 2023, Pharrell Williams became Creative Director of Menswear at Louis Vuitton. He succeeded Virgil Abloh, who had been the Maison's Creative Director of Menswear from 2018 until his tragic passing in late 2021. At Givenchy, after three years helming both its men's and women's collections, Matthew M. Williams is stepping down as the Maison's Creative Director. 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. 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 Dior's first female Creative Director of Womenswear. 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 Financière Agache group, particularly in the luxury fashion and leather goods sector. This control allows the Group to retain retail 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 2,200 stores as of December 31, 2023.

2.5 Supply sources and subcontracting

As of 2023, Louis Vuitton has twenty-eight leather goods workshops – nineteen in France, four in Spain, three in the United States and two in Italy – which 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 long-term 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 both the leather and metal parts markets accounts for around 20% of Louis Vuitton's 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 jewelry, it purchases supplies primarily 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 Maisons' 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 been involved with the Heng Long tannery in Singapore since 2011 and in Italy since 2022. Founded in 1950, it is now a leading crocodilian leather tannery. In 2012, LVMH acquired Tanneries Roux, founded in 1803 and one of the last French tanneries specializing in calfskin. More recently, the Group has invested in the production of metal parts, notably in Jade Group, a manufacturer of metal jewelry and accessories with workshops in France and Portugal, which joined the Group in 2021.

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, LVMH purchased the stake held by Marcolin and became the sole owner of Thélios.

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

2.6 Highlights of 2023 and outlook for 2024

	2023	2022	2021
Revenue *(EUR millions)*	**42,169**	**38,648**	**30,896**
Revenue by geographic region of delivery *(%)*			
France	7	7	5
Europe (excl. France)	18	17	16
United States	17	21	21
Japan	10	9	9
Asia (excl. Japan)	39	36	41
Other markets	9	10	8
Total	**100**	**100**	**100**
Type of revenue *(% of total revenue)*			
Retail	95	95	94
Wholesale	5	5	6
Licenses	-	-	-
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**16,836**	**15,709**	**12,842**
Current operating margin *(%)*	**39.9**	**40.6**	**41.6**

Highlights

The Fashion and Leather Goods business group continued to achieve strong growth. Its Maisons' ability to continuously reinvent themselves, its talented designers, its expert craftspeople, the quality-driven development of its stores and its teams' quest for excellence in elevating the customer experience all contributed to this momentum.

Louis Vuitton had another excellent year, buoyed by its exceptional creativity, its expert craftsmanship and its cultural dimension. The captivating fashion shows, singular aesthetics and bold vision of Nicolas Ghesquière, whose contract was renewed for a further five years, continued to elevate the desirability of the Maison's Womenswear collections. Infusing ultra-contemporary romanticism with the spirit of sportswear, Louis Vuitton's Cruise show was held at Isola Bella on Italy's Lake Maggiore against a backdrop of baroque art and gardens, while the Maison's Spring/Summer 2024 collection was unveiled in October within the walls of its future location at 103 Avenue des Champs-Élysées in Paris. The arrival of Pharrell Williams as Creative Director of Menswear marked the start of an exciting new chapter. His first fashion show, set on the stage of the Pont-Neuf bridge in Paris, was met with huge enthusiasm, garnering over 1.1 billion views on social media, an all-time record for the fashion industry. Designed by the two creative directors, the "Voyager" shows – for Womenswear, held on the iconic Jamsugyo Bridge in Seoul, and for Menswear, under the starlit skies of Hong Kong's Avenue of Stars – paid homage to Louis Vuitton's spirit of travel. The Maison continued to innovate across all its product categories and forge links with art and artists. *Malletage* quilting – inspired by the interior of Louis Vuitton's historic trunks – adorned the *GO-14* leather goods line, while the *Tambour* watch, worn by brand ambassador Bradley Cooper, was reinvented with a movement designed by the Maison's watch manufacturing facility. The fifth edition of *Artycapucines* revisited the iconic bag through the eyes of five international artists, and renowned architect Frank Gehry also lent his unique vision to an exclusive *Capucines* capsule collection released at Art Basel Miami Beach. The Maison held two highly successful exhibitions: *LV Dream*, which paid tribute to creative partnerships throughout its history, and *Malle Courrier*, which showcased the craftsmanship behind one of its most iconic models and was held at its founder's historic family home in Asnières. In keeping with its "Our Committed Journey" roadmap, Louis Vuitton teamed up with Australian conservation charity People For Wildlife to protect biodiversity in a 400,000-hectare natural area.

Christian Dior continued to deliver remarkable growth in all its product categories. Season after season, its shows reinvent the magic of the Dior name. Maria Grazia Chiuri continued to forge ties with cultures and craftsmanship from around the world: the Fall/Winter collection, shown in Mumbai, extolled the art of embroidery through a collaboration with the Chanakya Ateliers in India, while the 2024 Cruise collection celebrated Mexican culture and one of its iconic figures, Frida Kahlo. Continuing her dialogue with artists, the designer entrusted the decor for the Winter 2023 haute couture show to Marta Roberti and the set design for her ready-to-wear show in Paris to Joana Vasconcelos. The show was held again in Shenzhen, China, with the livestream garnering over 200 million views. At the École Militaire in Paris, Kim Jones celebrated five years as Creative Director of *Dior Homme* with a boldly staged new show that paid tribute to the Maison's heritage. In another highlight, on the shores of Lake Como, Victoire de Castellane unveiled her new high jewelry collection, *Les Jardins de la Couture*, inspired by the encounter between two worlds close to Christian Dior's heart: couture and flowers. The year's innovations included the new *Plan de Paris* print, which was featured across a number of product categories and adorned the façade of the iconic Harrods department store in London during the summer. The end of the year saw store windows lit up with Dior's spectacular seasonal displays, including a large-scale display at Saks Fifth Avenue in New York, whose façade was bedecked with a captivating "Carousel of Dreams" – a testament to the Maison's long-standing ties with New York.

Celine had another record year, delivering strong growth in its established markets and taking direct control over distribution in South Korea. Driven by Hedi Slimane's bold creative vision, the Maison continued to elevate its desirability. Growth was fueled by the success of leather goods, especially the iconic *Triomphe* line, as well as the steady rise in ready-to-wear and the increasing popularity of its range of accessories. Celine continued to expand and renovate its network of stores in strategic locations like Tokyo Omotesando and the Miami Design District.

Fendi opened "Palazzos" in Seoul and Tokyo, featuring the brand's full range of products. At its haute couture show in July, the Maison debuted the first high jewelry collection designed by Delfina Delettrez-Fendi. In leather goods, the Maison unveiled new models including the *C'mon* and *Origami* bags. The *Hand in Hand* exhibitions, underscoring Fendi's commitment to craftsmanship, were met with great interest. The Maison showcased its commitment to Italian art through a collaboration with Galleria Borghese and an exhibition of works by artist Arnaldo Pomodoro.

Loro Piana confirmed its excellent momentum and gained market share. Capitalizing on its exceptional raw materials and singular craftsmanship, the Maison was buoyed by growth in leather goods and continued to innovate through new capsule collections including *Loro*, its first line made from 100% recycled cashmere. A new digital certification service was launched with the Aura Blockchain Consortium for its *The Gift of Kings®* merino wool. The Maison began to upgrade its store concept, renovating and expanding its network, the highlight of which was the reopening of its flagship store in Dubai and a new flagship in Thailand.

Very strong growth at **Loewe** was driven by a combination of key factors: JW Anderson's bold creativity, the Maison's authentic craftsmanship, and its shift further upmarket, as exemplified by the launch of the *Squeeze* bag. The Maison boosted awareness of its brand, outfitting stars like Beyoncé and Rihanna at events with a global audience, and benefited from the success of its collaborations with Studio Ghibli and ceramic artist Suna Fujita. It continued to expand its store network, opening new Casa Loewe stores in Tokyo Omotesando and Dubai, in particular.

Marc Jacobs maintained the strong momentum seen in 2022. Alongside buoyant growth at directly operated stores in the United States and the wholesale business in Europe, online sales continued to grow. The Maison made a strong impact on social media. Growth was driven by its flagship lines, in particular the leather version of its *Tote Bag*.

Givenchy's growth was driven by its directly operated stores, while its retail presence became more and more selective. 2023 saw the launch of the *Voyou* bag and continued growth in sales of the iconic *Shark Lock* boots. One of the highlights of the year was the joint presentation with Tiffany & Co. of the Maison's haute couture and high jewelry collections.

Kenzo developed and promoted its new positioning. Highlighting links between East and West, Nigo's Spring/Summer 2024 show was held in Paris between the Eiffel Tower and the Palais de Tokyo before stopping over in Shanghai.

Sustained growth at **Berluti** was fueled both by the Maison's timeless collections and by new products launched during the year. The *Lorenzo Drive* reinterpreted the classic driving shoe; the *Toile Marbeuf* design, a tribute to the Maison's rich heritage, adorned a new line of travel bags; and the *Passe-Temps* collection of exceptional items was launched in the run-up to the holiday season. The Maison also continued to expand its store network in China, South Korea and Japan.

As travel resumed, business at **Rimowa** picked up, buoyed by growing brand awareness and its iconic positioning, with communications focused on the sustainability of its products and the unconditional lifetime warranty offered on all Rimowa suitcases. A traveling exhibition celebrated the 125th anniversary of its founding. Highlights of the year included the launch of a new material for the Maison – leather – enveloping the *Distinct* carry-on suitcase.

At **Pucci**, Camille Miceli's first show was held under the arches of the Ponte Vecchio in Florence, where the Italian fashion house was originally founded.

Outlook

As the Fashion and Leather Goods Maisons approach the future, their ambition remains unchanged: to further elevate their desirability and press ahead with their strategy of responsible growth. The outlook for **Louis Vuitton** over the next few years is very strong thanks to the Maison's ongoing exceptional creative momentum and its constant reinvention through the lens of travel. Nicolas Ghesquière will continue to design the iconic collections and models that underpin the Maison's success. Pharrell Williams, an artist whose work spans multiple creative universes, has ushered in a new and extremely promising chapter for Menswear. With its unceasing desire to surprise and blaze new trails, the Maison is pursuing a number of innovation and development projects. These include plans to eventually open its new showcase premises at 103 Avenue des Champs-Élysées, heralded by the giant *Monogram* trunk that will cover the building while construction work is underway. **Christian Dior** will continue to highlight its timeless modernity while referencing its unique heritage. Its ongoing growth will be underpinned by compelling initiatives including new store openings, pop-up locations and high-impact events. For example, until May 2024, Dior's gallery at its 30 Montaigne location in Paris will host a richly poetic exhibition dedicated to collaborations with women artists including Niki de Saint Phalle, Sarah Moon and Judy Chicago. **Celine** will focus on elevating its brand while maintaining its unique spirit of casual sophistication, and on expanding its stores. **Fendi** has several major store openings planned for 2024, including flagship stores in the Miami Design District and Cannes, and will expand its *Selleria* line of leather goods. **Loro Piana** will celebrate its 100th anniversary – an opportunity to look back on its history and showcase its exceptional materials and expertise. **Loewe** will highlight its Spanish roots and its creativity at its first exhibition outside Spain, to be held at the Shanghai Exhibition Center. **Marc Jacobs** will prioritize expanding its network of directly operated stores in the United States and ramping up its online sales. **Berluti** will be outfitting Team France for the opening ceremony of the Paris 2024 Olympic and Paralympic Games.

3. Perfumes and Cosmetics

In 2023, the Perfumes and Cosmetics business group posted revenue of 8,271 million euros, representing 9% of the Financière Agache 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 1.4% 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 at Space NK and at the designer's flagship store, is also available internationally from the brand's website.

3.2 Competitive position

The LVMH Beauty division has maintained its global competitive position thanks to the success of its perfumes, particularly in Europe and the United States, and the recovery in makeup in the United States, despite the ongoing impact on the skincare market of the public health situation in China.

3.3 Research

Established in 1981, 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 shape the future of sustainable digital beauty by working on aspects as varied as well-being, 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 and pharmacists) 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 [CNRS] and the French National Institute of Health and Medical Research [INSERM]) 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 more.

Through this strategy of fostering open innovation in multiple fields, LVMH Recherche aims to position itself at the cutting edge of innovation in areas relating to performance and sustainability, such as the following:

- active ingredients sourced from regenerative agriculture and new environmentally friendly processing techniques (extraction, biotechnology, etc.);
- packaging using recycled, recyclable and/or bio-sourced materials;
- new biological approaches to gain greater insight into cellular longevity and identify new skin anti-aging treatments;
- use of advanced diagnostics for a more personalized approach.

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 mainly distributed through its network of directly operated stores, enabling it to develop its unique expertise, as well as through 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 other 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 2023 and outlook for 2024

	2023	2022	2021
Revenue *(EUR millions)*	**8,271**	**7,722**	**6,608**
Revenue by geographic region of delivery *(%)*			
France	9	9	9
Europe (excl. France)	21	20	19
United States	19	19	16
Japan	5	5	4
Asia (excl. Japan)	33	35	42
Other markets	13	12	10
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**713**	**660**	**684**
Current operating margin *(%)*	**8.6**	**8.5**	**10.3**

Highlights

In a fiercely competitive market environment, growth in the Perfumes and Cosmetics business group was driven by a dynamic innovation strategy – backed by the scientific excellence of LVMH's research center – and an ongoing policy of highly selective retailing.

Parfums Christian Dior turned in a remarkable performance, reinforcing its leading positions in Europe, Japan and the Middle East, confirming its strong momentum in Southeast Asia, and continuing its advances in key countries like the United States and South Korea. Fragrances were buoyed by the Maison's sustained innovation policy and the ongoing success of its iconic product lines. *Sauvage* confirmed its position as the world's best-selling fragrance across all categories. *J'adore* and *Miss Dior* were enriched with new versions developed through the Maison's top-tier innovation program: *J'adore Parfum d'Eau*, the first long-lasting alcohol-free fragrance; *J'adore l'Or*, launched at the end of the year; and *Miss Dior Blooming Bouquet*, which achieved excellent results, especially in Asia. The success of *La Collection Privée*

Christian Dior – a key collection in elevating the Maison's product range – was amplified by the summer launch of a new scent, *Dioriviera*, alongside the strong performance of star fragrance *Gris Dior*. Growth in makeup was fueled in particular by the new *Dior Addict Lip Maximizer* and *Forever Skin Correct*. Skincare performed well in the premium segment in Asia with the *Prestige* range, and was boosted by the launch of a new travel-friendly size for its *Dior Le Baume* multi-purpose cream. Parfums Christian Dior stepped up the expansion of its spa activity with several new spas, another edition of the "Dior Spa Cheval Blanc Cruise" experience on the Seine in Paris, and new pop-up locations, including the Splendido in Portofino and Timeo in Taormina. Backed by its omnichannel marketing strategy, which covers all traditional and digital channels and makes it one of the world's most desirable beauty brands, Dior saw rapid growth in its online sales. The expansion of its network of directly operated stores enabled the Maison to showcase its full range and offer exclusive products, such as the exceptional pieces designed by artist Jean-Michel Othoniel for *J'adore l'Or* and by the Baccarat crystal works for *Sauvage Elixir*. The Maison joined forces with WWF – the world's leading nature conservation organization – to help preserve and restore 15,000 hectares of wildlife habitats and green corridors in France and North America.

Guerlain continued its growth, buoyed in particular by solid momentum in fragrances and makeup. The sustainability-focused *Aqua Allegoria* collection was expanded with the *Aqua Allegoria Forte* range of intense scents. *L'Art et la Matière* also added a new fragrance, *Jasmin Bonheur*, available in a limited art edition designed in collaboration with Maison Matisse. This collection, which embodies the Maison's excellence in high-end perfumery, has seen revenue double in just two years. Growth in makeup was driven in particular by the launch of *Terracotta Le Teint*, a foundation with an innovative texture, which was very successful in Europe. Skincare was buoyed in the second half of the year by the launch of the *Abeille Royale* day and night creams. Guerlain reaffirmed its commitment to important causes, developing its "Women for Bees" program in Mexico and Rwanda, in partnership with UNESCO and a number of local NGOs. It also launched major sustainable design initiatives focused on its products.

Parfums Givenchy achieved robust growth in fragrances. The brand's star fragrance, *L'Interdit*, confirmed its excellent potential and helped it gained market share. The Maison also benefited from the successful relaunch of *Gentleman*, another iconic fragrance line, with its new *Gentleman Society* edition, and from strong sales of *Irresistible*, driven by its *Rose Velvet* version. **Benefit** confirmed its leadership position in brow beauty and mascara with its new *Fluff Up* and *Fan Fest*, and continued to successfully roll out its brow lamination service. The Maison innovated with *The Porefessional Pore Care*, a new collection of six skincare products developed to minimize the look of pores. **Fresh** launched *Black Tea Age Renewal Cream* and expanded its premium *Crème Ancienne* line with a new white truffle serum. In another initiative, **Make Up For Ever** expanded its star range, *HD Skin*, launching a powder foundation version developed in collaboration with the Maison's community of professional makeup artists. At **Kenzo Parfums**, growth was driven by innovative new additions to *Flower by Kenzo*, the Maison's star fragrance range, including the new *Ikebana* scent, inspired by the Japanese art of flower arrangement, and by the reinvented *Kenzo Homme*. **Maison Francis Kurkdjian** continued its ultra-selective expansion into new, high-potential markets. The successful launch of the *Aqua Media* eau de parfum enriched a fragrance wardrobe already buoyed by the popularity of *Baccarat Rouge 540*, *Gentle Fluidity*, *Grand Soir* and *Oud Satin Mood*. The Maison inaugurated the "Perfumer's Garden" at the Palace of Versailles as part of a long-term corporate giving program. **Acqua di Parma** was boosted by the major success of its *Zafferano* fragrance, featuring a freshly original blend of warm saffron and bright citrus notes. The Maison celebrated exceptional Italian craftsmanship with its *Arancia La Spugnatura* limited edition. **Loewe Perfumes** achieved record-high revenue and launched a strategy aimed at elevating its brand, expanding internationally and gaining greater control over its distribution channels. **Fenty Beauty** posted solid growth, driven by successful product launches, in particular its *Hella Thicc* volumizing mascara. The Maison continued to expand its distribution channels. For **Officine Universelle Buly**, 2023 was a year of olfactory inventiveness, with the launch of a collection of water-based fragrances inspired by the botanical scents and flavors of a vegetable garden. The Maison opened a new boutique in Dubai and a Buly café in Kobe (Japan).

Outlook

While remaining vigilant, as called for by the current environment, the Perfumes and Cosmetics Maisons will continue to invest selectively in their strengths: product excellence and desirability, accelerated innovation and a selective approach to retail networks. **Parfums Christian Dior** continues to be driven by its values of creativity and excellence, as well as its desire to inspire dreams, transforming each brand interaction into an unforgettable experience. The Maison will continue to infuse its icons with bold, passionate, elegant innovations: in fragrances, with *Miss Dior*, *J'adore* and *Sauvage*; in makeup, with *Rouge Dior*, *Addict* and *Forever*; and in premium skincare, with its flagship *Prestige* line. With regard to its retail channels, the Maison will remain highly selective and continue to elevate the customer experience in terms of both products and services. Starting in early 2024, **Guerlain** will benefit from innovations in its *Abeille Royale* and *Orchidée Impériale* skincare lines. **Parfums Givenchy** will aim to boost growth in fragrances. A number of innovations will drive growth at **Kenzo Parfums**. **Acqua di Parma** will reaffirm its positioning as a vibrant, sophisticated brand offering a range of exceptional fragrances, objects and services. **Maison Francis Kurkdjian** will continue to build on its ability to craft unprecedented olfactory experiences. **Fresh** will celebrate the 20th anniversary of its *Crème Ancienne* premium skincare line. **Benefit** will continue to innovate, particularly in its signature brow range, with new, ultra-high-precision tools. **Make Up For Ever** will reaffirm its expertise in foundation. **Loewe Perfumes** will expand its market presence in the United States.

4. Watches and Jewelry

In 2023, the Watches and Jewelry business group represented 13% of the Financière Agache 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. Zenith's two iconic movements – the *El Primero* chronograph and the *Elite* movement, both legends of Swiss watchmaking – are featured in 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 Financière Agache 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 920 stores as of year-end 2023 at prestigious locations in the world's largest cities. The Watches and Jewelry business group has 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.

While 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 2023 and outlook for 2024

	2023	2022	2021
Revenue *(EUR millions)*	**10,902**	**10,581**	**8,964**
Revenue by geographic region of delivery *(%)*			
France	3	3	2
Europe (excl. France)	15	15	15
United States	23	26	25
Japan	11	11	11
Asia (excl. Japan)	34	32	36
Other markets	14	13	11
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**2,162**	**2,017**	**1,679**
Current operating margin *(%)*	**19.8**	**19.1**	**18.7**

Highlights

The Watches and Jewelry business group maintained its strong growth momentum, driven by its bold innovation strategy and master craftsmanship. The Maisons continued to focus on the selective expansion of their retail networks, promotional events and partnerships with artists and athletes in connection with their collections. They also actively developed their range of corporate social responsibility initiatives.

Tiffany & Co. embarked on a new chapter in its 187-year history with the reopening of its legendary New York flagship, which was fully renovated and is now known as "The Landmark". The remarkable location offers a unique, immersive brand experience and received an enthusiastic welcome. Spanning ten floors, The Landmark not only heralds a new era for Tiffany – it also raises the bar for the entire luxury industry. It has inspired a new aesthetic concept that the Maison has begun to roll out worldwide, starting with iconic locations including the Dubai Mall, Tokyo Omotesando and Palo Alto, California. The launch of *Out of the Blue* – the first *Blue Book* high jewelry collection designed by Nathalie Verdeille, Tiffany's new Creative Director for Jewelry – reaffirmed the Maison's preeminent position in the world's most coveted diamonds and gemstones. The advertising campaign for this exceptional collection featured a series of pieces that paid tribute to the works of Jean Schlumberger, the Maison's first jewelry designer, modeled by actress Anya Taylor-Joy. The Maison continued the global release of its new *Lock* collection, inspired by this modern symbol of love and its unbreakable bonds, introducing new styles accompanied by a revamped marketing campaign. With daring and ingenuity, Tiffany entered into new creative collaborations with brands, individuals and institutions that share its values of expert craftsmanship, creativity, integrity and excellence. The limited-edition *Rimowa x Tiffany* travel cases, with their diamond-inspired design, and the jewelry and sculpture collaboration with contemporary artist Daniel Arsham are just a few examples of this constant desire to collaborate to create beautiful designs and never stop surprising customers.

Bulgari had an excellent year, with especially strong growth in high jewelry and high-end watches. The new *Mediterranea* jewelry and watch collection, presented in Venice, was inspired by an imaginary journey exploring the vast range of beauty, cultures and traditions of the Mediterranean, and achieved record-breaking revenue. High-profile events celebrating the 75th anniversary of its iconic *Serpenti* line were held in a number of cities around the world, further elevating the Maison's image. Bulgari introduced *Cabochon*, a new, highly contemporary and organic jewelry collection, directly inspired by ancient Roman jewelry, which had a great debut during the end-of-year holiday season. In watches, Bulgari expanded the *Octo Finissimo* collection and relaunched *Octo Roma* to target a younger, more urban demographic. To enhance its desirability among young millennials, the Maison joined forces with the legendary racing simulation video game series *Gran Turismo* to create new editions of its *Bulgari Aluminium* watch. *Serpenti* continued to achieve strong growth, joining the ranks of the most iconic women's watches, from more everyday models, like the *Serpenti Tubogas* and *Seduttori*, to the most exclusive, with *Serpenti Misteriosi Cleopatra*, which won the prestigious Geneva Watchmaking Grand Prix in the highly sought-after "Jewelry Watch" category. A new marketing campaign featuring Anne Hathaway, Zendaya, Lisa, YiFei and Priyanka Chopra was launched during the year. A flagship store was opened in Hong Kong at One Peking Road and several other stores were opened and renovated, including Ginza 6 and Omotesando in Tokyo, and Costa Mesa in California. The Maison scaled up its presence in the luxury hotel sector with new hotels in Tokyo and Rome.

TAG Heuer celebrated the 60th anniversary of its *Carrera* collection with the launch of the *Carrera Glassbox* and a media campaign built around the film *The Chase for Carrera* starring Ryan Gosling. Two new models were added to the *Carrera Plasma* line – a fusion of watchmaking and synthetic diamonds – while the addition of 42mm models rounded out the collection of smartwatches. The *Chronosprint*, available in gold and steel versions, was launched as part of the partnership with Porsche. The Maison relocated its Fifth Avenue store in New York and launched a new partnership with cutting-edge racing yacht Flying Nikka.

Highlights of the year for **Hublot** included a collaboration with artist Takashi Murakami on a collection of 13 unique NFTs, each one entitling the holder to one of 13 *Classic Fusion Takashi Murakami* watches, and the launch of the *MP-15 Takashi Murakami* high-tech masterpiece. The Maison enriched its collections with innovative high-tech and high-end timepieces such as the *Big Bang Tourbillon Automatic Yellow Neon Saxem* in bright, fluorescent yellow – a world first – the *MP-13 Tourbillon Bi-Axis Retrograde* and the *Big Bang Tourbillon SR-A by Samuel Ross*. Hublot served as the official timekeeper for the FIFA Women's World Cup. At the end of the year, construction began on its new watch manufacturing facility.

Zenith enriched its *Defy* collection with the *Defy Skyline Skeleton* and a new version of its *Defy Extreme*, developed in partnership with the Extreme E electric vehicle racing championship. The year's other highlights included the launch of the new *Pilot* line and a new marketing campaign for its best-selling *Chronomaster Sport*. As part of its "Horizon" CSR program, the Maison released a new timepiece to support the fight against breast cancer and announced the launch of a women's mentoring project.

Chaumet continued to post significant growth. Reflecting the Maison's love for nature, with iconic botanical motifs like wheat ears and contemporary designs based on the texture of bark, the new *Le Jardin de Chaumet* high jewelry collection generated record sales. The *Bee My Love* collection, interpreted across a diverse range of jewelry, saw more rapid growth, particularly among younger customers. Chaumet's *A Golden Age* exhibition of designs from the 60s and 70s, held at its *12 Vendôme* location, was a huge success. The Maison also launched several new cultural and social outreach initiatives, including the Chaumet Echo Culture Awards, celebrating women who promote culture, and a partnership with France's Mobilier National (state furniture and furnishings agency) aimed at introducing children to the world of fine craftsmanship through encounters with the Maison's artisans.

Fred achieved another year of strong growth. Highlights of 2023 included the Maison's first collaboration with the French Open tennis tournament and the opening of the *Fred: Jewelry Designer* exhibition in Seoul. In June, the Maison lent its support to the World Games held in Berlin and organized by the Special Olympics, an organization dedicated to the empowerment of people with intellectual disabilities through sports.

Repossi was buoyed by marketing campaigns for its iconic *Antifer*, *Serti sur Vide* and *Berbère* collections. The new *La Ligne* collection joined the Maison's range of high jewelry designs.

Outlook

In 2024, the Watches and Jewelry business group will aim to maintain its growth and continue gaining market share. Given the current tensions and uncertainties, the Watches and Jewelry Maisons will continue to manage costs and remain selective in their investments. The business group will continue to prioritize innovating and enhancing the desirability of its collections, opening and renovating directly operated stores, and expanding production capacity to accommodate the growth of its brands. Sustainability and responsibility will remain core components of their strategies. **Tiffany & Co.** will ramp up its store network renovation program, continuing the worldwide rollout of its new store concept inspired by The Landmark. Backed by upcoming marketing campaigns and inspiring new customer experiences, the Maison will maintain its strategy aimed at elevating its core collections to the status of icons and showcasing the unique creativity of its high jewelry designs. **Bulgari** will celebrate its 140th anniversary. A new high-end jewelry and watch collection will be unveiled. The Maison will continue to promote its iconic *Serpenti* line, while relaunching *B.zero1* and expanding its new *Cabochon* collection. 2024 will also see the renewal of Bulgari's partnership with Save the Children, which has helped over 2.5 million children in need since 2009 thanks to more than 100 million euros in donations from the Maison over the period. **TAG Heuer** will expand its range designed in partnership with Porsche while continuing to promote its *Carrera* and *Aquaracer* collections. The Maison will pursue its strategy of opening directly operated stores while gradually taking direct control over its distribution in South Korea. As the official timekeeper of UEFA Euro 2024, **Hublot** will launch a marketing campaign with its brand ambassador Kylian Mbappé. New models will be unveiled over the course of the year, particularly in the *Big Bang* collection. As well as adding innovative new designs to its *Chronomaster* and *Defy* lines, **Zenith** will expand upon its *Icons* collection of restored vintage pieces with the launch of a new theme inspired by its *Pilot* watches. **Chaumet** will continue to showcase its history and its rich creative heritage while promoting its iconic collections.

5. Selective Retailing

In 2023, the Selective Retailing business group represented 21% of the Financière Agache group's total revenue.

5.1 Travel retail

Duty Free Shoppers (DFS), which joined the Group in 1997, is a pioneer and a 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 international tour operators as well as with the world's leading luxury brands, and 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 two-thirds of its revenue. The 20 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 (Hawaii), Japan and Europe. Each *Galleria* combines in one site, close to the hotels where travelers are lodged, two different but complementary retail spaces: a general luxury product offering (including perfumes and cosmetics, fashion and accessories) and a gallery of prestigious boutiques, some of which belong to the Group (including Louis Vuitton, Hermès, Bulgari, Tiffany, Christian Dior, 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 a dozen international airports in the Asia-Pacific region, the United States, Japan, Abu Dhabi and mainland China, where it opened its first location at Chongqing Airport in 2023.

Starboard Cruise Services, one of the world leaders in the sale of duty-free luxury items on board cruise ships, provides services to around 80 ships representing several cruise lines. It also publishes tourist reviews, catalogs and advertising sheets available on board. This business was disposed of in 2023, with the Group retaining a minority stake.

5.2 Selective retail

Sephora, founded in 1969, has developed over time a perfume and beauty concept that combines open-display beauty retail, services 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, and opened its first two stores there in 2023.

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 2023, Sephora continued to gain market share in its key countries, in particular the United States, France, Canada, Italy and Spain.

5.4 Highlights of 2023 and outlook for 2024

	2023	2022	2021
Revenue *(EUR millions)*	17,885	14,852	11,754
Revenue by geographic region of delivery *(%)*			
France	11	12	12
Europe (excl. France)	9	9	9
United States	46	44	39
Japan	1	1	-
Asia (excl. Japan)	15	16	24
Other markets	18	18	16
Total	100	100	100
Profit from recurring operations *(EUR millions)*	1,391	788	534
Current operating margin *(%)*	7.8	5.3	4.5

Highlights

The Selective Retailing business group's strong growth was mainly driven by exceptional momentum at Sephora and the gradual return of travelers to a number of key destinations for DFS.

Sephora achieved another historic year, both in terms of sales and profit, continuing to gain market share. It saw exceptional performances in most of its markets, with double-digit growth in North America, Europe, the Middle East, Southeast Asia and new fast-rising markets such as Latin America. Growth was driven primarily by makeup, followed by haircare, skincare and fragrances. In terms of channels, e-commerce growth remained very solid, but the strongest growth came from the store network, driven by higher traffic, new openings, renovations and an elevated customer experience. The Maison continued to invest in its omnichannel strategy and further expanded its store network, with more than a hundred store openings in 2023. In the United States, Sephora's partnership with Kohl's continued to be highly successful, well ahead of expectations and with major benefits for both companies. Sephora also continued to develop its new experience-focused store concept in Asia, with a major renovation of its Shanghai and Wuhan flagships in China. Another major event was the reopening of the Champs-Élysées flagship store in Paris, which was fully renovated for the first time in its history, reflecting the Maison's special focus on sustainability and energy consumption. Sephora continued to invest in new markets. In the United Kingdom, two stores were opened – in the Westfield White City and Westfield Stratford City malls – with results that very substantially exceeded expectations. In India, an exclusive partnership was entered into with Reliance to operate a number of stores, with the aim of transforming the country's promising prestige beauty industry. Throughout the year, Sephora pushed innovation to record levels to delight its ever-growing beauty community of over 160 million loyal customers. The "Sephoria" event launched in the United States became a global phenomenon, with successful events held in New York, Paris and Shanghai. The Maison also continued to innovate in digital and technology to optimize the customized beauty advice it can offer its customers, such as in identifying the perfect skin tone for their foundation. Sephora pursued its commitment to advance diversity, equity and inclusion, including a program in the United States aimed at supporting beauty entrepreneurs and founders of color by featuring their brands more prominently among the Maison's range of products. For the first time, Sephora also partnered with Selena Gomez's

Rare Beauty to help people facing mental health challenges, with 100% of Rare Beauty sales made at Sephora on World Mental Health Day donated to the Rare Impact Fund. Sephora was also the sponsor of *Woman*, an immersive exhibition drawn from the movie by Anastasia Mikova and Yann Arthus-Bertrand, sharing the voice of thousands of women from across the world.

DFS focused its efforts on the gradual return of travelers from mainland China after borders were reopened following the Covid pandemic. Business rapidly recovered in nearby destinations Hong Kong and Macao, and did so more gradually in other Asian locations. Preparing for the full recovery expected in its key markets, the Maison rounded out its teams and its marketing initiatives. The year's highlights included the celebration of the reopening of the iconic Waikiki *Galleria* in Hawaii, where DFS has been operating for the past 60 years; the launch of the "Explore New Dimensions" beauty initiative, featuring new interactive consultation experiences driven by artificial intelligence; the inauguration of the Maison's concession at Chongqing Jiangbei Airport, its first location in mainland China; and the announcement of plans for its most ambitious project yet, to be completed by 2026, at Yalong Bay (Sanya) on the island of Hainan in China, where DFS will feature more than 1,000 luxury brands at stores spanning a total floor area of more than 128,000 square meters. DFS also unveiled the latest editions of its annual *Masters of Wines and Spirits* and *Masters of Time* exhibitions, held at Macao's City of Dreams and Four Seasons, respectively. In Paris, La Samaritaine celebrated the second anniversary of its reopening and confirmed its appeal amid the increase in customer traffic driven by travelers from Asia. As part of its digital strategy, DFS launched a new customer loyalty program called DFS Circle.

Le Bon Marché, in addition to its highly loyal Parisian clientele, saw an influx of customers from elsewhere in France and international visitors. The department store's revenue reached a record high. The year saw the opening of a new jewelry department, strong growth in the beauty department and the expansion of its range of responsible and sustainable products across all categories. L'Institut, its exclusive beauty and wellness center opened in 2022, turned in a very strong performance. Business was spurred by a rich array of events. The highlight of the beginning of the year was the *Sangam* exhibition by Indian artist Subodh Gupta. The *Au Bonheur des Dames* immersive theatre performance, which played to a full house for months in a row, was extended until the end of April. To celebrate the tenth anniversary of its founding, French fashion brand Sézane – the department store's guest of honor – offered an exclusive pop-up collection as part of the *Les Bons Marchés de l'Été* exhibition. Starting in September, Le Bon Marché welcomed Rossy de Palma and her colorful world for the *Olé Olé Le Bon Marché* exhibition. After nightfall, the store was the stage for an exclusive new show entitled *Entre Chiens et Louves*, co-produced with circus troupe Cirque Le Roux, featuring a masterfully poetic blend of art, theatre, dance and circus performance. In a resounding tribute to French cuisine, culinary expertise and authentic, local products, La Grande Épicerie de Paris celebrated its 100th anniversary with a flurry of creative collaborations and an eye-catching program of events.

In December, the Group announced it had entered into a strategic agreement for the sale of its majority stake in Cruise Line Holdings Co. (the holding company for the Starboard & Onboard Cruise Services business). The Group remains a substantial minority shareholder in this new company.

Outlook

The Selective Retailing Maisons are entering 2024 with the ambition of reaffirming their distinctive identities and continuing to offer the world's best shopping experiences, innovating and building loyalty across all channels. **Sephora** will continue to build on its unique strengths: its vibrant community of passionate employees and loyal customers, its exceptional expertise in curating brands and products, and its omnichannel and in-store retail excellence. The Maison will pursue the global deployment of some of its most exciting brands and products while accelerating its commitment to clean and responsible beauty, with a new clean beauty program that will be progressively rolled out around the world. New stores will be opened in North America, China, Europe and Latin America, and a major store renovation program in the United States will help better reflect American customers' new expectations. Sephora will continue to invest in technology and digital, with the ambition of offering the best app in the prestige beauty industry to its customers around the world. 2024 will also be an exceptional year for Sephora, a partner of the Torch Relay as part of LVMH's partnership with the Paris 2024 Olympic and Paralympic Games. The Maison will also continue to step up its commitment to diversity, equity and inclusion, with initiatives dedicated to both its employees and its communities. While remaining vigilant and maintaining tight control over its allocation of resources, **DFS** aims to continue expanding in its key locations of Hong Kong and Macao. The opening of a new store on Senado Square in central Macao and the renovation of its stores in Hong Kong will contribute to achieving this objective. While continuing to invest in further elevating its range of products and services, the Maison will keep expanding its retail network, in particular at new spaces within Los Angeles International Airport. **Le Bon Marché** will continue to enhance the quality of its exclusive selection and its customer experience, while capitalizing on its profile as a trend-setting department store and its unique cultural dimension. The highlight of early 2024 will be the *Aux Beaux Carrés: Travaux in situ* exhibition of works by French artist Daniel Buren.

6. Other activities

Les Echos group

The Financière Agache 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 property 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 Financière Agache group

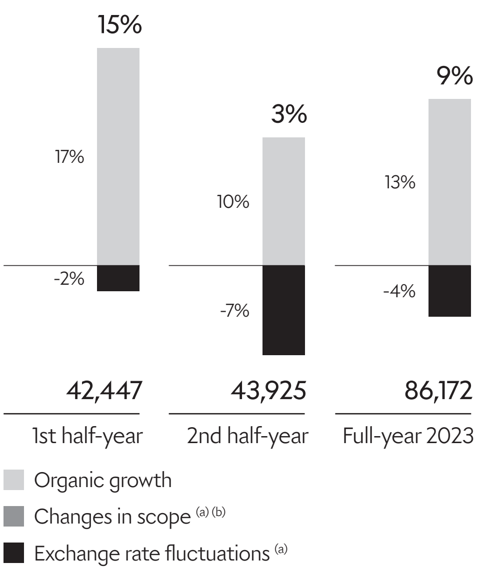
3. Business and financial review

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 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 33.
(b) 0% in full-year 2023.

Revenue for the 2023 fiscal year was 86,172 million euros, up 9% from the previous fiscal year. It was adversely affected by 4 points as a result of many of the Group's invoicing currencies weakening on average against the euro, in particular the Chinese renminbi, the Japanese yen and the US dollar.

The following changes to the Group's consolidation scope took place after January 1, 2022: in the Wines and Spirits business group, the consolidation of Joseph Phelps Vineyards in August 2022 and of Château Minuty in February 2023; in the Perfumes and Cosmetics business group, the consolidation of Officine Universelle Buly as of January 1, 2022; in the Selective Retailing business group, disposal of Starboard in December 2023. 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 13%.

Revenue by invoicing currency

(as %)	2023	2022	2021
Euro	20	19	17
US dollar	28	30	28
Japanese yen	7	7	7
Hong Kong dollar	3	2	3
Other currencies	42	42	45
Total	**100**	**100**	**100**

The breakdown of revenue by invoicing currency changed as follows with respect to the previous fiscal year: the contribution of the US dollar fell by 2 points to 28%, while the contributions of the euro and the Hong Kong dollar rose by 1 point each to 20% and 3%, respectively. The contributions of the Japanese yen and "Other currencies" remained stable at 7% and 42%, respectively.

Revenue by geographic region of delivery

(as %)	2023	2022	2021
France	8	8	6
Europe (excl. France)	17	16	15
United States	25	27	26
Japan	7	7	7
Asia (excl. Japan)	31	30	35
Other markets	12	12	11
Total	**100**	**100**	**100**

By geographic region of delivery, the relative contributions of Europe (excluding France) and Asia (excluding Japan) to Group revenue rose by 1 point each to 17% and 31%, respectively, while the contribution of the United States fell by 2 points to 25%. The contributions of France, Japan and "Other markets" held steady at 8%, 7% and 12%, respectively.

Revenue by business group

(EUR millions)	2023	2022	2021
Wines and Spirits	6,602	7,099	5,974
Fashion and Leather Goods	42,169	38,648	30,896
Perfumes and Cosmetics	8,271	7,722	6,608
Watches and Jewelry	10,902	10,581	8,964
Selective Retailing	17,885	14,852	11,754
Other activities and eliminations	343	354	23
Total	**86,172**	**79,256**	**64,219**

The breakdown of Group revenue by business group changed as follows: the contributions of Wines and Spirits and of Perfumes and Cosmetics fell by 1 point each to 8% and 9%, respectively, while that of Selective Retailing increased by 2 points to 21%. The contributions made by Fashion and Leather Goods, and Watches and Jewelry held steady at 49% and 13%, respectively.

Revenue for Wines and Spirits decreased by 7% based on published figures. Affected by a negative 5-point exchange rate impact, which was partially offset by the impact of changes in scope arising from the consolidation of Joseph Phelps Vineyards and Château Minuty, revenue for this business group was down 4% on a constant consolidation scope and currency basis. Revenue from champagne and wines remained stable based on published figures and increased by 2% on a constant consolidation scope and currency basis, while revenue from cognac and spirits was down 13% based on published figures and 10% on a constant consolidation scope and currency basis. The United States and China were the countries most affected by lower consumer demand.

Revenue for Fashion and Leather Goods increased by 14% in terms of organic growth and by 9% based on published figures. Europe, Japan and Asia all delivered an excellent performance, while revenue in the United States declined. Virtually all the brands achieved outstanding results.

Revenue for Perfumes and Cosmetics increased by 11% in terms of organic growth and by 7% 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 7% in terms of organic growth and by 3% based on published figures. The jewelry Maisons posted solid growth. The most buoyant regions were Europe, Asia, the Middle East and Japan.

Revenue for Selective Retailing increased by 25% in terms of organic growth and by 20% based on published figures. Sephora turned in an excellent performance in most regions, particularly in Europe and the United States, while DFS benefited from the recovery in international travel.

1.2 Profit from recurring operations

(EUR millions)	**2023**	**2022**	**2021**
Revenue	86,172	79,256	64,219
Cost of sales	(26,895)	(25,039)	(20,359)
Gross margin	59,277	54,218	43,860
Marketing and selling expenses	(30,768)	(28,151)	(22,306)
General and administrative expenses	(5,739)	(5,049)	(4,454)
Income/(Loss) from joint ventures and associates	7	37	13
Profit from recurring operations	**22,776**	**21,055**	**17,113**
Current operating margin *(%)*	**26.4**	**26.6**	**26.6**

The Group's gross margin came to 59,277 million euros, up 9% compared to the previous fiscal year; as a percentage of revenue, the gross margin was 68.8%, up 0.4 points with respect to 2022.

Marketing and selling expenses totaled 30,768 million euros, up 9% based on published figures and up 13% on a constant consolidation scope and currency basis. The level of these expenses expressed as a percentage of revenue came to 35.7%, remaining stable with respect to 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 expenses amounted to 12% of revenue, increasing by 10% on a constant consolidation scope and currency basis.

The geographic breakdown of stores is as follows:

(number)	**2023**	**2022**	**2021**
France	550	518	522
Europe (excl. France)	1,213	1,108	1,203
United States	1,128	1,054	1,014
Japan	497	496	477
Asia (excl. Japan)	2,003	1,829	1,746
Other markets	706	659	594
Total	**6,097**	**5,664**	**5,556**

General and administrative expenses totaled 5,739 million euros, up 14% based on published figures and up 15% on a constant consolidation scope and currency basis. They amounted to 6.7% of revenue.

Profit from recurring operations by business group

(EUR millions)	2023	2022	2021
Wines and Spirits	2,109	2,155	1,863
Fashion and Leather Goods	16,836	15,709	12,842
Perfumes and Cosmetics	713	660	684
Watches and Jewelry	2,162	2,017	1,679
Selective Retailing	1,391	788	534
Other activities and eliminations	(434)	(274)	(489)
Total	**22,776**	**21,055**	**17,113**

The Group's profit from recurring operations was 22,776 million euros, up 8% from the previous fiscal year. The Group's current operating margin as a percentage of revenue was 26.4%, with no notable change with respect to the previous fiscal year.

Exchange rate fluctuations had a negative overall impact of 672 million euros 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

	2023	2022	2021
Revenue *(EUR millions)*	6,602	7,099	5,974
Profit from recurring operations *(EUR millions)*	2,109	2,155	1,863
Current operating margin *(%)*	31.9	30.4	31.2

Profit from recurring operations for Wines and Spirits was 2,109 million euros, down 2% relative to December 31, 2022. Champagne and wines contributed 1,095 million euros, while cognac and spirits accounted for 1,014 million euros. The business group's current operating margin as a percentage of revenue came to 31.9%.

Fashion and Leather Goods

	2023	2022	2021
Revenue *(EUR millions)*	42,169	38,648	30,896
Profit from recurring operations *(EUR millions)*	16,836	15,709	12,842
Current operating margin *(%)*	39.9	40.6	41.6

Fashion and Leather Goods posted profit from recurring operations of 16,836 million euros, up 7% from the previous fiscal year. Louis Vuitton and Christian Dior Couture maintained an exceptional level of profitability. The business group's current operating margin as a percentage of revenue was 39.9%.

Perfumes and Cosmetics

	2023	2022	2021
Revenue *(EUR millions)*	8,271	7,722	6,608
Profit from recurring operations *(EUR millions)*	713	660	684
Current operating margin *(%)*	8.6	8.5	10.4

Profit from recurring operations for Perfumes and Cosmetics was up 8%, influenced by a highly selective distribution policy, and totaled 713 million euros. The business group's current operating margin as a percentage of revenue was 8.6%.

Watches and Jewelry

	2023	2022	2021
Revenue *(EUR millions)*	10,902	10,581	8,964
Profit from recurring operations *(EUR millions)*	2,162	2,017	1,679
Current operating margin *(%)*	19.8	19.1	18.7

Profit from recurring operations for Watches and Jewelry was 2,162 million euros, up 7% relative to December 31, 2022. The business group's current operating margin as a percentage of revenue was 19.8%.

Selective Retailing

	2023	2022	2021
Revenue *(EUR millions)*	17,885	14,852	11,754
Profit from recurring operations *(EUR millions)*	1,391	788	534
Current operating margin *(%)*	7.8	5.3	4.5

Profit from recurring operations for Selective Retailing was 1,391 million euros, up 76% relative to December 31, 2022, reflecting the exceptional performance achieved by Sephora worldwide and the recovery in international travel, which benefited DFS. The business group's current operating margin as a percentage of revenue was 7.8%.

Other activities

The loss from recurring operations of "Other activities and eliminations" was 434 million euros, compared with a loss of 274 million euros as of December 31, 2022. 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)	2023	2022	2021
Profit from recurring operations	22,776	21,055	17,113
Other operating income and expenses	(242)	(54)	6
Operating profit	22,534	21,002	17,119
Net financial income/(expense)	(946)	(925)	51
Income taxes	(5,742)	(5,394)	(4,558)
Net profit before minority interests	**15,847**	**14,682**	**12,612**
Minority interests	(8,962)	(8,383)	(7,706)
Net profit, Group share	**6,885**	**6,299**	**4,906**

"Other operating income and expenses" amounted to a net expense of 242 million euros, compared with a net expense of 54 million euros in 2022. In 2023, this item mainly included depreciation, amortization and impairment charges for brands, goodwill and investments in joint ventures and associates, as well as gains and losses on disposals, primarily that of Starboard carried out in December 2023.

The Group's operating profit was 22,534 million euros, up 7% from the previous fiscal year.

"Net financial income/(expense)" amounted to a net expense of 946 million euros in 2023, compared with a net expense of 925 million euros as of December 31, 2022. This item comprised the following:

- the aggregate cost of net financial debt, which was a cost of 396 million euros, versus a cost of 20 million euros in fiscal year 2022, representing a negative change of 376 million euros, mainly due to the substantial and rapid increase in interest rates;
- interest on lease liabilities recognized under IFRS 16, which increased in particular due to the change in interest rates, amounting to an expense of 393 million euros, compared with an expense of 254 million euros a year earlier;
- other financial income and expenses, which amounted to a net expense of 157 million euros, compared to 652 million euros in 2022. Included in this amount was the expense related to the cost of foreign exchange derivatives, 401 million euros, versus an expense of 374 million euros a year earlier. In addition, fair value adjustments of available for sale financial assets amounted to net income of 283 million euros, compared to a net expense of 232 million euros in fiscal year 2022.

The Group's effective tax rate in 2023 was 26.6%, down 0.3 points from 2022. In addition, the consequences of the international tax reform drawn up by the OECD relating to the global minimum tax, known as Pillar Two, applicable in France starting in fiscal year 2024, are not material.

Net profit came to 15,847 million euros in 2023, compared with 14,682 million euros in 2022.

Profit attributable to minority interests was 8,962 million euros, compared with 8,383 million euros in 2022. Minority interests are essentially composed of LVMH SE shareholders excluding Financière Agache's direct and indirect controlling interest, i.e. shareholders owning 52% of LVMH SE as of December 31, 2023; Christian Dior SE shareholders (4% as of December 31, 2023) other than Financière Agache; and minority interests in Moët Hennessy and DFS. See Note 2 to the consolidated financial statements.

The Group's share of net profit was 6,885 million euros, up 9% relative to 2022, when it totaled 6,299 million euros.

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)	2023	2022	Change
Intangible assets	47,404	48,004	(601)
Property, plant and equipment	27,039	22,767	4,272
Right-of-use assets	15,673	14,609	1,064
Other non-current assets	10,508	9,598	910
Non-current assets	**100,623**	**94,978**	**5,644**
Inventories	23,392	20,679	2,714
Cash and cash equivalents	8,105	7,751	354
Other current assets	15,688	14,167	1,521
Current assets	**47,186**	**42,597**	**4,589**
Assets	**147,809**	**137,575**	**10,234**

(EUR millions)	2023	2022	Change
Equity	**65,590**	**58,098**	**7,493**
Long-term borrowings	11,480	10,970	510
Non-current lease liabilities	13,810	12,776	1,034
Other non-current liabilities	22,705	23,099	(394)
Non-current liabilities and equity	**113,585**	**104,943**	**8,642**
Short-term borrowings	11,727	10,414	1,313
Current lease liabilities	2,728	2,632	97
Other current liabilities	19,769	19,586	183
Current liabilities	**34,224**	**32,632**	**1,591**
Liabilities and equity	**147,809**	**137,575**	**10,234**

The Financière Agache group's consolidated balance sheet totaled 147.8 billion euros as of December 31, 2023, up 10.2 billion euros from December 31, 2022.

Intangible assets totaled 47.4 billion euros, down 0.6 billion euros from year-end 2022. The negative 1.2 billion euro impact of the revaluation of purchase commitments for minority interests and the negative 0.5 billion euro impact of exchange rate fluctuations on the intangible assets of entities outside the eurozone were partly offset by the positive 0.8 billion euro impact of changes in the scope of consolidation and by the 0.3 billion euro impact of investments, net of depreciation charges and disposals. The impact of exchange rate fluctuations mainly arose from changes in the US-dollar-to-euro exchange rate over the period. The impact of changes in the scope of consolidation mainly resulted from the acquisition of a controlling interest in Château Minuty and in Platinum Invest during the fiscal year.

Property, plant and equipment were up 4.3 billion euros and totaled 27.0 billion euros as of the fiscal year-end. This increase resulted from 4.4 billion euros in investments, net of depreciation charges and disposals (the comments on the cash flow statement provide further information on investments), as well as an additional 0.2 billion euro increase due to changes in the scope of consolidation during the fiscal year. These effects were partly offset by the 0.4 billion euro impact of negative exchange rate fluctuations in the period.

Right-of-use assets totaled 15.7 billion euros, up 1.1 billion euros from December 31, 2022. The 0.4 billion euro adverse effect of exchange rate fluctuations between January 1 and December 31, 2023 was offset by the effect of new leases entered into and of updating lease liabilities during the terms of leases, which was 1.6 billion euros higher than depreciation for the fiscal year. Store leases represented the majority of right-of-use assets, for a total of 12.2 billion euros.

Other non-current assets increased by 0.9 billion euros, amounting to 10.5 billion euros. This increase was mainly due to the 0.6 billion euro impact of net purchases of non-current available for sale financial assets, the 0.2 billion euro increase in their market value and the 0.3 billion euro positive revaluation of deferred tax assets.

Inventories were up 2.7 billion euros, mainly due to increased business activity during the fiscal year, partially offset by the negative 0.6 billion euro impact of exchange rate fluctuations. See also the "Comments on the consolidated cash flow statement" section.

Other current assets increased by 1.5 billion euros, mainly due to the following changes: 0.6 billion euros resulting from the increase in the market value of current available for sale financial assets, 0.5 billion euros from the increase in trade accounts receivable, and 0.4 billion euros from the increase in tax receivables.

Lease liabilities recognized in accordance with IFRS 16 were up 1.1 billion euros relative to December 31, 2022, with a 1.6 billion euro increase arising from net new leases offset by a 0.4 billion euro decrease arising from exchange rate fluctuations, in particular.

Other non-current liabilities totaled 22.7 billion euros, down 0.4 billion euros from 23.1 billion euros as of year-end 2022. This change included the 0.6 billion euro impact of the decrease in the liability in respect of purchase commitments for minority interests' shares, which amounted to 11.9 billion euros, following changes in the metrics used to measure these commitments. It also included the 0.1 billion euro increase in deferred tax liabilities.

Lastly, other current liabilities increased by 0.2 billion euros to 19.8 billion euros. This increase mainly resulted from the increase in operating payables, related to the Group's increased business activity.

Net financial debt and equity

(EUR millions or as %)	2023	2022	Change
Long-term borrowings	11,480	10,970	510
Short-term borrowings and derivatives	11,832	10,728	1,104
Gross borrowings after derivatives	**23,312**	**21,697**	**1,614**
Cash, cash equivalents and current available for sale financial assets	(14,278)	(13,328)	(950)
Net financial debt	**9,034**	**8,369**	**665**
Total equity (Group share and minority interests)	**65,590**	**58,098**	**7,492**
Net financial debt/ Total equity ratio	**13.8%**	**14.4%**	**-0.6 pts**

Total equity, comprising the Group share and minority interests, amounted to 65.6 billion euros as of year-end 2023, up 7.5 billion euros from the 58.1 billion euros recorded as of year-end 2022. This increase resulted from the following items:

- net profit for the fiscal year, after the distribution of dividends, which contributed 11.4 billion euros to this increase;
- a 0.6 billion euro loss recognized in equity, mainly resulting from the 1.1 billion euro impact of exchange rate fluctuations, particularly in relation to the US dollar. This decrease was partially offset by the 0.4 billion euro impact of the positive change in the market value of available for sale financial assets;
- acquisitions and disposals of minority interests, mainly due to the LVMH share buyback program set up during the fiscal year, which had a negative net impact of 2.8 billion euros;
- changes in purchase commitments for minority interests' shares, which had a negative impact of 0.7 billion euros on equity.

As of end-December 2023, net financial debt was equal to 13.8% of total equity, compared to 14.4% as of year-end 2022, down 0.6 points.

Gross borrowings after derivatives totaled 22.2 billion euros as of year-end 2023, up 1.6 billion euros compared with year-end 2022. This increase arose from the impact of the following items:

- the repayment of 1.6 billion euros in two LVMH bonds maturing in the first half of 2023 (0.7 billion euro bond issued in 2019 and 0.7 billion pound sterling bond issued in 2020), offset by LVMH's issue of several bonds during the fiscal year (1 billion euro bond issued in April, maturing in 2025; 1 billion euro bond issued in September, maturing in 2025; 1.5 billion euro bond issued in September, maturing in 2033);
- the stability of NEU CP, euro- and US dollar-denominated commercial paper outstanding, which came to 8.3 billion euros as of year-end 2023, compared with 8.2 billion euros as of year-end 2022.

Cash, cash equivalents, and current available for sale financial assets totaled 14.3 billion euros as of year-end 2023, up 1.0 billion euros from 13.3 billion euros as of year-end 2022. Net financial debt thus increased by 0.7 billion euros during the fiscal year.

As of December 31, 2023, in addition to 14.3 billion euros in cash, cash equivalents and current available for sale financial assets, undrawn confirmed credit lines totaled 14.6 billion euros. The latter amount exceeded the outstanding portion of the short-term negotiable debt securities programs, which came to 8.3 billion euros as of year-end 2023.

3. Comments on the consolidated cash flow statement

(EUR millions)	2023	2022	Change
Cash from operations before changes in working capital	**29,483**	**26,727**	**2,756**
Cost of net financial debt: interest (paid)/received	(493)	(81)	(412)
Lease liabilities: interest paid	(356)	(240)	(117)
Tax paid	(5,746)	(5,612)	(134)
Change in working capital	(4,667)	(2,991)	(1,676)
Net cash from operating activities	**18,220**	**17,803**	**417**
Operating investments	(7,480)	(4,968)	(2,512)
Repayment of lease liabilities	(2,818)	(2,751)	(68)
Operating free cash flow (1)	**7,922**	**10,084**	**(2,162)**
Financial investments and purchase and sale of consolidated investments	(1,183)	(930)	(253)
Equity-related transactions	(7,665)	(7,567)	(98)
Change in cash before financing activities	**(925)**	**1,587**	**(2,512)**

Cash from operations before changes in working capital totaled 29,483 million euros, up 2,756 million euros from 26,727 million euros a year earlier, mainly due to the increase in operating profit.

After tax paid, positive interest on net financial debt, lease liabilities and the change in working capital, net cash from operating activities amounted to 18,220 million euros, compared with 17,803 million euros in fiscal year 2022.

Interest paid on net financial debt amounted to a net cash outflow of 493 million euros, compared to 81 million euros a year earlier, due to the significant increase in interest rates over the past year.

Tax paid on operating activities came to 5,746 million euros, 134 million euros more than the 5,612 million euros paid in 2022, in connection with the increase in business activity and profit.

The change in working capital as of end-December 2023 resulted in a cash requirement of 4,667 million euros, 1,676 million euros higher than in 2022. The high change in working capital in 2023 mainly arose from the increase in inventories (4,314 million euros) and in trade accounts receivable (695 million euros); these effects were partly offset by the increase in trade accounts payable (431 million euros). The Fashion and Leather Goods, Watches and Jewelry, and Wines and Spirits business groups were the main drivers of these increases. These changes mainly arose from the increase in business activity during the fiscal year, except for Wines and Spirits, and in anticipation of future growth, which requires the Group to build up certain critical supplies.

Operating investments net of disposals resulted in an outflow of 7,480 million euros in 2023, up 2,512 million euros compared to the outflow of 4,968 million euros in 2022. Purchases of property, plant and equipment mainly included investments by the Group's brands – notably Louis Vuitton, Christian Dior, Tiffany and Sephora – in their retail networks. They also included purchases of buildings, in particular in Paris and London, as well as investments by the champagne houses, Hennessy and Louis Vuitton in their production equipment.

Repayment of lease liabilities totaled 2,818 million euros in 2023, up 68 million euros with respect to 2,751 million euros recorded as of year-end 2022.

In fiscal year 2023, "Operating free cash flow"[1] amounted to a net inflow of 7,922 million euros, down relative to fiscal year 2022, mainly due to substantial operating investments and the change in working capital.

In 2023, financial investments accounted for an outflow of 1,183 million euros, including an outflow of 721 million euros for purchases of consolidated investments, mainly in Château Minuty and Platinum Invest.

Equity-related transactions generated an outflow of 7,665 million euros. This amount arose from interim and final dividends paid, including 537 million euros in cash dividends paid during the fiscal year by Financière Agache and 3,894 million euros in dividends paid to minority shareholders in consolidated subsidiaries (essentially the shareholders of LVMH SE, excluding Financière Agache's controlling interest; minority interests in

(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.

Christian Dior; and Diageo, as a result of its 34% stake in Moët Hennessy), as well as tax related to dividends paid between Group companies for 453 million euros. Net cash used in purchases of minority interests' shares, primarily resulting from transactions in LVMH shares, mainly under the share buyback program set up during the fiscal year, came to 2,782 million euros.

The cash requirement after all transactions relating to operating activities, investing activities and equity-related transactions came to 925 million euros. Financing activities relating to loans and borrowings, as well as current available for sale financial assets, generated a net inflow of 1,500 million euros in the fiscal year, mainly due to bond issues during the period, net of repayments made in 2023. After the negative 275 million euro impact of exchange rate fluctuations on cash balances, the period-end cash balance was up 300 million euros compared to year-end 2022. It totaled 7,851 million euros as of the fiscal year-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 14.6 billion euros;
  - the Group's access to liquidity under negotiable debt securities programs (NEU CP, euro- and US dollar-denominated commercial paper), 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 in an environment of steeply rising interest rates and high volatility;
  - total equity before appropriation of profit was on the rise, totaling 65.6 billion euros as of year-end 2023, versus 58.1 billion a year earlier.
- preserving the Group's assets:
  - maintaining a significant 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 was 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;
  - continued concentration of Group liquidity owing to the rollout of cash pooling practices worldwide, ensuring the fluidity of cash flows within the Group and optimal management of surplus cash.
- a dynamic dividend policy for shareholders, enabling them to share in the 2023 results:
  - proposal by the Board of Directors to submit for approval at the Shareholders' Meeting a dividend of 295 euros per share in respect of the fiscal year ended December 31, 2023, which would be paid on May 14, 2024.

The distribution to shareholders of Financière Agache SA in respect of 2023 would thus total 1.0 billion euros in cash.

Net financial debt came to 9.0 billion euros as of year-end 2023, as against 8.4 billion euros a year earlier. It increased by 0.7 billion euros as a result of increases in operating and real estate investments, working capital, the cost of net debt and tax paid. In November 2023, Moody's upgraded LVMH's long-term credit rating from A1 to Aa3 with stable outlook, applauding its 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:	2023	2022	2021
– in millions of euros	10,221	9,585	7,291
– as % of revenue	11.9	12	11

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)	2023	2022	2021
Research and development costs	202	172	147

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

In addition to investments in communication, promotional activities and research and development, 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:	2023	2022	2021
– in millions of euros	7,536	4,948	3,071
– as % of cash from operations before changes in working capital	26	18	14

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 2023, 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 5,664 in 2022 to 6,097 in 2023.

In Wines and Spirits, in addition to necessary replacements of barrels and production equipment, investments in 2023 were related to ongoing investments in the Champagne region (initiated in 2012) as well as the construction of barrel rooms 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)	2023		2022	
	Total	**Of which: Under production**	**Total**	**Of which: Under production**
France				
Champagne appellation	1,870	1,650	1,843	1,644
Cognac appellation	185	162	185	164
Vineyards in Provence	395	310	164	122
Vineyards in Bordeaux	201	150	205	164
Vineyards in Burgundy	11	11	13	13
International				
California (United States)	623	454	639	455
Argentina	1,714	919	1,714	917
Australia, New Zealand	601	581	724	683
Brazil	198	121	198	121
Spain	119	74	118	73
China	68	60	60	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 1,127,200 square meters in France and 363,138 square meters abroad.

6.1.2 Fashion and Leather Goods

Louis Vuitton owns thirty-five 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), Portugal (near Porto), Italy (in Fiesso) and the United States (in San Dimas and Irwindale, California, and Alvarado, Texas). Overall, production facilities and warehouses owned by the Group represent approximately 243,600 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 as well as offices at Vigonza, Radda and Greve in Chianti (Italy).

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

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 nearly 70,500 square meters.

Christian Dior Couture owns six manufacturing workshops (four in Italy, one in Germany and one in France) and a warehouse in France. Overall, this property represents approximately 53,000 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. Thélios has a 20,000-square-meter eyewear factory in Italy.

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.

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, France, Cambodia, Vietnam, Mauritius and Botswana, as well as a warehouse in the United States. Overall, this property represents approximately 74,500 square meters.

Pedemonte owns four production facilities in Italy, together totaling around 8,700 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. During fiscal year 2023, buildings were acquired in Paris and London by the Group's holding companies and Maisons, mainly in order to operate stores in them.

6.2.1 Fashion and Leather Goods

Louis Vuitton owns certain buildings that house its stores in Paris, Tokyo, Osaka, Hawaii, Guam, Seoul, Cannes, Saint-Tropez and Genoa, for a total surface area of nearly 24,000 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 more than 22,000 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-six hotels, eight of which are in Italy.

As of December 31, 2023, the Group's store network broke down as follows:

(number of stores)	2023	2022	2021
France	550	518	522
Europe (excl. France)	1,213	1,108	1,203
United States	1,128	1,054	1,014
Japan	497	496	477
Asia (excl. Japan)	2,003	1,829	1,746
Other markets	706	659	594
Total	**6,097**	**5,664**	**5,556**

(number of stores)	2023	2022	2021
Fashion and Leather Goods	2,271	2,155	2,080
Perfumes and Cosmetics	739	536	469
Watches and Jewelry	920	865	836
Selective Retailing	2,145	2,086	2,150
Of which: Sephora	*2,100*	*2,037*	*2,100*
Other, including DFS	*45*	*49*	*50*
Other	22	22	21
Total	**6,097**	**5,664**	**5,556**

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 20,400 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 3,400, 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 31,475 and 18,800 square meters, respectively.

7. Subsequent events

No significant subsequent events occurred between December 31, 2023 and April 5, 2024, the date at which the financial statements were approved for publication by the Board of Directors.

8. Recent developments and outlook

While the geopolitical and economic environment remains uncertain, the Financière Agache group is confident in its ability to continue to grow in 2024, in the highly distinctive quality and creativity that its products offer its customers, as well as in the professionalism of its management, to stand out and gain market share. The Group will pursue its brand development-focused strategy, underpinned by continued innovation and investment as well as an extremely exacting quest for quality in its products, their desirability and selective distribution.

Driven by the agility of its teams, their entrepreneurial spirit and its well-diversified presence across the geographic areas in which its customers are located, the Group therefore enters 2024 with confidence and once again sets an objective of reinforcing its global leadership position in luxury goods.

Management Report of the Board of Directors: The Financière Agache 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, corporate social responsibility and respect for the environment that guide its relations with employees, business partners, suppliers and other stakeholders.

The Group has always:

- ensured that its practices reflect the highest standards of integrity, responsibility and respect for its partners;
- offered a working environment that allows its employees to fully express their talents and implement their skills and expertise;
- ensured 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;
- participated in the regional development of the areas in which it operates through its activities;
- mobilized resources and skills to serve philanthropic initiatives and projects of general interest, and promoted 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 new work challenges, technological changes and new demographics while respecting their individuality;
- 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 International Covenant on Economic, Social and Cultural Rights;
- the United Nations Global Compact, to which LVMH signed up in 2003, as well as the Caring for Climate initiative;
- the 17 Sustainable Development Goals drawn up and developed by the United Nations;
- OECD Guidelines;
- the International Labour Organization (ILO)'s Fundamental Conventions;
- 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

The Group has developed its own framework of internal standards to guide the conduct of its employees and partners. Certain of the Group's codes and charters described below are supplemented by existing codes, policies and procedures within the Maisons.

Codes of Conduct

The Codes of Conduct of Agache, the Group's holding company, and LVMH 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 working 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.

LVMH revised its Code of Conduct in 2023 to reflect its heightened commitments to ethics and to social and environmental responsibility, in addition to related initiatives taken. An updated version was published in early 2024. The Code, which was completely overhauled with respect to the previous version, published in 2017 (which remained in force in 2023), is organized into three main sections:

- a committed Group;
- a responsible employer;
- a Group with high standards of integrity.

The Code is specifically aimed at employees to foster accountability for the rules each individual is required to adhere to in performing their duties. It is signed by the members of the LVMH Executive Committee and will be spearheaded by the Presidents of the Group's Maisons. It includes references to Group internal charters and policies on ethics, environment and corporate social responsibility, which together form the framework that governs all actions taken by LVMH and its employees.

The Code of Conduct is available in ten languages and is widely disseminated across the Group, in particular as part of the onboarding training for new hires.

Supplier Codes of Conduct

The Agache and LVMH Supplier Codes of Conduct set out the Group's expectations of its partners (suppliers, service providers, distributors, specialist trades, lessors and all third parties in a business relationship with a Group entity) and their subcontractors in various areas, including corporate 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.

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, commensurate with the severity of the violations identified.

A new version of the Supplier Code of Conduct, renamed the Business Partner & Supplier Code of Conduct, will be published in the first half of 2024, aimed at fostering a responsible approach across the Group's network of partners.

LVMH Anti-Corruption Charter

In 2023, LVMH developed its Anti-Corruption Charter, which will be published in the first quarter of 2024. This Charter reinforces LVMH's zero-tolerance policy concerning corruption and influence-peddling and establishes a set of common rules for all Group employees aimed at preventing corruption.

The Group and its Maisons rely on the commitment and vigilance of each of their employees worldwide in performing their duties. The Anti-Corruption Charter identifies employees as active participants in preventing corruption and influence-peddling. It defines and provides concrete examples prohibited behaviors, guiding employees on the appropriate behaviors to be adopted in different situations.

LVMH Privacy Charter

The LVMH Privacy Charter, which will be published in the first half of 2024, outlines the six key principles set out in the Code of Conduct regarding privacy and personal data protection: the principle of lawfulness, the principle of necessity, the principle of proportionality, the principle of security, the principle of transparency, and the principle of respecting the rights of the persons concerned. The Charter specifies that all employees, whatever their position, must ensure that any intrusion of privacy must comply with these six key principles.

LVMH Responsible Lobbying Charter

LVMH is committed to and actively participates in public policy discussions, fostering constructive dialogue and cooperation with all relevant stakeholders. 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. The key principles of the Group's commitment in the public space are integrity, transparency, and accuracy. These principles are detailed in the LVMH Responsible Lobbying Charter, which will be published in the first quarter of 2024.

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 on updating this Recruitment Code of Conduct has begun with the aim of better reflecting the changing recruitment environment and priorities: publication of this new version was pushed back to 2024 to bring it into line with the planned overhaul of the LVMH Code of Conduct, due to be published in the first quarter of 2024.

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's Health & Safety Charter

Signed by the LVMH group's Executive Committee in April 2021, the LVMH Health & 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 are committed to five key pillars: identifying priorities through a structured approach; drawing up and periodically reviewing an action plan; abiding by the approach, notably by submitting frequency rates to each Maison's Management Committee; involving every employee in the approach, notably by raising awareness about first aid measures; and maintaining a virtuous culture through 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.

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 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 with which all employees should be familiar as they conduct commercial relationships on a day-to-day basis and pragmatically defines the standards of conduct expected of them. In particular, the Group prohibits any abuse of dominance, concerted practice or unlawful agreement, whether by way of understandings, projects, arrangements or behaviors coordinated among competitors concerning prices, territories, market shares or customers.

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. Its principal duties are to:

- help the Board of Directors define the Group's broad strategic direction in terms of ethics and social and environmental responsibility, and help define rules of conduct to guide the behavior of senior executives and employees;
- ensure compliance with these rules; and
- monitor the systems put in place.

The Chairman and Chief Executive Officer and the Executive Committee of LVMH uphold the Group's strong commitment to ethics and social and environmental responsibility.

In addition, a Group ESG Committee, which brings together the Group's operational departments, supports and coordinates LVMH's efforts to achieve strategic targets regarding ethics, environmental and social responsibility, and oversees international reporting and consolidated communication regarding performance. It relies on networks of expert correspondents who help deploy Group initiatives and submit useful information for consolidated reporting. In 2023, the ESG Committee met seven times.

Agache's governing bodies review the work performed by LVMH with respect to ethics and compliance, notably at presentations that are made to them 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 represented on the LVMH Executive Committee.

Each year, the LVMH Privacy, Ethics & Compliance Department reports to the Ethics & Sustainable Development Committee about the Group's progress on these issues. In 2023, 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.

The Maisons' Presidents are responsible for disseminating the internal standards and principles within their respective organizations and ensuring they are effectively applied by employees. The Ethics & Compliance Committee of each Maison, under the leadership of its President, oversees the effective implementation of the compliance program within the Maison.

The role of Ethics & Compliance Officers at each Maison is to implement the Group's ethics policy within their organization. Appointed by the President of each Maison, they regularly report on their activities at Ethics & Compliance Committee meetings. The Ethics & Compliance community consists of 140 correspondents and compliance officers within the Maisons, as well as 50 regional correspondents (figures as of December 31, 2023). LVMH's Privacy, Ethics & Compliance Department coordinates this network both globally and through local initiatives thanks to its dedicated teams in the Americas and Asia-Pacific.

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 in place within the Maisons, whose role is to structure their Maison's CSR approach around the LVMH 2025 CSR roadmap, share best practice, and implement and adjust actions in keeping with their Maison's specific priorities. The international network of CSR Officers meets once a month, on "CSR Wednesdays". This network includes CSR Officers in all 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;
- the network of Internal Control Officers led by the Audit & Internal Control Department, which coordinates the implementation of internal control and risk management systems. These officers are responsible, within the Maisons, for ensuring compliance with the Group's internal control procedures and preparing controls tailored to their business.

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

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

- human rights: decent pay and working hours, workplace discrimination, freedom of association and trade union membership, health and safety, forced labor, etc.
- environment: air quality, waste management, water stress, water quality, deforestation, climate change, drought risk, 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.

Beyond this exercise focused on the Group's supply chain, the Maisons' Ethics & Compliance functions identify and prioritize corruption risk scenarios specific to their own business through dedicated 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) and allow for the development of action plans to manage the risks identified. The risk maps and resulting action plans are presented to the governing bodies of the Maisons. This exercise is repeated periodically. These risk maps were consolidated by business sector in 2022.

In addition, the list of risks classified by representatives of the Group's central functions and Executive Management as "key risks" in the statement of non-financial performance in light of the Group's activities has remained unchanged this year:

- impact on ecosystems, the climate and natural resources;
- setting up and maintaining responsible supply chains;
- safeguarding health and safety at work;
- transfer of key skills and expertise;
- implementation of a policy to promote employee inclusion and fulfillment;
- breaches 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 continuous improvement, 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.

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 four key aspects of the Group's environmental performance, the global LIFE 360 (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 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 safety and well-being at work, offering career guidance, respecting uniqueness, 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.

5.3 Unrelenting focus on quality and safety

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

As regards its own employees, 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 §5.5).

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 2023 by the Group and the Fashion and Leather Goods Maisons are presented in §3.3, "Pollution" 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. These 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 or not to drink and choosing when and how much to drink.

Raising awareness and educating its consumers, customers and employees about risky behaviors such as excessive alcohol consumption 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 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 participates in industry-level initiatives and is involved in the "Wine in Moderation – Art de Vivre" program, which brings together wine industry professionals from all over the world around a social responsibility agenda, offering information and tools to help industry professionals serve wine responsibly and encouraging consumers to have a responsible relationship with wine and wine culture, in a spirit of sharing.

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 Integrity in business

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.

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, respecting international sanctions and human rights and personal data protection. It implements compliance programs devised and rolled out by LVMH's Privacy, Ethics & Compliance Department and its network of officers within the Maisons.

Since 2022, rolling out and strengthening LVMH's Ethics & Compliance function has been one of the criteria used to determine the LVMH Group Managing Director's compensation. The Governance & Compensation Committee of the LVMH Board of Directors recommended including these targets in the 2023 qualitative criteria for the Group Managing Director's variable compensation. In addition, since 2023, targets related to ethics, environmental and social responsibility have been included in the criteria for payment of the Chairman and CEO's variable compensation.

Accordingly, LVMH's Privacy, 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, respecting international sanctions and human rights and personal data protection. Given the diversity of the Group's ecosystem and its decentralized organizational model, Maisons have developed their own policies, procedures and tools adapted to their specific business contexts in compliance with the framework established by the Group.

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

Risk identification and management

As noted in Section 4, "Risk identification", the Group's activities are subject to regular risk analysis to ensure that appropriate prevention and detection measures are in place, particularly as regards combating corruption and respecting human rights (as part of LVMH's vigilance plan – see Section 7.2). These risk maps enable the Maisons to efficiently manage the rollout of the Group's ethics and compliance systems based on the appropriate knowledge.

Internal rules and procedures

The Financière Agache 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. The Agache and LVMH Codes of Conduct reflect the Group's commitment to combating corruption and set out the principles of conduct that must be respected by its employees.

Alongside the Codes of Conduct, the internal guidelines serve as a reference guide to help employees adopt appropriate behaviors in various areas to do with business ethics:

- combating 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.

From the first quarter of 2024, the LVMH Anti-Corruption Charter will replace the guiding principles on anti-corruption, gifts and entertainment, as well as the management of conflicts of interest. The new charter will define and provide examples of behaviors to be avoided as they may constitute acts of corruption or influence-peddling.

This Charter helps employees recognize risky situations and act responsibly and appropriately, by drawing their attention to a number of key points to watch out for. It provides practical examples of prohibited behaviors and guides Group employees on the appropriate conduct to take in various situations they may face. The Anti-Corruption Charter also sets out LVMH's anti-corruption compliance program.

Policies and guidelines drawn up by the Group in various areas of compliance provide a useful complement to the Code of Conduct, notably as regards the prevention of money laundering and compliance with international sanctions.

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

Failure by employees to abide by rules laid down in the Code of Conduct, the LVMH Anti-Corruption Charter 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 disciplinary sanctions proportionate to the severity of the infringement, in accordance with the provisions of the Rules of Procedure (or equivalent document) and all applicable laws and regulations.

Communications, awareness and training

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

The Codes of Conduct are communicated to employees, notably when they first join the Group. A module designed to raise awareness of the principles underpinning the Code of Conduct is set to be rolled out to the Maisons starting in the first half of 2024.

In addition to the training and awareness initiatives implemented by the Group and its Maisons, the Group has also developed a specific online training module on combating corruption, which is available to all Maisons and is meant for all employees. Between its launch in late 2018 and the end of 2023, the module, updated in 2021 and available in 13 languages, was completed by over 40,000 employees all over the Group (figure estimated in 2023). A new version of this module is to be rolled out to the Maisons starting in the first half of 2024. Drawing on various case studies, this module provides employees with guidance on how to deal with the main corruption scenarios they may encounter. It also:

- reiterates the Group's zero-tolerance policy on corruption;
- defines and illustrates the notions of corruption and influence-peddling;
- spells out the penalties that apply.

The Group and its Maisons have also developed specific training programs for certain roles that are most exposed to the risk of corruption and influence-peddling. Employees in those roles most exposed to these risks receive training from their Maisons based on risks specific to each Maison. For example, in 2023 the Maisons rolled out dedicated training for buyers.

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

Lastly, the Group's Ethics & Compliance Officers receive ongoing in-depth training through dedicated work sessions as well as regional and global events. Since 2022, the Ethics & Compliance Academies have been bringing together officers from the Maisons for regional training days focused on the Group's anti-corruption procedures. In 2023, these Academy gatherings took place in April for the Europe and Asia-Pacific regions and in May for the Americas region.

Annual Compliance Days also provide an opportunity for the LVMH Privacy, Ethics & Compliance Director to bring together the Ethics & Compliance team, review the previous year and set out future priorities and objectives. At these events, the Privacy, Ethics & Compliance Director invites the Maisons to share best practice and asks experts from the compliance world to talk about their experience and share their views on future challenges and opportunities. In 2023, this event was held in Paris on November 9 and 10 and brought together around 130 people (Ethics & Compliance Officers and, more broadly, representatives of functions involved in rolling out the Group's ethics program). Also in attendance were a number of members of LVMH's Executive Committee and two members of the Board of Directors.

In addition, LVMH's Privacy, Ethics & Compliance Department regularly communicates with its network of officers, notably through work sessions organized, for example, when new guidelines or regulations affecting the Group's activities are published.

Lastly, the Privacy, Ethics & Compliance Department shares a range of resources (summary documents, guides, best practice, communication materials, awareness videos, etc.) via LVMH's Ethics & Compliance Intranet and a dedicated communication channel.

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 existing 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://www.lvmh.com/lvmh-alert-line/), serves to collect and process reports submitted by employees or external stakeholders concerning situations liable to constitute infringements of laws, regulations, the LVMH Code of Conduct or charters and policies put in place by the Group or its Maisons.

The system includes coverage of the following behaviors:

- corruption and influence-peddling;
- conflicts of interest;
- money laundering;
- fraud and falsification of accounting records, embezzlement;
- anti-competitive practices;
- data protection breaches;
- discrimination;
- harassment;
- infringements of workers' rights and labor law;
- violation of health and safety standards;
- violation of environmental protection laws;
- human rights violations;
- reprisals connected with a previous whistleblowing report;
- other violations of the Group's Codes of Conduct.

The Group's Maisons issue regular communications about this whistleblowing system, notably when welcoming new employees. Employees are informed in particular about how they can access the system and the fact that the Group strictly prohibits any retaliation against whistleblowers (and anyone who helps them or is connected to them) using the system in good faith.

In 2023, 561 reports were received through the Group's whistleblowing system (LVMH Alert Line), of which 63% had to do with human resources matters. These reports are handled in accordance with the applicable law and result in an inquiry if applicable.

In March 2023, LVMH published its Group Whistleblowing Policy setting out rules on gathering and processing reports received by the Maisons and other Group entities. This policy has been published on LVMH's website and communicated to Maison employees.

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

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 second-level verifications for ethics, which are checked through assessments concerning design and efficiency by 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 verified annually 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 an Ethics & Compliance Committee within each Maison;
- 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.

There are also specific mandatory control points covering measures put in place to safeguard against the risks of money laundering and violation of economic sanctions.

Lastly, the Internal Audit Department, responsible for third-level controls, carries out compliance audits on certain aspects of the ethics and compliance program. Specific audits were conducted in 2023 to ensure that the program had been properly rolled out within Maisons and their subsidiaries.

5.5 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 its Convergence project, the Group continued to expand its use of the EcoVadis platform in 2023. 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 2,000 suppliers were invited to join the platform in 2023: 77% of suppliers were reassessed and 69% of these improved their score. The average improvement since the first assessment is now 57 points (compared with the overall EcoVadis average of 46 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, Loewe, Celine, Christian Dior Couture and Chaumet – new participant Loro Piana came on board in 2023.

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 limited 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 2023, 2,021 audits (not including EcoVadis assessments) were undertaken at 1,725 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 2022, when 1,625 audits were carried out.

Of all the audits undertaken, 76% 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 10% of audits covered only workforce-related aspects, and 14% 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 geographic breakdown is as follows (2021 data):

	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

The last mapping of Tier 1 suppliers was undertaken in 2022 based on 2021 data; a new mapping exercise will be undertaken in 2024 using 2023 data.

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 2023, 6% 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.

In 2023, relations with 17 suppliers were terminated following adverse audit findings. In addition, five potential suppliers failed to secure approval following unsatisfactory pre-approval 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, and was further reinforced in 2023, with sessions having taken place in France, Italy, North America and Asia.

Furthermore, buyers at the Maisons are trained in corruption prevention through dedicated training modules focused on the risks associated with their roles.

Lastly, with the announcement of the LIFE 360 Business Partners program at the LIFE 360 Summit in December 2023, the LVMH group is now in a position to help its suppliers reduce their carbon, water and biodiversity footprints. From 2024 onwards, LVMH will be running Sustainability Business Partners Days to listen to partners' needs and expectations so as to support the environmental goals of the Group's various supply chains. The Group will also share its environmental knowledge and training programs as well as regulatory intelligence, and will encourage the sharing of solutions and expertise through a dedicated platform.

Participation in multi-party initiatives in 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).

The Group and its Maisons are also involved in the Coloured Gemstones Working Group (CGWG) with other sector stakeholders. 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.

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. Since 2022, the business group has also been involved in the Responsible Mica Initiative, which aims to pool sector stakeholders' resources to ensure acceptable working conditions in the sector. 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. An LVMH leather coordination group drawn from all the Fashion and Leather Goods Maisons meets twice a year. 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 under §3.1.2, "Key achievements in 2023: 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.

Since 2018, 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. In 2023, the initiative put in place a protocol to ensure that each and every embroiderer receives a living wage and health insurance.

5.6 Responsible management of personal data

The Group places great importance on respecting its customers' and employees' privacy and, in particular, protecting their personal data.

That being the case, the Group is to roll out six broad principles, laid down in the Code of Conduct and elaborated in the LVMH Privacy Charter, both due to be published in the first quarter of 2024. These principles are key to ensuring that individuals' fundamental rights are protected whenever their data is collected, processed or transferred, regardless of geographical location. Each of the Group's Maisons, regardless of location, is thus careful to abide by these six broad principles in addition to complying with applicable laws and regulations.

To ensure compliance with these principles and with applicable laws, each of the Group's Maisons has appointed a Privacy Leader who oversees compliance in this area within his or her Maison. These Privacy Leaders belong to a community that meets at least monthly to discuss and share experience relating to shared issues to do with the protection of personal data.

To support the Maisons, LVMH provides Privacy Leaders with various tools to help them oversee and document compliance in this area. These tools help Data Protection Officers within the Maisons ensure compliance with the European Union's General Data Protection Regulation.

To monitor the level of compliance of the Group and its Maisons, the ERICA system includes optional control points relating to the protection of personal data. There are plans to increase the number of these controls to make them more effective. An initial GDPR compliance self-assessment campaign was also run in 2023, the findings of which were shared with the Group's top management. This self-assessment process will be repeated each year covering GDPR and any other regulations applicable to the Group and its Maisons.

6. Report by one of the Statutory Auditors, designated as an independent third party, on the verification of the consolidated statement of non-financial performance

To the Shareholders' Meeting,

In our capacity as Statutory Auditor of your company Financière Agache (hereinafter "the Company"), designated as an independent third party ("third party") accredited by COFRAC (COFRAC Validation/Verification Accreditation No. 3-1886; 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, 2023 (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)*.

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.

Preparation of the Statement

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

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

Limitations inherent in the preparation of the Information

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

Responsibility of the Company

It is the 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.

Responsibility of the Statutory Auditor designated as an independent third party

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 under the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code, our audit program composed of our own procedures, the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie Nationale des Commissaires aux Comptes)* applicable to this engagement, in particular the technical opinion issued by the French National Institute of Statutory Auditors on the involvement of the Statutory Auditor and the independent third party in the statement of non-financial performance *(Intervention du Commissaire aux comptes – Intervention de l'OTI – Déclaration de performance extra-financière)*, taking into account the audit program and ISAE 3000 (revised).

Independence and quality control

Our independence is defined by the provisions of Article L. 821-28 of the French Commercial Code and the French Code of Ethics *(Code de déontologie)* for Statutory Auditors. 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 March 2024, 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 (Épernay, France); Hennessy Maison and sites (Cognac, France); Glenmorangie: Maison and site (Ardbeg, Scotland); Chandon Argentina: Maison and site (Chandon Argentina estate, 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: Louis Vuitton Malletier: Maison and site (France); Christian Dior Couture: Maison and site (France); Marc Jacobs: Maison (United States); Fendi: Maison (Italy); LVMH Métiers d'Art: site (Heng Long tannery, Singapore). Watches and Jewelry: Tiffany & Co.: Maison and sites (United States); Bulgari: Maison (Italy); Chaumet: Maison (France). Selective Retailing: DFS stores (Hong Kong); Sephora Europe & Middle East stores (Europe and Middle East); Sephora North America stores (United States). Other activities: Belmond hotels (La Samanna, France; Copacabana Palace, Brazil; Hotel das Cataratas, Brazil); Royal Van Lent: site (Amsterdam),
    - for social risks: Responsible supply chains: Fashion and Leather Goods: Fendi (Italy), Watches and Jewelry: Bulgari (Italy),
    - for workforce-related risks: Wines and Spirits: Moët Hennessy (United States). Perfumes and Cosmetics: Benefit Cosmetics (United States). Fashion and Leather Goods: Christian Dior Inc. (United States); Christian Dior Commercial Shanghai Co. Ltd (China); Louis Vuitton (United States and Japan); Loro Piana SpA (Italy). Watches and Jewelry: Tiffany and Company (United States). Selective Retailing: Sephora (Canada). Other activities: Le Parisien (France),
    - for risks relating to privacy, ethics and compliance: Fashion and Leather Goods: Louis Vuitton (Maison and Louis Vuitton US). Watches and Jewelry: Tiffany & Co. (Maison and Tiffany US);
- 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 and covers between 10% and 59% of the consolidated data selected for these tests (10% of the workforce, 25% of energy consumption, 59% of certified supplies and 21% of warnings received through the dedicated LVMH system);
- 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, April 9, 2024

French original signed by

One of the Statutory Auditors

Deloitte & Associés

Guillaume Troussicot
Audit Partner

Olivier Jan
Sustainable Development Partner

This is a free translation into English of the Independent Third Party'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, 2023 by gender and job category
- Recruitment on permanent contracts from January 1 to December 31, 2023
- Departures of employees on permanent contracts from January 1 to December 31, 2023
- Turnover among employees on permanent contracts from January 1 to December 31, 2023 (total, voluntary and involuntary)
- Proportion of employees on permanent contracts who received training between January 1 and December 31, 2023 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)

- Initiatives in support of employment for people with disabilities run by Maisons (Sephora USA, MHEA, Louis Vuitton China) and the Group (network of CSR officers; VETA partnership)
- Rollout of the Inside LVMH program (online platform) to give students and recent graduates an insight into the Group's businesses
- Rollout across the LVMH group and its Maisons of Spring career booster programs for newly recruited young professionals
- Development of an HR data culture (via a centralized platform for gathering and analyzing HR data, and online training with ESCP)

Environmental information

Quantitative information (including key performance indicators)

- 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)

- Monitoring rollout of the system for measuring the environmental impact of packaging through the EPI (Environmental Performance Index) score
- Taking into account the climate risk analysis undertaken in 2023
- Review of the rollout of the 2026 LED target: Proportion of stores equipped with LED lighting
- Climate achievements in 2023: Review of the Carbon Fund

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
- Proportion of gold supplies (in kg) sourced from RJC CoP-certified suppliers
- Proportion of diamond supplies (in carats) sourced from RJC CoP-certified suppliers
- 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 breeds) 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
- Monitoring of the LIFE 360 "Traceability & Transparency" target and action plans
- LIFE 360 "Biodiversity" target: Monitoring rollout of the target of restoring, protecting or regenerating 5 million hectares by 2030
- Welfare of farm-reared crocodilians: Monitoring the target of having all farms supplying the Heng Long tannery certified under the LVMH crocodilian standard (SRCP)

Privacy, ethics and compliance information Quantitative information (including key performance indicators)	Qualitative information (actions and results)
– Number of reports received through the LVMH Alert Line – Number of employees trained through the anti-corruption module	– Distribution of the LVMH Code of Conduct (version in force in 2023) to employees, in particular when they first join the Group – Policy of having Maisons' suppliers sign up to the Supplier Code of Conduct (version in force in 2023) – Existence of a whistleblowing system at the Maisons – Extensive communication about the whistleblowing system within the Maisons – Existence within the ERICA system of optional control points relating to the protection of personal data – Training and awareness sessions on issues related to personal data protection

7. Cross-reference tables

7.1 Statement of non-financial performance

Like any other economic actor, the Financière Agache 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;
- breaches 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 Financière Agache 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 actions aimed at promoting relations between the nation and its armed forces and supporting involvement in the armed forces reserves, in §3.3 of the "Attracting and retaining talent" section;
- with regard to actions aimed at promoting physical and sports activities and measures in support of people with disabilities, in §3.3 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 §2.2.4 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) – Institut des Métiers d'Excellence (§2.2 of the "Attracting and retaining talent" section) – Employee training and support (§2.3 of the "Attracting and retaining talent" section) – Specific initiatives to promote training and employment for people with disabilities (§4.3 of the "Attracting and retaining talent" section) – 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) – Investment in training (§2.3 of the "Attracting and retaining talent" section) – Internal mobility data (§2.3 of the "Attracting and retaining talent" section) – 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) – LVMH Alert Line whistleblowing system (§5.4 of the "Ethics and responsibility" section) – LVMH Charter on Working Relations with Fashion Models (§2.2 of the "Ethics and responsibility" section) – Investments in health, safety and security (§3.1 of the "Attracting and retaining talent" section) – Employee training in health, safety and security (§3.1 of the "Attracting and retaining talent" section) – Social audits of suppliers and subcontractors including a health and safety dimension (§5.5 of the "Ethics and responsibility" section) – Measures relating to the use of chemicals and cosmetovigilance (§5.3 of the "Ethics and responsibility" section) – 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) – Data relating to social audits that include a health and safety dimension (§5.5 of the "Ethics and responsibility" section) – 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) – LVMH Alert Line whistleblowing system (§5.4 of the "Ethics and responsibility" section) – LVMH Heart Fund (§3.4 of the "Attracting and retaining talent" section) – Specific training for managers (§2.3 of the "Attracting and retaining talent" section) – 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 2023 (§3.2 of the "Attracting and retaining talent" section) – 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) – Supplier Codes of Conduct (§2.2 of the "Ethics and responsibility" section) – LVMH Charter on Working Relations with Fashion Models (§2.2 of the "Ethics and responsibility" section) – LVMH Alert Line whistleblowing system (§5.4 of the "Ethics and responsibility" section) – Risk analysis (§4 of the "Ethics and responsibility" section) – Social audits of suppliers and subcontractors (§5.2 of the "Ethics and responsibility" section) – Collection of information on suppliers' social and ethical performance via the EcoVadis platform (§5.2 of the "Ethics and responsibility" section) – Participation in multi-party initiatives covering high-risk areas (§5.5 of the "Ethics and responsibility" section)	– Breakdown of suppliers and audits (§5.5 of the "Ethics and responsibility" section) – Data on combined audits and audits examining only social aspects carried out at suppliers (§5.5 of the "Ethics and responsibility" section) – Proportion of follow-up audits (§5.5 of the "Ethics and responsibility" section) – Proportion of suppliers not meeting the Group's standards (§5.5 of the "Ethics and responsibility" section) – Number of contracts terminated following audits (§5.5 of the "Ethics and responsibility" section) – Number of business relationships not initiated following audits (§5.5 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) – LVMH Alert Line whistleblowing system (§5.4 of the "Ethics and responsibility" section) – LVMH Recruitment Code of Conduct (§2.2 of the "Ethics and responsibility" section) – Specific training for recruiters (§4.2 of the "Attracting and retaining talent" section) – Independent review of hiring practices (§4.2 of the "Attracting and retaining talent" section) – Specific initiatives to promote training and employment for people with disabilities (§4.3 of the "Attracting and retaining talent" section) – 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) – 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) – Data protection policy (§5.6 of the "Ethics and responsibility" section)	– Creation of a network of Data Protection Officers (§5.6 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) – LIFE program and LIFE 360 targets (§1.1 and §1.2 of the "Environment and sustainability" section) – 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) – Accelerated and expanded rollout of sustainable and organic winegrowing (§3.1 of the "Environment and sustainability" section) – Certification of materials used in products (§3.1 of the "Environment and sustainability" section) – Amounts raised via the Carbon Fund and metric tons of carbon-equivalents avoided via the innovative projects supported (§5.2 of the "Environment and sustainability" section) – Increase in the proportion of renewable energy in the Group's energy mix (§5.2 of the "Environment and sustainability" section) – Implementation of an environmental management system at manufacturing sites (§2.1.4 and §2.2.5 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) – Supplier Codes of Conduct (§2.2 of the "Ethics and responsibility" section) – LVMH Environmental Charter (§1.1 and §1.2 of the "Environment and sustainability" section) – LIFE program and LIFE 360 targets (§1.1 and §1.2 of the "Environment and sustainability" section) – LVMH Alert Line whistleblowing system (§5.4 of the "Ethics and responsibility" section) – Collection of information on suppliers' environmental performance via the EcoVadis platform (§5.5 of the "Ethics and responsibility" section) – Participation in multi-party initiatives covering high-risk areas (§5.5 of the "Ethics and responsibility" section)	– Data on environmental audits carried out at suppliers, both combined audits and audits examining only environmental aspects (§5.5 of the "Ethics and responsibility" section) – 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 §5.4 of the "Ethics and responsibility" section) – Supplier Codes of Conduct (§2.2 of the "Ethics and responsibility" section) – LVMH Anti-Corruption Charter (§2.2 and §5.4 of the "Ethics and responsibility" section) – LVMH Alert Line whistleblowing system (§5.4 of the "Ethics and responsibility" section) – Group Ethics & Compliance Intranet site (§5.4 of the "Ethics and responsibility" section) – Corruption risk mapping (§4 and §5.4 of the "Ethics and responsibility" section) – Anti-corruption assessment of third parties (§5.4 of the "Ethics and responsibility" section) – Role of the Ethics & Compliance Department, officers and committees (§3 and §5.4 of the "Ethics and responsibility" section) – Internal guidelines (§5.4 of the "Ethics and responsibility" section) – Anti-corruption training (§5.4 of the "Ethics and responsibility" section) – Compliance rules included in the internal audit and control framework (§5.4 of the "Ethics and responsibility" section) – Reports to the Ethics & Sustainable Development Committee of LVMH's Board of Directors and to Agache's governing bodies (§3 of the "Ethics and responsibility" section)	– Number of reports made to the LVMH Alert Line (§5.4 of the "Ethics and responsibility" section) – Number of times the anti-corruption training module has been passed (§5.4 of the "Ethics and responsibility" section) – 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 relies on a coordinated approach among the CSR, Environment, Purchasing and Privacy, Ethics & Compliance Departments to identify and manage risks associated with the duty of care.

7.2.2 Risk identification

Analysis of gross risks is regularly undertaken. 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. The exercise was undertaken for the first time in 2018 and the data was updated in 2020, with purchasing data again updated in 2022. Another exercise will be carried out in 2024 based on 2023 purchasing data.

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 in order 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	Supplier and subcontractor activities
Human rights and fundamental freedoms	– Specific training for recruiters to prevent discrimination (§4.2 of the "Attracting and retaining talent" section) – Independent review of hiring practices (§4.2 of the "Attracting and retaining talent" section)	– Supplier Codes of Conduct (§2.2 of the "Ethics and responsibility" section) – Training for suppliers and buyers (§5.4 and §5.5 of the "Ethics and responsibility" section) – Participation in multi-party initiatives covering high-risk areas (§5.5 of the "Ethics and responsibility" section) – Supply chain certification targets (§5.5 of the "Ethics and responsibility" section)
Individuals' health and safety	– LVMH Restricted Substances List (§5.3 of the "Ethics and responsibility" section) – LVMH Testing Program (§5.3 of the "Ethics and responsibility" section) – Promoting responsible consumption of wines and spirits (§5.3 of the "Ethics and responsibility" section) – Third-party liability insurance (§2.3 of the "Financial and operational risk management and internal control" section) – 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) – Training for suppliers and buyers (§5.5 of the "Ethics and responsibility" section) – Participation in multi-party initiatives covering high-risk areas (§5.5 of the "Ethics and responsibility" section) – Supply chain certification targets (§5.5 of the "Ethics and responsibility" section) – 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) – 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) – 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) – Training for suppliers and buyers (§5.5 of the "Ethics and responsibility" section) – Participation in multi-party initiatives covering high-risk areas (§5.5 of the "Ethics and responsibility" section) – Supply chain certification targets (§5.5 of the "Ethics and responsibility" section)

Follow-up and assessment measures

	Group activities	Supplier and subcontractor activities
Common to all issues	– Internal control and audit framework (§3.5 of the "Financial and operational risk management and internal control" section) – Regular updates to the risk analysis – Accident analysis and prevention (§3.1 of the "Attracting and retaining talent" section) – Environmental management system (§2.1.4 and §2.2.4 of the "Environment and sustainability" section) – Tracking achievement of LIFE 360 targets (§2 to §5 of the "Environment and sustainability" section)	– Audits and follow-up audits (§5.5 of the "Ethics and responsibility" section) – Corrective action plans following audits (§5.5 of the "Ethics and responsibility" section)
Individuals' health and safety	– Accident analysis and prevention (§3.1 of the "Attracting and retaining talent" section)	
Specific to the environment	– Environmental management system (§2.1.4 and §2.2.5 of the "Environment and sustainability" section) – 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 2023, 561 reports were received through LVMH's whistleblowing system, of which 63% 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 Financière Agache 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 2023, 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 natural resources and the fight against global warming were communicated more clearly and strongly than ever before. With a fourth value of commitment (to inclusiveness and solidarity and to the environment) now added to the Group's three enduring values of creativity, excellence and entrepreneurial spirit, the Group unveiled its new environmental roadmap, LIFE 360 (LVMH Initiatives For the Environment 360), at its Shareholders' Meeting on April 21, 2021. This new phase in the Group's environmental policy, which itself dates back as far as 1992, follows on from LIFE 2020, LVMH's program of commitments covering the period 2016-2020. To speed up progress, LIFE 360 includes 2023, 2026 and 2030 targets for all the Group's Maisons, with the aim of nurturing the emergence of a new vision for luxury as a balanced combination of nature on the one hand and creativity and artisanal excellence on the other. Upon producing the report on the achievement of its 2023 targets, the Group supplemented its environmental strategy by adding two new programs, one focused on water resources and the other on suppliers.

1.1 Organization of the Group's environmental approach

1.1.1 Governance

Reporting directly to Antoine Arnault, Chief Executive Officer of Christian Dior SE and a member of LVMH's Board of Directors, the 12-member LVMH Environmental Development Department has the following objectives:

- implement the four action plans (circular design, traceability, biodiversity and climate) of the LIFE (LVMH Initiatives For the Environment) program across all Maisons;
- guide Group companies' environmental policies, in compliance with the LVMH Environmental Charter;
- report on the Group's environmental strategy through a dedicated report and specific impact indicators;
- identify world-class environmental analyses, tools and methodologies and share them with the Maisons;
- build the environment into design processes and nurture innovation;
- carry out forward-looking analysis to help the Maisons safeguard against risks and seize opportunities in each main business group (Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry, and Selective Retailing), and in hotel activities;
- train employees and raise environmental awareness at every level of the organization via the LIFE Academy in particular;
- 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 2023, the Group was included in the main indices based on responsible investment criteria: FTSE4Good Global 100, Moody's ESG (66/100) and S&P Global ESG (66/100). LVMH was included on CDP's 2023 A List.

1.1.2 Risk identification

In 2023, LVMH began carrying out a double materiality analysis of climate-related impacts, risks and opportunities for the Group so as to refine the identification of key environmental challenges:

- As regards the climate impact, in 2023 LVMH carried out a survey to identify the main climate-related risks to its value chain. This survey followed the TCFD (Task Force on Climate-Related Financial Disclosures) recommendations by assessing risks using the scenario analysis method, including warming trajectories ranging from 1.5°C to 4°C. The analysis covers both physical risks associated with increasingly frequent and intense extreme weather events (heat waves, droughts, extreme rainfall, cyclones, etc.) and risks triggered by the transition to a low-carbon economy (carbon pricing, regulatory changes, rising costs, shifting consumer preferences, etc.). Climate change issues are addressed using a double materiality approach that aims to reduce the Group's impact on the climate while also making the Group more resilient to physical and transition risks. This analysis helps align the Group with European regulations (CSRD) by fulfilling the requirement to assess sustainability issues from a double materiality perspective and to anticipate the financial implications of physical and transition risks as well as climate-related opportunities. Through this survey, 200 different processes were mapped and reviewed, enabling the Group to identify priority risks across its entire value chain. Furthermore, LVMH has put in place a digital platform for assessing and visualizing the vulnerability of its sites to 28 types of extreme weather events.
- The Group has been calculating its water and biodiversity footprint for over five years. These are updated annually using the most advanced methods. These footprints serve to identify and quantify the most significant water and biodiversity impacts across the Group's entire value chain. Methodologies and key findings are set out in Sections 3.1, 3.2 and 3.3. LVMH is also involved in the work of the Taskforce on Nature-related Financial Disclosures (TNFD), which aims to develop a framework for identifying and measuring the financial dependencies and impacts of activities on nature and biodiversity.

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

1. Risks related to climate change;
2. Impact on water resources;
3. Impact on biodiversity and ecosystems (including deforestation and desertification risks as well as dependency on healthy ecosystems);
4. Depletion of natural resources (including waste production and circularity issues);
5. Soil and water pollution.

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

Summary of the Group’s key environmental issues by business group:

	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing
State of energy resources and climate change (physical risks)	– Decreased or increased yield and deterioration in grape quality – Decline in the outdoor labor productivity as a result of heat waves – Disruption to distilleries and/or transportation flows and damage to inventories as a result of extreme weather events	– Reduced availability of leather and wool as a result of heat stress and drought – Disruption to supplies of raw materials, tanneries, stores and/or transportation flows and damage to inventories as a result of extreme weather events	– Reduced yields on basic (beet, canola, palm oil) and iconic ingredients used in perfumes and cosmetics – Disruption to supplies of raw materials, stores and/or transportation flows and damage to inventories as a result of extreme weather events	– Disruption to the mining of diamonds, gemstones and metals as a result of extreme events – Disruption to supplies of raw materials, tanneries, stores and transportation flows and damage to inventories as a result of extreme weather events	– Disruption to transportation flows as a result of extreme weather events – Disruption to stores and damage to inventories as a result of extreme weather events
State of energy resources and climate change (transition risks)	– Competition for organic fertilizers needed for agroecology – Increases in the cost of energy, freight and glass as a result of carbon and energy taxes	– Stigmatization of controversial raw materials – Increases in the cost of energy, freight and raw materials as a result of carbon and energy taxes and competition for recycled raw materials (gold, etc.)	– Increases in the cost of chemicals as a result of regulation – Increases in the cost of energy, freight, glass and other petroleum-based raw materials as a result of carbon and energy taxes and competition for agricultural commodities – Stigmatization of controversial raw materials	– Increased energy costs for mining and processing metals – Increases in the cost of energy, freight and raw materials as a result of carbon and energy taxes and competition for recycled raw materials (gold, etc.)	– Impact of carbon pricing and changing technology on freight costs – Increased operational energy costs as a result of carbon pricing
Impact on water resources	– Water consumption (vineyard irrigation in Australia, New Zealand, Argentina and California)	– Water consumption for certain activities relating to processing (crocodilian farms and tanneries) and raw materials (cotton, wool, etc.)	– Water consumption (production and transformation of raw materials)	– Water consumption during the extraction of mineral resources needed to manufacture products	
Water and soil pollution	– Production of effluents containing organic matter during winemaking and distillation – Use of phytosanitary products and fertilizers	– Production of effluents containing organic matter – Use of phytosanitary products and fertilizers (agricultural production)	– Production of effluents containing organic matter – Use of phytosanitary products and fertilizers (agricultural production)	– Production of effluents containing mineral matter	
Impact on ecosystems (including deforestation and desertification) and depletion of natural resources (including waste production)	– Production of plant resources needed for other production processes (grapes, barley, rye, etc.) – Production of residues from winemaking or distillation processes and packaging waste – New innovative materials	– Production of resources needed to manufacture products (cotton, leather, etc.) – Farming and trapping practices concerning raw materials of animal origin – Unused raw materials, obsolete and unsold products, window displays and events – New innovative materials	– Production of plant resources needed to manufacture products (rose, jasmine, palm oil, etc.) – Point-of-sale advertising, packaging waste, and obsolete and unsold products	– Extraction of resources needed to manufacture products – Scrap metal	– Point-of-sale advertising, packaging waste, and obsolete and unsold products

Source: double materiality analysis of climate-related impacts, risks and opportunities; results of 2023 climate, water and biodiversity footprints for all sectors (except hotels).

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 2023, expenses related to environmental protection broke down as follows:

- operating expenses: 66 million euros (2022: 42.5 million euros);
- capital expenditure: 30 million euros (2022: 17.3 million euros).

Coverage for environmental risks amounted to 3 million euros as of December 31, 2023. 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 under the six environmental objectives and 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 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.

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 at the end of 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 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 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 LVMH 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 2022 were presented at the Shareholders' Meeting of April 20, 2023. 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 and Ecosystems:** 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; 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. The Biodiversity program was supplemented in 2023 by adding a dedicated water resource protection policy aimed at achieving a 30% reduction in the Group's water withdrawal by 2030.
- **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 §4.2.2).
- **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 the Group's Scope 1 and 2 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, distribution hubs, administrative 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.

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.

The report on the achievement of 2023 LIFE 360 targets was presented at the LIFE 360 Summit at the UNESCO headquarters on December 14, 2023. The Summit brought together over 500 Group senior executives as well as key partners and sector operators and was attended by Christophe Béchu (France's minister of sustainability and regional cohesion), Virginijus Sinkevičius (European Commissioner for the Environment, Oceans and Fisheries), Bernard Arnault and Antoine Arnault, Chief Image & Environment Officer of LVMH. At this event, the Group presented the LIFE 360 Business Partners program, a new program to help the Group's suppliers reduce their carbon, water and biodiversity footprints.

1.3 Training and launch of LIFE Academy

The Group's ability to drive continuous improvement in its environmental performance is closely tied to its success at making sure that its 213,268 employees understand their role as active participants in achieving this goal. The LVMH Environmental Development Department thus works to inform, train and raise awareness among employees as well as members of the management bodies with regard to the conservation of natural resources, biodiversity, and climate change.

In 2023, the Maisons continued with their environmentally focused employee awareness and training programs. For example, Parfums Christian Dior continued to roll out Climate Fresk workshops, with over 3,000 employees receiving training – nearly 90% of the workforce in France including the LVMH Executive Committee; Berluti trained all its creative teams in environmental issues, understanding leather/textile certifications, and sustainable design, delivering nearly a thousand hours of training; and Moët Hennessy trained 900 employees in the fundamentals of sustainable development in 2023 via an e-learning module. A growing number of Maisons now include an environmental training target in their incentive agreements.

The LIFE 360 Summit held at the UNESCO headquarters on December 14, 2023 was an opportunity to run awareness workshops: around 200 people took part in Biodiversity Fresk, Living Soils (developed jointly with Moët Hennessy) and collective intelligence workshops, while more than 40 Maison Presidents and Executive Committee members attended a CEO Masterclass covering, in particular, risks and opportunities associated with climate change.

These training programs totaled 68,140 hours in 2023, double that of 2022 (31,238 hours).

Number of hours environmental training and awareness-raising over time

Indicators	2023	2022	Change *(as %)*
Total number of hours training and awareness-raising	68,140	31,238	118

In keeping with its LIFE 360 target of putting in place training programs tailored to the environmental issues facing the Group's key business lines, in 2023 LVMH launched LIFE Academy, a Group-level educational body offering a new catalog of training, designed with input from subject matter experts around two priority areas:

- Essentials: generalist training for all employees aimed at developing an overview of environmental issues (climate, biodiversity, resources, etc.);
- Expert: specialized training aimed at specific business lines to boost skills and reinvent professional practices.

Examples of specialized Expert training include the following: sustainable product design and packaging for stylists, developers and those in marketing roles; responsible sourcing for buyers; managing chemicals for quality and compliance teams; sustainable store construction for architects; etc.

Launching LIFE Academy enabled the Group to set itself another 2026 target: training all employees in Essential or Expert environmental subjects.

What is unique about the LIFE Academy approach is that it is not just about learning but about putting that learning into practice. This is reflected in the design of the training programs, in which thinking together about real-life cases, sharing best practice among peers and drawing up action plans all play an important role.

Some of LIFE Academy's training programs will run at a location well suited to experimentation: La Vallée de La Millière, a nonprofit chaired by Yann Arthus-Bertrand based at a biodiversity reserve near Paris.

1.4 2023 reporting scope

The scope of environmental reporting has been aligned more closely with that of financial reporting in view of the implementation of CSRD. Moreover, coverage of production sites, warehouses, hotels, administrative sites and stores has increased significantly.

The rules for including entities (Maisons and sites) in this scope are as follows:

- Maisons: a Maison is included in environmental reporting if it is included in financial reporting. Following an acquisition, the acquired entity is included in environmental reporting one year after its inclusion in financial reporting.
- sites: the Group's new sites are added to the reporting scope in the year following their acquisition or their opening.
- divested entities (Maisons and sites): entities disposed of during the fiscal year (between January 1 and December 31 of Year N) are excluded from the reporting scope for Year N.

In 2023, as the scopes of financial and environmental reporting were brought into closer alignment, Maisons covered by environmental reporting accounted for 99% of Group revenue.

Coverage of production sites, warehouses, hotels and administrative sites

Production sites, warehouses, hotels and administrative sites *(number)*	**2023**	**2022**
Sites covered (a)	402	327
Sites not covered (b)	244	150
Total number of sites	**646**	**477**

(a) Includes certain sites of Belmond, Bulgari, Christian Dior Couture, Guerlain, Loro Piana, Louis Vuitton, Parfums Christian Dior and Tiffany & Co., as well as Domaine des Lambrays and Château d'Esclans.
(b) Main components: certain regional administrative sites of Louis Vuitton, Moët Hennessy, Parfums Christian Dior as well as administrative sites with fewer than 20 employees.

96% of production sites are covered. The production, 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 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)	
	2023	**2022**
Group total	**83**	**73**

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

In 2023, Sephora South East Asia, Rimowa, Maison Francis Kurkdjian and Parfums Givenchy stores were included in the reporting scope.

For the 17% 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. This concept is underpinned by four convictions:

- inventiveness: selecting innovative new materials such as those that are recycled, bio-sourced, certified and/or sourced 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 and §2.2.4).

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 sourced from regenerative agriculture;
- traceability: knowing the supplier and the 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 specific environmental challenges; tools are currently being rolled out to monitor performance against these criteria and assess each product and its associated packaging'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 seven dimensions:
  - natural origin: an assessment based on an internationally recognized method (ISO 16128);
  - traceability: knowledge of the ingredient value chain;
  - Clean Beauty: taking consumer expectations into account and anticipating potential regulatory restrictions;
  - Smart Formulation: a calculation methodology for minimizing the number of ingredients used in a formula;
  - environmental score: categorizing impacts using the European PEF (Product Environmental Footprint) methodology;
  - social score: assessing the social impact of operations using a methodology developed by the United Nations Environment Programme;
  - environmental impact: using a methodology based on the EU Ecolabel and REACH to calculate the end-of-life biodegradability and ecotoxicity of ingredients.

  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. The EPI calculation methodology has been updated to bring it into line with the LIFE 360 targets and various regulations.
- Fashion and Leather Goods: Maisons in this business group are required to follow sustainable design criteria structured around three pillars: raw materials, traceability and end of life. The first pillar requires that a minimum of 50% of raw materials used must be certified, recycled or sourced from regenerative agriculture. The second pillar, traceability, aims to ensure that all suppliers in the value chain are identified. Tier 1 and 2 suppliers must be known for a product's main ingredient and the country of origin must be known for plant- and animal-based materials. Lastly, the third pillar, end of life, is about verifying and monitoring services offered by Maisons to customers designed to lengthen their products' life spans (including a repairability index). A dedicated tool for monitoring these indicators and criteria has been developed in conjunction with an expert partner. It also ensures compliance with 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, as well as calculating the environmental impact of a product for environmental labeling in France (Climate and Resilience law) and in Europe (Product Environmental Footprint).
- Wines and Spirits and Watches and Jewelry: After being defined, sustainable design criteria are tested by the Maisons. The Wines and Spirits business group updated its method for calculating its EPI in 2023 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

The Group aims to have stopped using fossil-based virgin plastic in packaging that reaches customers by 2026. To achieve this target, the Maisons are working on an action plan that aims to:

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

This target requires reinforcing the action plan. The Group 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 2023:

- making products more sustainable through repairs and refills;
- reusing unsold and defective products and strategic materials in accordance with the established regulatory hierarchy:
  - donation: any operation whereby products or materials have their branding removed and are donated to a donor organization,
  - reuse: any operation by which products or materials are used again for the purpose for which they were initially designed,
  - repurposing: any operation whereby products or materials that have become waste are used again,
  - recycling: any operation by which products and materials are processed to create new products or materials that can be used for the same purpose as before,
  - downcycling: any operation whereby an unused product or material is transformed into a new high-quality or lower-value material;
- exchanging raw and other materials between Maisons through innovative projects (see §2.2.4).

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

The Maisons' products are mainly manufactured at 292 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 2023: Circular Design

2.2.1 Sustainable product design

The business groups use various systems to check compliance with sustainable design criteria put in place by the Group. In 2023, the Fashion and Leather Goods Maisons began to roll out a system for monitoring sustainable design criteria and calculating environmental performance in accordance with reference frameworks in place in France and, soon, Europe (see §2.1.1). Over 300 products were assessed in 2023 across five of the Group's Maisons, achieving 61% compliance with sustainable design criteria. In 2023, Christian Dior Couture developed the Dior Denim Menswear collection made from 100% RegenAgri-certified regenerative cotton. The denim fabric was washed and finished using technologies that reduce water consumption and the consumption of chemicals by 83% and 75%, respectively. For the second year running, Dior also teamed up with environmental organization Parley for the Oceans to present the Beach Capsule, a Fall 2023 Dior collection made from 96% recycled fabrics. In 2019, Dior and Parley kicked off a joint research effort that gave rise to brand new materials made from Parley Ocean Plastic®, created from plastic debris and fishing nets recovered off the coasts of countries and islands around the world.

The Perfumes and Cosmetics Maisons use the EFI to assess the environmental performance of formulations (see §2.1.1).

2.2.2 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, the Perfumes and Cosmetics business group is involved in a number of partnerships and initiatives such as those with Origin Materials (bio-sourced PET), the Avantium consortium (bio-sourced PEF), Aliplast (recycled PET), Eastman (recycled copolyester) and Dow (bio-sourced and recycled Surlyn). Some of the Group's Maisons also use plastic alternatives, for example by working with Woola, which makes packaging from waste wool. The Maisons remain committed to their sustainable design processes: for example, each of the jars in the *Haute Réparation* twin pack of Guerlain's *Abeille Royale* creams is refillable.

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 8% lower than in 2022. This reduction stemmed from the change in business volumes as well as sustainable packaging design efforts.

Perfumes and Cosmetics and Wines and Spirits business groups – EPI scores:

Indicators	Baseline	Performance in 2023	Number of products concerned
EPI score for Perfumes and Cosmetics packaging (New methodology, scores out of 100)[(a)]	39.3	39.3	500
EPI score for Wines and Spirits packaging (New methodology, scores out of 100)	80	80	All packaging

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

The weight of packaging that reaches customers changed as follows between 2022 and 2023:

(in metric tons)	2023	2023 pro forma[(a)]	2022	Change[(b)] *(as %)*
Wines and Spirits	159,914	150,315	171,156	(12)
Fashion and Leather Goods	20,904	20,904	23,145	(10)
Perfumes and Cosmetics	32,424	32,424	25,966	25
Watches and Jewelry	4,462	4,462	4,761	(6)
Selective Retailing	4,270	4,270	3,425	25
Other activities	-	-	-	-
Total	**221,975**	**212,377**	**228,453**	**(8)**

(a) Value and change at constant scope.
(b) Change as a result of both changing business volumes and sustainable design processes.

The total weight of packaging that reaches customers, by type of material, broke down as follows in 2023:

(in metric tons)	Glass	Paper/ Cardboard	Plastic	Metal	Fabric	Other packaging materials[(a)]
Wines and Spirits	142,014	14,266	711	1,339	45	1,539
Fashion and Leather Goods	471	17,431	167	143	2,665	27
Perfumes and Cosmetics	17,450	6,780	6,582	1,574	19	20
Watches and Jewelry	1,443	1,919	858	124	38	81
Selective Retailing	319	2,719	1,178	52	0	3
Other activities	-	-	-	-	-	-
Total	**161,696**	**43,114**	**9,496**	**3,232**	**2,767**	**1,670**

(a) Other packaging materials notably include ceramic and wood.

2.2.3 Reducing and recovering waste

The weight of waste generated changed as follows between 2022 and 2023:

(in metric tons)	Waste produced in 2023[(a)]	*Of which: Hazardous waste produced in 2023[(b)]*	Waste produced in 2023 pro forma	Waste produced in 2022[(c)]	Change in waste produced *(as %)*
Wines and Spirits	86,904	*268*	85,559	83,629	2
Fashion and Leather Goods	18,136	*3,439*	17,425	17,171	1
Perfumes and Cosmetics	12,114	*2,672*	11,614	10,856	7
Watches and Jewelry	1,604	*567*	1,250	1,408	(11)
Selective Retailing	265	*4*	3,042	3,077	(1)
Other activities	6,070	*285*	1541	2,191	(30)
Total	**125,095**	***7,237***	**120,431**	**118,332**	**2**

(a) Data includes production sites, distribution centers and some offices. Stores are not included.
(b) Waste that must be sorted and processed separately from non-hazardous waste (such as cardboard, plastic and paper).
(c) Data includes Le Bon Marché and some DFS locations.

Waste was recovered as follows in 2023:

(as % of waste produced)	Re-used	Recovery of materials	Waste-to-energy recovery	Total recovery
Wines and Spirits	7	89	3	98
Fashion and Leather Goods	4	47	34	85
Perfumes and Cosmetics	4	73	16	93
Watches and Jewelry	-	48	11	59
Selective Retailing	-	36	5	41
Other activities	11	46	13	70
Total	**6**	**78**	**9**	**94**

The Maisons are working to reduce and recycle production waste. As regards circular waste management, in 2023, 94% of waste was recovered (95% in 2022). Recovered waste is waste for which the final use corresponds to one of the following (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.

2.2.4 Results for new circular services

Since 2019, 97% of the Group's Maisons (excluding Wines and Spirits) have put in place new circular services focused on sustainability and/or recovery.

As regards sustainability services, the Repair and Care working group brings together 14 of the Group's Maisons to define standards for their repair and care services and speed up their rollout. Rimowa now offers a lifetime manufacturer's warranty for suitcases purchased from July 2022 onwards; Le Bon Marché's alterations workshop has been Refashion accredited ever since it opened in November 2023 to facilitate textile repairs for customers; and Loewe has a store dedicated to repairs (ReCraft in Osaka).

As regards reuse and recycling services, in France, the Perfumes and Cosmetics Maisons and Sephora use the CEDRE recovery and recycling facility to handle all the materials and products 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. The various materials (glass, cardboard, wood, metal, plastic, alcohol and cellophane) are resold to a network of specialized recyclers.

CEDRE now handles textile waste from the fashion Maisons, for which it has become the core – along with Nona Source and Weturn (winning startup of an LVMH Innovation Award that produces 100% recycled fabric) – of a new ecosystem of closed- or open-loop fabric recycling facilities offering a new range of recovery services. By partnering with L'Agence du Don en Nature and taking on and training people from companies specifically employing people with disabilities in the couture sector, the Maisons have been able to add donation, repurposing and recycling services so as to more effectively recycle unsold products. 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.

This ecosystem is the first building block of LVMH Circularity, the launch of which was announced at the LIFE 360 Summit. This initiative aims to organize all packaging, product and component recycling processes and facilitate the reintroduction of recycled materials into production processes so as to maximize the reduction in the Group's environmental impact.

LVMH Circularity enabled several major accomplishments in 2023, including Christian Dior Couture and Louis Vuitton's launch of recycling projects to transform their materials, via Weturn, into new, fully traceable high-quality European thread and materials. In the first quarter of 2024, Dior is launching its first ready-to-wear item manufactured from textile recycled in a closed loop.

Making something new from something old is the idea behind Prelude, a 100% upcycled collection designed by Creative Director Kevin Germanier using unsold products from LVMH's Fashion Maisons and fabrics from Nona Source, a platform that resells unused fabrics from the Group's Maisons, and Weturn. This deliberately disruptive project exemplifies the Group's ability to blend sustainability, creativity and desirability. The unsold products used were completely disassembled, unstitched or cut into strips, then reassembled and resewn into a new fabric. The new collection – and these new techniques, which the Group intends to develop – was unveiled as part of a show at the LIFE 360 Summit in December 2023.

In 2023, Nona Source – the platform developed by the Group to facilitate the resale of unused luxury 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 280,000 meters of fabric (versus 190,000 meters in 2022) from more than twelve of the Group's fashion Maisons was upcycled in this way in 2023.

Dior Couture has converted a production line at one of its plants into a dismantling and recycling line for footwear and leather goods. Sephora has kicked off the VM 360 project to carry out closed-loop recycling of three types of items used in point-of-sale advertising: upcycling product display modules into new displays; turning merchandising visuals into gift boxes for customers; and recovering transport boxes and turning them into shipping boxes for use in e-commerce.

In 2023, around 3,561 metric tons of materials and products were recycled (3,144 metric tons in 2022) by CEDRE.

(in metric tons)	**Amount recycled in 2023**	**Amount recycled in 2022**
Perfumes and Cosmetics	2,266	2,503
Selective Retailing	693	641
Fashion and Leather Goods	792	-
Total	**3,561**	**3,144**

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.

2.2.5 Environmental management

In 2023, the Group continued to roll out certified environmental management systems across its production sites and distribution hubs. By the end of 2023, on a like-for-like basis (excluding Tiffany & Co. and Belmond), 75% of its industrial sites and distribution hubs were ISO 14001 certified. Biodiversity protection is a key part of these environmental management systems. In 2023, Acqua di Parma passed the first ISO 14001 audit of its headquarters.

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 Architecture in-house rating system, the fifth version of which was released in March 2023. Today, the Stores community has over 800 members around the world, led by a group of some forty ambassadors. Monthly committee meetings are held to assess the level of achievement of LIFE 360 targets and to explore the best ways to disseminate tools. A dedicated platform was developed in 2023 to speed up the rollout of internal certification and improve knowledge of the system and associated standards. This electronic document management system is used to exchange the two hundred or so supporting documents with external auditors as laid down in the guidelines.

2.2.6 Summary of LIFE 360 "Circular Design" achievements in 2023

Objectives	**Performance in 2023**	**Performance in 2022**	**Target**
Zero fossil-based virgin plastic in packaging that reaches customers Quantity of fossil-based virgin plastic in packaging that reaches customers *(in metric tons)*[(a)]	7,942	7,942	0 (2026)
70% recycled materials in packaging that reaches customers Percentage of recycled materials in packaging that reaches customers for glass and plastic *(by weight)*[(a)]	43%	39%	70% (2030)
Presence of ISO 14001-compliant environmental management systems (at manufacturing sites and distribution hubs)[(a)] Pro forma value, 66% including Tiffany & Co.	75%	74%	100% (2026)
Sustainable product design Fashion and Leather Goods *(% compliance with LIFE 360 sustainable design criteria)*[(a)][(b)]	61%	(c)	100% (2030)
Results for new circular services implemented since 2019 *(as % of number of Maisons)*[(a)]	97%	(c)	100% (2023)

(a) Data from a report currently under development.
(b) Baseline = 300 new products.
(c) Item not reported in 2022.

3. LIFE 360 – Biodiversity and Ecosystems

3.1 Biodiversity

3.1.1 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 the Group's 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; measuring impacts on biodiversity remains a complex issue. LVMH undertakes to update and improve its measurement of impacts on a yearly basis, and to take part in the improvement of methods, in particular by sharing its results with the scientific community. In 2023, LVMH updated its biodiversity footprint and its deforestation intensity using specific, recognized pressure and sensitivity indicators such as the EF 3.0.2 and IMPACT 2002+ databases, tools provided by Trase and Global Forest Watch, the Biodiversity Integrity Index and the Dryad tool. LVMH has also rolled out the Global Biodiversity Score.

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. LVMH is taking part in official testing of the SBT Nature approach, which began in 2023, notably for cashmere production in Mongolia and China and grape production in the Cognac region.

Taking into account the results of its measurements, the Group is taking action and making protecting and regenerating biodiversity a major focus of its LIFE 360 environmental strategy, with three main targets:

- 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.

Lastly, LVMH is 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 takes part in the development of standards, including in particular the one for the "Consumer Goods" category, with a focus on textiles. LVMH has undertaken to have its disclosures in respect of fiscal year 2024, for the first time, aligned with TNFD recommendations.

3.1.1.1 Avoiding and reducing impacts on biodiversity

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

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 were identified using environmental footprint measurements of LVMH's value chain. In 2023, LVMH quantified the potential deforestation intensity of its supply chains for these three materials in relation to their countries of origin and production methods: the result was 200 hectares per year (including animal feed). This analysis helps the Group prioritize remedial actions and measure the progress it makes.

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;
- the Group pursued its agroforestry projects in the Indonesian palm oil sector with other industrial partners. Over 400,000 hectares of forest are protected and covered by the project.

All strategic raw materials to be certified by 2026

LVMH has put in place a strategy for sourcing and preserving raw materials, covered by LIFE 360 targets for 2026. These targets commit 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. These standards guarantee 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;
- sheep and cow 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.

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.

Wines and Spirits

The Wines and Spirits business group is actively committed to sustainable, organic and/or regenerative winegrowing, 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): 50% 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 Standard for Responsible Crocodilian Production, the International Crocodilian Farmers Association (ICFA), the South African Ostrich Business Chamber (SAOBC) and the forthcoming standard to be issued by the Southeast Asian Reptile Conservation Alliance (SARCA). The Group is also seeking SRCP 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 UEBT-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 (RJC) certification for suppliers (RJC Code of Practices at minimum) and refiners (RJC Chain of Custody) for all gold used by the Maisons. The Group is currently working to recognize other standards for future adoption, particularly those covering mining activities, such as the World Gold Council's Responsible Mining principles, 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 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 committed and has prioritized rolling out RJC CoC certification to all its jewelry and refining partners. The Group and its Maisons are also involved in the Coloured Gemstones Working Group (CGWG) with other sector stakeholders. 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

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. The Group has also implemented many tools to improve and monitor the use of chemicals 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);
- 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.

Additional information is provided in §3.3.

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.

3.1.1.2 Protecting and restoring biodiversity

The Group is committed to restoring, protecting and 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. Since 2022, LVMH has been a member of One Planet Business for Biodiversity (OP2B), a business coalition focused on scaling up regenerative agriculture and protecting high-value ecosystems.

LVMH has 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 Hectar. The overall approach and individual projects are signed off by a Science Committee, made up of independent outside experts, which meets annually. Practice and performance indicators have been put in place for each raw material. Lastly, suppliers are beginning to roll out certifications such as RegenAgri and ROC.

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). Other programs of the same type are run by the Group or its Maisons in Africa, Asia and Oceania.

3.1.2 Key achievements in 2023: 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 2023, LVMH shared its biodiversity commitments at the Future Fabrics Expo in London. At the 42nd UNESCO General Conference in November 2023, LVMH and UNESCO ran a special session with Audrey Azoulay, Director-General of UNESCO, and Antoine Arnault, Chief Image & Environment Officer of LVMH, on protecting biodiversity in the Amazon basin. The event was an opportunity to share the results of the Amazon project and launch the UNESCO biodiversity portal, backed by Italy.

3.1.2.1 Certification of strategic supply chains

In 2023, the level of certification continued to increase in supply chains, for example sheep and cow leather (up from 91% in 2022 to 96% in 2023) and cotton (up from 71% in 2022 to 75% in 2023). 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 LVMH in 2018 and which evolved in 2021 (Standard for Responsible Crocodilian Production) 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 (CVFR). This initiative which was launched in 2020 aims to pool and roll out animal welfare verification audits across the entire French calfskin production chain, in collaboration with stakeholders (breeders, integrators, slaughterhouses) in France, and to help improve the living conditions of the animals and people by making training and investing programs available. Thanks to efforts by nonprofit Imagin'Rural to foster constructive dialogue between brands and operators in the sector, the approach has gradually been adopted by integrators representing nearly 60% of France's calf farms.

In 2023, 280 third-party audits were performed on the basis of the 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), raising the number of operators having undergone a third-party audit to 400 since the initiative was launched. The initiative aims to roll out its audit program nationally at 1,200 farms by 2025.

In 2023, thanks to the support of integrators who joined the initiative and to training efforts, 76% of audits resulted in a "satisfactory" rating. Audit findings and dialogue with sector operators will help drive continuous improvement and optimize the allocation of funds and expert training.

The Group continues to roll out certifications such as FSC and PEFC guaranteeing that none of the wood or wood derivatives used by the Group's Maisons are derived from illegal deforestation.

LVMH has also established three committees focused on the responsible sourcing of gold, diamonds and colored gemstones. These committees – chaired by Chaumet, Tiffany & Co. and Bulgari, respectively – bring together all LVMH Maisons actively involved in these industries with the goal of defining and further developing responsible sourcing criteria for use by the Maisons as well as monitoring certain initiatives focused specifically on traceability and the development of virtuous industry practices. In 2023, Tiffany & Co. aligned its responsible sourcing criteria with the recommended standards, enabling the Maison to improve its performance regarding certification indicators, particularly RJC CoP certification for its suppliers.

Lastly, in 2023 the Berluti Mall of the Emirates became the world's first full-project FSC®-certified luxury goods store (standard FSC-STD-40-006 V2, license code FSC-P001977), guaranteeing that all wood and wood derivatives used in its construction, fixtures and fittings came from sustainably managed forests.

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

Certification of strategic supply chains: LIFE 360 achievements in 2023

Indicators	Performance in 2023	Performance in 2022	Target for 2026
Wines and Spirits			
Grapes – Sustainable winegrowing certification *(% certified grapes by weight; figures include still wines and eaux-de-vie)*	LVMH vineyards: 96% French vineyards: 100% Rest of the world: 89% Independent grape suppliers: 26%	LVMH vineyards: 94% French vineyards: 100% Rest of the world: 87% Independent grape suppliers: 20%	LVMH vineyards: 100% Independent grape suppliers: 50%
Fashion and Leather Goods			
LWG certification of tanneries for sheep and cow leather *(leather from certified tanneries by weight, as %)*	96%	91%	100%
LWG certification of tanneries for crocodilian skin leather *(crocodilian skin leather from certified tanneries by weight, as %)*	89%	86%	100%
Certified cotton *(% GOTS, Better Cotton, GRS, OCS and Supima certified cotton by weight)*	75%	71%	100%
Certified paper, cardboard and wood [(a)] *(% FSC- or PEFC-certified paper, cardboard and wood by weight)*	80%	82%	100%
Certified fur (mink/fox) *(% pelts from farms certified as complying with one of the standards recognized by the FurMark program)*	99.5%	98%	100%
Certified sheep's wool (merino sheep and other breeds) and cashmere *(wool from farms certified RWS, ZQ, Authentico, New Merino, SustainaWOOL, Nativa or SFA, as %)*	32%	29%	100%
Certification for all crocodilian farms supplying the Group's tannery *(crocodilian skins from farms certified SRCP or ICFA, as %)*	100%	100%	100%
Perfumes and Cosmetics			
Palm oil derivatives *(RSPO-certified Mass Balance or Segregated palm oil derivatives by weight, as %)*	95%	94%	100%
Watches and Jewelry			
Diamonds: RJC COP certification *(carats of diamonds from COP-certified direct suppliers, as %)*	99.6% [(b)]	99.5%	100%
Gold: RJC COP certification	95%	96%	100%
RJC CoC certification	92%	81%	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.
(b) Scope excluding Tiffany & Co., i.e. the same as in 2022. With Tiffany & Co. included, the certification rate is 98%.

3.1.2.2 Regenerative agriculture and preserving ecosystems

The Group has committed to restore, protect or regenerate 5 million hectares between now and 2030 by implementing regenerative agriculture practices across its supply chains or contributing to programs that preserve or restore endangered ecosystems outside of its value chain.

In 2023, the Maisons are continuing the roll out of projects in Turkey and Chad for cotton, in Australia for merino wool, 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. In 2023, Parfums Christian Dior, Parfums Givenchy and Kenzo Parfums announced that they would be working with Cristal Union (a French agricultural cooperative of over 9,000 beet growers) to improve agricultural practices in the beet industry, from which the alcohol used in the Group's fragrances is derived. They are financing a project aimed at supporting the transition to sustainable farming of 380 hectares of beet crops in France's Grand Est region, to produce the equivalent of 45% of their requirements in alcohol. In 2023, LVMH also entered into a partnership with Chargeurs as part of its Nativa program aimed at more quickly rolling out and sourcing supplies of regenerative wool from Australia. LVMH pursued its agroforestry projects in the Indonesian palm oil sector with other industrial partners. Over 400,000 hectares of forest are protected and covered by the project.

Now a partner of the Circular Bioeconomy Alliance, established in 2020 by His Majesty King Charles III when he was Prince of Wales, LVMH supports a regenerative agroforestry and cotton production program around Lake Chad. The project, launched in late 2022, made significant progress in 2023, training over 500 farmers in two regions of Lake Chad and setting up a 12-hectare nursery to supply farmers with the plants they need.

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. LVMH is also working with Genesis to measure the impact of regenerative agriculture programs in the Fashion, Perfumes and Wines supply chains on the environmental quality of soil.

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. Since 2021, this project has already supported 42 initiatives aimed at restoring ecosystems and developing sustainable job opportunities for local communities by combining indigenous and local knowledge with scientific knowledge to reduce adverse impacts on biodiversity and improve resilience to climate change. The Amazon project made significant progress in 2023: more than 480 people were trained and equipped to fight fires, and agroforestry methods were developed for the production of essential oils and cacao, having a positive impact on more than a thousand families. This project also allows field data across 11 categories and 48 indicators to be collected to improve scientific knowledge relating to the protection and regeneration of ecosystems. This approach is in keeping with the launch of the UNESCO biodiversity portal.

At COP28 in 2023, LVMH kicked off a new project with the Foundation for Amazon Sustainability (FAS), which works to combat deforestation in the Amazon. LVMH committed one million euros to the FAS partnership to help protect the environment while also pursuing sustainable development and respecting the local cultural context. The project has three key priorities: to conserve biodiversity and the ecosystem; to educate and build capacity; and to build sustainable supply chains across the region.

Moët Hennessy upheld its partnership with Reforest'Action to launch reforestation programs in Kenya, China, the United States and South Africa as well as on its own vineyards. Louis Vuitton contributed to protecting natural resources by entering into a five-year partnership with nonprofit People For Wildlife as well as local communities to maintain and regenerate biodiversity in a 400,000-hectare natural area of Australia.

A total of 3.1 million hectares was regenerated, preserved or restored in 2023, of which 26,000 hectares covered by regenerative agriculture practices belonging to the Group's supply chain (LIFE 360 target).

3.2 Water

3.2.1 Overview of the Water policy

Under pressure from both population growth and the consequences of global warming, water is a resource in high demand. Restrictions on its use mean specific action plans – such as the one announced by the French Government in March 2023 – are needed. As well as being an essential component of the Group's activities, for example in Wines and Spirits, water is a critical ingredient of Perfumes and Cosmetics as well as of raw materials used in Fashion and Leather Goods products. This makes it a strategic resource that contributes directly to the quality of products developed by the Group, which has a responsibility to take action to preserve it. To this end, in 2023 the Group unveiled the first part of its plan to protect global water resources by adopting a concerted approach to managing this precious natural resource. The plan aims to achieve a 30% reduction in water withdrawal arising from the Group's operations and value chain by 2030 (baseline: 2019), particularly in water-stressed regions. Some Maisons have already made significant headway: for example, Hennessy and Loro Piana have reduced their water withdrawal by 28% and 25%, respectively, since 2019.

The first step in the plan to protect water resources is to measure impacts. This can serve as a powerful lever for identifying priorities, targets and actions. In 2023, LVMH updated its water footprint using specific, recognized pressure and sensitivity indicators such as the EF 3.0.2 and IMPACT 2002+ databases and the Aqueduct, WWF Water Risk Filter, Plasteax (Mismanaged Waste Index) and AWARE methodologies. LVMH is always working to improve measurement of water consumption across the Group's value chain using constantly refined pressure indicators and increasingly accurate geolocation methods to plan its operations and supply chains. By calculating its water footprint in this way, the Group is able to identify the highest-impact and highest-risk sites and raw materials located in water-stressed regions, both within the Group's operations and across its value chain. Details are provided in Section 3.2.2.

The second phase involves a number of action plans across the Group's operations and value chain to achieve the target of a 30% reduction in water withdrawal by 2030.

3.2.1.1 Reducing water withdrawal arising from LVMH's operations

The Group is rolling out a plan consisting of actions designed to reduce water withdrawal arising from its operations. Examples of actions include the following:

- production processes that use less water are being introduced, such as water recycling systems at the Group's distilleries and at Loro Piana's workshops. The Group's tanneries, farms and hotels are also implementing the most efficient technologies;
- the Group continues to roll out the regenerative agriculture program, launched in 2021, across its vineyards, with the aim of improving the quality of soil and thereby its ability to capture and retain water;
- best practice is being rolled out to limit the use of irrigation on vineyards, notably in Argentina and California.

3.2.1.2 Water withdrawal arising from LVMH's value chain

A dedicated action plan is also in place covering the Group's value chain, which accounts for 95% of its water footprint. Actions include the following:

- using the most efficient technologies to reuse treated wastewater and recover rainwater within the value chain, while supporting partner livestock farmers, growers and vineyard operators;
- continuing with the Group's raw materials certification and regenerative agriculture program, launched in 2021, across the cotton, wool, leather and beet supply chains;
- raising awareness among customers through environmental labeling, which is in the process of being rolled out across the Group's products.

Lastly, in 2023 LVMH joined the CEO Water Mandate, a United Nations organization aimed at sharing and implementing best practice in water management. As it did for biodiversity, in 2023 LVMH took part in official testing of the SBT Nature approach, which includes defining specific targets for some watersheds.

3.2.2 Key achievements in 2023: Water

3.2.2.1 Water withdrawal arising from LVMH's operations

Water withdrawal is used for 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 withdrawal for agricultural requirements is assessed by sites with a higher level of uncertainty than water withdrawal for process requirements.

Water withdrawal changed as follows between 2022 and 2023:

(in m^3)	**2023**	**2023 pro forma** (a)	**2022**	**Change** (a) *(as %)*
Process requirements	4,676,915	3,980,020	3,992,223	-
Agricultural requirements (vineyard irrigation)	8,873,236	8,895,161	7,158,488	20 (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 withdrawal broke down as follows by business group:

Process requirements *(in m³)*	2023 (a)	2023 pro forma (c)	2022 (b)	Change (c) *(as %)*
Wines and Spirits	1,509,318	1,491,081	1,286,010	16 (d)
Fashion and Leather Goods	1,431,552	1,798,157	1,956,057	(8) (e)
Perfumes and Cosmetics	205,933	199,420	211,961	(6)
Watches and Jewelry	139,654	74,101	63,752	16
Selective Retailing	18,045	242,615	265,602	(9)
Other activities	1,372,413	174,646	208,842	(16)
Total	**4,676,915** (f)	**3,980,020**	**3,992,223**	**-**

(a) Data includes production sites, distribution centers and some offices. Stores are not included.
(b) Data includes Le Bon Marché and some DFS locations.
(c) Value and change at constant scope.
(d) This change is mainly due to activities at Glenmorangie.
(e) This change is mainly due to the introduction of best practice and technology at some farms and tanneries.
(f) This increase is mainly the result of new sites having been included in the reporting scope (Belmond, Château d'Esclans, Loro Piana production site in Mongolia and Tiffany & Co.).

The updated 2023 water footprint brought to the fore the fact that four vineyards whose water withdrawal 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 withdrawal: 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.

Best practice is rolled out across all Maisons. For example, Belvedere achieved a 30% reduction in the Maison's water withdrawal in 2023 by rolling out a system that filters and recycles distillation wastewater.

3.2.2.2 Water consumption arising from LVMH's value chain

The water footprint updated in 2023 based on 2022 data put water consumption associated with the Group's value chain at 129 million cubic meters. Of this amount, over 95% related to the production of raw materials, chiefly metals (24%), wool (18%), grapes (17%), cotton and other textiles (10%) and leather (7%). Water withdrawal is the total amount of water taken from the natural environment, whereas water consumption is the amount of water taken, consumed and absorbed that cannot be returned directly to the natural environment after use. To achieve the target of a 30% reduction by 2030, it will be vital to continue with the raw materials certification and regenerative agriculture program (to reduce agricultural water withdrawal) and to improve transformation and production processes used by the Group's suppliers, for example through LWG certification for tanneries supplying to the Group (see §3.1.2).

3.3 Pollution

3.3.1 Description of the water, soil and air pollution prevention policy

The Group has a policy in place to prevent water, soil and air pollution by reducing or prohibiting the use of the highest-risk substances within its operations and value chain and reducing as far as possible organic and inorganic sources of pollution, notably in the areas set out below.

3.3.1.1 Tanning and finishing of leathers and textiles

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, in particular for dyes. LVMH has drawn up a detailed roadmap that encompasses LVMH's production sites as well as key suppliers of Maisons in the Fashion and Leather Goods business group. The following targets are in place for 2026:

- rollout of ZDHC's Supplier to Zero program, designed to ensure awareness and implementation of sustainable chemical management by suppliers, with a minimum coverage rate of 65% (of which 20% at Level 2, Progressive) by volume of ZDHC-certified leather and textiles purchased by the Group's Maisons;
- verification of compliance of chemical formulations with ZDHC MRSL, with a recommended compliance rate of 60%;
- 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 65% by volume of leather and textiles purchased by the Group's Maisons, with a minimum MRSL compliance rate of 85%.

The Group has also implemented many tools to improve and monitor the use of chemicals 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).

3.3.1.2 Vineyards and agricultural commodities

Moët Hennessy has for many years been committed to reducing and optimizing the use of chemicals at its vineyards. This is reflected in particular in its target of completely halting the use of herbicides at all Group-owned vineyards by 2024. This target was achieved for vineyards in the Champagne region in 2020 and for those in the Cognac region in 2021. By 2022, this target had, on average, been achieved at 86% of Moët Hennessy vineyards worldwide by area. The aim is also to encourage independent grape suppliers to adopt this approach by 2028-2030.

Major efforts are being made to reduce the use of other pesticides (insecticides and fungicides), in particular by using biocontrol agents, which notably stimulate plants' natural defense mechanisms. Maisons monitor progress calculating the Treatment Frequency Indicator for both conventional products and biocontrol agents. In 2022, 37% of interventions to combat disease involved the use of biocontrol agents. There are also opportunities to make progress by improving phytosanitary treatment equipment. For example, confined sprayers with recovery panels can reduce the amount of product used by 30-40% while allowing for much more targeted treatment.

As regards fertilization, the number of units of nitrogen used at the Maison's vineyards is also monitored. In 2022, a total of 163 metric tons of nitrogen were used on vineyards owned by the Group, with the quantities applied tailored as closely as possible to the specific needs of each plant. Nitrogen is applied taking into account weather conditions so as to minimize runoff into the soil and the water table. Moreover, efforts are being made to prioritize the use of organic rather than synthetic fertilizers, as doing so offers benefits for soil structure as well as water quality.

For other agricultural commodities, the Group is rolling out a regenerative agriculture certification program (see §3.1.1 and §3.1.2) to limit the use of pesticides, herbicides and fertilizers.

3.3.1.3 Organic wastewater discharge

The only significant, relevant indicator related to preventing organic 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 organic water pollution. 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. All of LVMH's operations that generate the highest COD are equipped with facilities for treating and minimizing organic pollution.

3.3.2 Key achievements in 2023: Preventing water, soil and air pollution

With regard to organic wastewater discharge, COD after treatment changed as follows between 2022 and 2023:

COD after treatment *(metric tons/year)*	2023	2023 pro forma [a]	2022	Change [a] *(as %)*
Wines and Spirits	2,160	2,160	1,768	22
Fashion and Leather Goods	26	25	30	(16)
Perfumes and Cosmetics	23	23	23	-
Total	**2,209**	**2,208**	**1,821**	**21** [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.

In 2023, the Maisons pursued the rollout of the ZDHC program with targeted suppliers using wet processes. The results are detailed in the table below:

Rollout of the ZDHC program	Performance in 2023	Performance in 2022	Targets for 2023 and 2026
Fashion and Leather Goods *(as % of quantities purchased)*			
Participation by leather suppliers	91%	83%	80% (2026)
Participation by textile suppliers	60%	41%	80% (2026)
Quantity of leather from certified suppliers	56% of which 13% at Tier 2	19%	50% (2023) 65% (2026)
Quantity of textiles from certified suppliers	29% of which 10% at Tier 2	18%	50% (2023) 65% (2026)
Quantity of leather from suppliers having completed wastewater analyses	42%	20%	20% (2023) 65% (2026)
Quantity of textiles from suppliers having completed wastewater analyses	26%	18%	20% (2023) 65% (2026)

Three of the four ZDHC targets set for 2023 were achieved, notably in respect of the quantity of leather from certified suppliers and the quantity of leather and textiles from suppliers having completed wastewater analyses. This performance reflected the commitment of the Fashion and Leather Goods Maisons, which have been working with their suppliers to speed up the rollout of the ZDHC roadmap. The delay in certifying textile suppliers is mainly down to the very large number of suppliers involved; the backlog will be cleared over the next few years. In 2023, LVMH hosted the ZDHC annual conference, a key opportunity to summarize and share best practice.

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".

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

Building on the formal certification policy put in place for its supply chains as early as 2016, the Group set itself the following additional targets in 2021 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 upstream 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 and farms for the Group's strategic materials, 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;
- sheep and cow 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:** the origin (country or mining company) 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. Moreover, the goal of working to standardize traceability practices in the industry will be one of the key priorities underpinning the LIFE 360 Business Partners program.

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 labeling at both the French and European levels, notably in respect of fashion products where quality and lifespan are of critical importance. All the associated targets are set out in §1.2.2. These initiatives are part of a broader Group strategy aimed at eventually rolling out Digital Product Passports. These Digital Product Passports will offer Maisons' customers greater assurance as to the origin of raw materials and components as well as products' authenticity, composition, environmental footprint, sustainability and details of how products are recycled.

4.2 Key achievements in 2023: 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. Following the findings of a working group on upstream traceability in 2021, the Environmental Development, Purchasing and IT Departments kicked off a raw materials industrial traceability pilot for leather and cotton. On the strength of this experience, the Group is now ready to roll out custom supplier mapping solutions specific to each supply chain.

In 2023, 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.

For each newly obtained and individually registered diamond it sets, Tiffany & Co. provides its customers with information about its source – its region, country of origin or the company that mined it – as well as the production process used. All rough diamonds used by Tiffany & Co. in its pieces are fully traceable all the way back to the mine of origin. They come mainly from Botswana, Canada, Namibia and South Africa. Stones not polished by Tiffany & Co. are covered by the guarantee of origin system, whereby suppliers are required to issue a warranty statement specifying the country of origin and/or approved mining source of each diamond. This system enables the Maison to provide information about the origin of individually registered diamonds along with their other specifications.

For colored gemstones, Tiffany & Co. published the Colored Gemstone and Pearl Source Warranty Protocol in 2021 to serve as an operational tool shared with suppliers to help them improve traceability. LVMH is also a member of the Coloured Gemstones Working Group (CGWG), an industry stakeholder organization involved in improving social and environmental practices at mines and promoting transparency as to the sourcing of colored gemstones.

At the beginning of the year, a consortium of fifteen cosmetic industry firms, brands and suppliers, notably including Chanel, Clarins, Dior, Estée Lauder, L'Oréal, Shiseido and Sisley, announced that they were joining forces to set up the TRaceability Alliance for Sustainable CosmEtics (TRASCE). This new body is tasked with improving the traceability of supply chains for key components used in cosmetic formulas and packaging. The French federation of beauty firms, FEBEA (Fédération des Entreprises de la Beauté), is also supporting the project as a sponsor.

The founding members have committed to work together to map their supply chains across the entire value chain using a shared digital platform, Transparency One, with the aim of mapping each stakeholder in the chain as far upstream as possible, as well as stepping up the sustainable transformation of the perfumes and cosmetics supply chains.

Ultimately, the consortium aims to come up with a consolidated shared approach to analyzing associated corporate social responsibility risks so as to interpret the data collected and draw up shared improvement plans.

In 2023, Fendi was still one of the highest-ranking companies in the Fashion Transparency Index, with a score of 58/100. 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-Based Raw Materials Sourcing Charter published in 2019, the Group's Maisons are working to ensure that their raw materials are traceable; in 2023, the source of materials of animal origin was known for 99.9% of exotic leathers, 99.9% of furs and 88% of wools.

Summary of LIFE 360 "Traceability and Transparency" achievements in 2023

Traceability indicators	Performance in 2023	Performance in 2022	Target for 2023
Fashion and Leather Goods [(a)]			
(as % of quantities purchased)			
Sheep and cow leather – Country of origin known	96%	86%	100%
Exotic leather – Country of slaughter known	99.9%	89%	100%
Fur – Country of rearing or trapping known	99.9%	89%	100%
Wools (merino sheep and other breeds), and cashmere – Country of rearing known	88%	64%	100%
Diamonds – Country of mining and/or mining company known for diamonds of over 0.2 carats certified by a gemological laboratory	96%	- [(b)]	100%

(a) Data declared by suppliers.
(b) Item not reported in 2022.

4.2.2 New information systems

The Group and its Maisons have begun rolling out systems that measure the environmental impact of products; monitor the sustainability of their design (see Section 2.1.1); and consolidate traceability information. This information is shared with consumers either on Maisons' websites via a QR code or directly on product labels. In 2023, more than 30,000 products sold (9,500 in 2022) by the Group's Maisons were already covered by an information system. For example, as part of its Patou Way approach, Patou published environmental performance and traceability indicators on its website for its "Les Essentiels" collection of over 64 products.

For several years, LVMH has taken part in French and European methodological work on environmental labeling, in the fashion industry in particular. The Group 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 2023.

In 2021, LVMH, together with Prada Group and Cartier, announced the launch of the Aura Blockchain Consortium, which more than 40 Maisons from the industry have since joined. The Consortium's mission is to create a standard for the luxury industry, using blockchain technologies, to preserve, secure and tamper-proof data about the life cycle of materials and products. This unique initiative is open to all luxury brands worldwide, providing them with a way to ensure responsible sourcing, transparency and authentication.

In 2023, some Group Maisons kicked off projects in partnership with the Aura Blockchain Consortium to incorporate blockchain technology into their businesses. These projects were designed to guarantee the traceability and authenticity of raw materials used in the exceptional products sold by the Maisons. For example, Loro Piana focused on the traceability of the extra-fine wool fibers in its *The Gift of Kings®* range, taking traceability to a whole new level all along its supply chain. Similarly, Dior aimed to guarantee the traceability and authenticity of its *B33* sneakers, providing customers with visibility as to the origin and history of these iconic products. 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.

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, LVMH 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, the Group 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, seven of its Maisons – Louis Vuitton, Moët Hennessy, Parfums Christian Dior, Guerlain, Make Up For Ever, Tiffany & Co. and Stella McCartney – have now 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. In 2023, they were joined by Make Up For Ever, whose targets were approved by SBTi. 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:

- reduce energy-related greenhouse gas (GHG) emissions at its directly operated stores and sites by 50% in absolute terms by 2026 (baseline: 2019) thanks to a policy of 100% renewable or low-carbon energy;
- reduce or avoid 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/m². Set at 600 kWh/m² in 2021 and 2022, at 500 kWh/m² 2023, this will fall to 400 kWh/m² in 2026 and 300 kWh/m² in 2030.

In 2023, the Sustainable Store Planning (SSP) team strengthened the approach to change management by rolling out a policy underpinned by five pillars:

- managing the network of buyers, including in particular by holding coordination events in Miami in June and in Shanghai in October;
- training: a total of 1,400 hours of training were delivered in 2023 and 20 new training modules were created;
- managing the network of partners by rolling out framework agreements and recognizing Labeled Partners;
- managing Maisons' Store Planning Purchases data;
- innovation: highlighting innovative materials, specific technologies, designers and architects committed to sustainable design.

5.1.2 Key levers for reducing Scope 3 emissions

In 2022, Scope 3 GHG emissions (raw materials, purchases, transportation, waste, product usage and end-of-life treatment) per unit of added value were reduced by 15.1% (baseline: 2019). The Group's efforts 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. With the announcement of the LIFE 360 Business Partners program at the LIFE 360 Summit in December 2023, the Group is now in a position to help its suppliers reduce their Scope 3 emissions. From 2024 onwards, LVMH will be running Sustainability Business Partners Days to listen to partners' needs and expectations so as to support the environmental goals of the Group's various supply chains. The Group will also share its environmental knowledge and training programs as well as its regulatory intelligence, and will encourage the sharing of solutions and expertise through a dedicated platform;
- 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;
- reducing the carbon footprint of computing: in keeping with the LIFE 360 program, the Green IT program has set itself a target of achieving a 20% reduction in the environmental footprint of the LVMH group's IT and digital technology by the end of 2026 (baseline: 2021). In 2023, 60 of the Group's Maisons joined the program and rolled out the Green IT charter. At the same time, an action plan was kicked off to lengthen the life span of equipment, reduce the number of purchases and optimize energy consumption. A best practice guide for e-commerce packaging has also been shared with the Maisons.

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, a highly potent greenhouse gas; and the implementation of a responsible advertising policy.

5.1.3 Key levers for adapting to climate change

Thanks to its analysis of climate-related risks and its work on the EU Taxonomy, the Group is able to identify exposed sites and draw up adaptation plans. More generally, the Group is also conducting an analysis 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 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, the Group 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 2023: Climate

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 COP28 to present its actions and engage in dialogue with stakeholders:

- the Group signed a new agreement to combat deforestation with the Foundation for Amazon Sustainability (see §3.2.2).
- Stella McCartney and LVMH presented the most innovative raw materials sourced from regenerative agriculture, biotechnology and the circular economy at the Sustainable Market, a pavilion inside the Green Zone at COP28.
- the Group entered into a new partnership focused on environmental store management. Following an initial partnership between LVMH and an owner of top-tier shopping malls in China, Hang Lung Properties (the first tangible results of which were recognized at the 2023 Green Point Awards), the Group kicked off two new partnerships with commercial landlords at COP28:
  - the first is with the top five local landlords in the United Arab Emirates. This innovative alliance between Chalhoub Group, EMAAR Malls Management (LLC), Majid Al Futtaim Properties LLC, Aldar Properties PJSC and LVMH reflects the shared commitment of key players in selective retailing in the United Arab Emirates in support of sustainability. Clear targets will be set for shopping malls, with innovative and ambitious environmental practices implemented covering water consumption, the efficient use of air conditioning, the use of clean energy, and design and construction practices;
  - similarly, LVMH and the Miami Design District (MDD) – the iconic neighborhood dedicated to innovative fashion, design, art, architecture and fine dining – entered into an agreement reflecting their shared commitment to sustainable development. The partnership between the Group and the MDD covers the fifteen Maisons that rent retail space in the Miami Design District, which include in particular Louis Vuitton, Dior, Fendi, Berluti, Tiffany & Co., Bulgari and Hublot. The agreement is focused on tangible, measurable steps towards achieving 100% use of renewable energy in these stores. A key element will be the involvement of the Group's Maisons and Miami Design District Associates, which develops and runs the district, in the SolarTogether solar energy program run by Florida Power & Light (FPL). Other store tenants in the MDD have been invited to join the initiative.

In 2023, LVMH began carrying out a double materiality analysis of climate-related impacts, risks and opportunities for the Group so as to refine the identification of key environmental challenges (see §1.1.2, "Risk identification").

In 2023, LVMH's Carbon Fund invested around 20 million euros in 192 innovation projects that would together avoid more than 256,000 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.

The initial results of this energy efficiency plan are promising. The Group has reduced energy consumption at its European stores and production sites by 10%. Some Maisons have gone even further, with Sephora, for example, achieving a 15% reduction in energy consumption at its French stores since the plan was launched.

In 2023, total energy consumption amounted to 1,939,763 MWh 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 directly operated stores not covered by reporting (17% of the total sales floor area) as well as offices and distribution hubs not covered by reporting, estimated based on consolidated figures stands at 167,692 MWh.

The target of measuring consumption across all retail space was partially achieved in 2023, with 83% of the total sales floor area covered. Recent partnerships entered into with department store owners are focused in particular on improving transparency and the exchange of environmental data.

Average store energy consumption fell from 356 kWh/m²/year in 2022 to 349 kWh/m²/year in 2023. LED lighting is now used across 79% of the total sales floor area.

Certifying stores is one way to make performance more objective, whether through the LIFE in Architecture in-house rating system or LEED, one of the world's best-known systems. At the end of 2023, 55 stores had achieved LIFE in Architecture certification, 7 of them at Silver level, and 142 projects had secured LEED certification, two of them at Platinum level (Bulgari Shanghai IFC and the Loewe flagship stores in Paris and Madrid).

Alongside action to reduce consumption and boost energy efficiency, the Group increased the proportion of renewable and low-carbon energy in its energy mix, with renewable and low-carbon energy making up 63% of the proportion in 2023, compared with 47% in 2022 and 1% in 2013. Framework agreements signed with energy suppliers have been one of the main drivers of the Group's progress in this area. The first of these dates back to 2015 and supplies green electricity to more than 90% of LVMH's sites in France, belonging to 23 of its Maisons. A similar agreement was signed in 2016 for the supply of electricity to a number of the Group's Italian Maisons, while some sites in Spain and Portugal now use renewable energy. In 2023, a coordinated push to buy Renewable Energy Certificates for a number of Maisons, totaling over 220,000 MWh, also helped increase the proportion of renewable energy used by the Group. Many sites have also installed solar panels or geothermal systems.

The other driver is the use of biogas, which is either produced from production waste (Glenmorangie since 2017) or purchased (biomethane with a regional guarantee of origin sourced by Hennessy in 2020 and Guerlain in 2021). LVMH has chosen SAVE Energies, France's second-largest buyer of biomethane, to supply all its French production facilities and sites with biomethane for three years starting in 2023, enabling the usage of biogas within the Group to be doubled during in its first year. 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 2023, among others Maisons, the champagne houses, Hennessy, Louis Vuitton, Christian Dior Couture and Parfums Christian Dior used biogas exclusively as fuel at all of its administrative and industrial sites. For its part, Belvedere now generates enough renewable energy to cover 98% of its needs thanks to its biomass capture facility and the solar panels installed at its distillery.

In view of the entry into force of CSRD, efforts were made in 2023 to expand the scope across which energy consumption is reported so as to align it with the scope of financial reporting. As well as increasing coverage of stores (notably to include Sephora), Belmond trains and boats were included in the Group's energy footprint, together with the Clos des Lambrays and Château d'Esclans estates.

Energy consumption by business group changed as follows between 2022 and 2023:

(in MWh)	**2023**	**2023 Estimated scope (a)**	**2023 pro forma (b)**	**2022**	**Change (b)(c)** *(as %)*
Wines and Spirits	234,359	12	214,680	245,961	(13)
Fashion and Leather Goods	437,221	100,568	395,315	409,896	(4)
Perfumes and Cosmetics	108,958	30,640	99,168	99,760	(1)
Watches and Jewelry	144,261	12,505	112,764	102,060	10
Selective Retailing	374,289	22,068	339,351	338,092	(13)
Other activities	640,675	1,900	115,179	150,824	(24)
Total	**1,939,763**	**167,692**	**1,276,458**	**1,346,593**	**(5)**

(a) Estimated power consumption by sites and stores not covered by reporting (17% of total store floor area).
(b) Value and change at constant scope.
(c) Excludes estimated power consumption.

Energy consumption by business group and by energy source was as follows in 2023:

(in MWh)	**Electricity (non-renewable sources)**	**Electricity (renewable sources)**	**Heating and cooling networks**	**Non-renewable fuels**	**Renewable fuels**	**Renewable energy produced on-site**	**Total**	**Proportion of renewable energy [(a)]** *(%)*
Wines and Spirits	18,206	83,980	-	73,561	56,500	2,112	234,359	61
Fashion and Leather Goods	64,845	235,058	15,784	111,567	3,960	6,007	437,221	56
Perfumes and Cosmetics	5,097	60,741	506	17,200	24,756	658	108,958	79
Watches and Jewelry	14,676	107,154	11,706	5,940	106	4,678	144,261	78
Selective Retailing	7,363	331,537	15,134	20,254	0	2	374,289	89
Other activities	104,876	292,603	6,142	233,788	1,588	1,678	640,675	46
Total	**215,064**	**1,111,072**	**49,272**	**462,311**	**86,911**	**15,134**	**1,939,763**	**63**

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

5.2.2 Greenhouse gas emissions

5.2.2.1 Direct emissions (Scope 1) and indirect emissions (Scope 2)

Scope 1 emissions are those generated mainly through the combustion of fuel oil and natural gas, as well as the leaking of refrigerant fluids. Scope 2 emissions are those generated indirectly from energy use, mainly electricity used in stores and at the Group's production sites. In 2023, the emissions factors were updated on the basis of the most recent databases (IEA, Defra, Ecoinvent, etc.).

Energy-related CO_2 emissions by business group changed as follows between 2022 and 2023:

(in metric tons of CO_2 equivalent)	**CO_2 emissions in 2023 [(a)]**	***Of which:***		**CO_2 emissions in 2023 estimated scope [(b)]**	**CO_2 emissions in 2023 pro forma [(c)]**	**CO_2 emissions in 2022**	**Change [(a)(c)(d)]** *(as %)*
		Direct CO_2 emissions	***Indirect CO_2 emissions***				
Wines and Spirits	20,769	*16,231*	*4,538*	3	28,164	25,939	9
Fashion and Leather Goods	62,810	*28,951*	*33,859*	41,215	77,132	97,875	(21)
Perfumes and Cosmetics	6,685	*3,647*	*3,038*	18,024	8,973	12,696	(29)
Watches and Jewelry	10,202	*1,509*	*8,693*	9,825	4,985	7,779	(36)
Selective Retailing	36,318	*24,144*	*12,175*	19,106	26,711	85,134	(69)
Other activities	80,300	*52,050*	*28,249*	95	31,519	28,020	12
Total	**217,083**	***126,532***	***90,551***	**88,269**	**177,484**	**257,444**	**(31)**

(a) Excludes estimated power consumption.
(b) CO_2 emissions by sites not covered by reporting (of which 17% of total floor area).
(c) Value and change at constant scope.
(d) Updated emissions factors.

5.2.2.2 Scope 3 emissions

Every year, LVMH enlists the services of an external firm to assess the carbon footprint of its entire value chain as well as the 2019 baseline in order to incorporate SBTi-aligned emission items and scope changes.

In 2022, the total carbon footprint thus stood at 6.4 million metric tons of CO_2 equivalent (tCO_2e), including 6.1 million metric tons from Scope 3 emissions, broken down as follows:

GHG Protocol categories	**Amount of greenhouse gas emissions** *(in thousands of metric tons of CO_2 equivalent)*
Purchased goods and services, of which:	3,370
– Wool and luxury wool fibers	749
– Leather	377
– Cotton	245
– Gold	520
– Glass	143
– Grapes, wines and spirits	112
Fixed assets	1,535
Energy-related activities not included in Scope 1 or Scope 2	95
Upstream transportation and distribution	576
Waste generated	9
Business travel	69
Commutes to and from work	171
Use of products sold	133
End-of-life of products sold	41
Investments	137
Total	**6,135**

A breakdown of Scope 3 for 2023 as a whole, in accordance with the GHG Protocol, can be found in the Social and Environmental Responsibility Report. Emissions from upstream and downstream transportation in 2023 are broken down below.

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 2023:

(in metric tons of CO_2 equivalent)	**Road**	**Air**	**Ship**	**Rail**	**Total**
Wines and Spirits	13,307	160	2,640	1	16,109
Fashion and Leather Goods	9,319	5,539	2,183	11	17,052
Perfumes and Cosmetics	1,759	71,793	1,015	-	74,567
Watches and Jewelry	503	1,179	39	-	1,721
Selective Retailing	-	8,159	3	-	8,162
Other activities	233	-	-	-	233
Total	**25,121**	**86,830**	**5,882**	**12**	**117,845**

Greenhouse gas emissions generated by outbound transport (transport of finished products from production sites to distribution centers and points of sale) broke down as follows in 2023:

(in metric tons of CO_2 equivalent)	**Road**	**Air**	**Ship**	**Rail**	**Waterways**	**Total**
Wines and Spirits	18,010	8,991	18,403	463	20	45,887
Fashion and Leather Goods	3,413	201,724	2,850	249	-	208,237
Perfumes and Cosmetics	843	153,449	1,923	-	-	156,215
Watches and Jewelry	170	15,709	200	-	-	16,078
Selective Retailing	213	7,523	174	-	-	7,910
Other activities	-	-	-	-	-	-
Total	**22,649**	**387,395**	**23,550**	**712**	**20**	**434,326**

DFS, Sephora North America, Royal Van Lent and Pucci did not report their data for the transport-related indicators.

The reporting process for upstream and downstream transportation was reviewed in full in 2023 so as to more effectively map transportation flows and improve measurement accuracy.

As regards upstream transportation at Hennessy, the Maison's entire fleet of trucks runs on either biofuel or electricity. Its modal share of rail transport in France rose by 3% year on year in 2023. Lastly, 2023 marked a major step forward for the partnership with Neoline, with construction beginning on the first ship at the RMK Marine shipyards in Turkey and the Saint-Nazare shipyards in France. The first transatlantic vessels are expected to be ready in summer 2025.

Louis Vuitton entered into a partnership with SF Group in China focusing in particular on the impact of transportation. Louis Vuitton and SF are set to kick off three innovative projects:

- creating a platform for measuring the carbon footprint of the entire logistics chain;
- conducting scenario analysis and developing a portfolio of solutions aimed at stepping up the development of emissions reduction projects;
- proactively sharing carbon impact information between the Maison and its carriers so as to optimize modes of transportation, support the implementation of emissions reduction actions and improve the resilience of low-carbon logistics operations.

Louis Vuitton has been sustainably managing its supply chain for over ten years now; this partnership is yet another example of the Maison's desire to put in place continuous improvement targets with its partners.

5.2.3 Results for LIFE 360 "Climate" targets

With LIFE 360, the target reduction in energy-related greenhouse gas emissions (Scopes 1 and 2) is measured relative to the 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 2023, Scope 1 and 2 emissions declined by 28% and the proportion of renewable energies rose from 47% to 63%. 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" achievements in 2023

Indicators	Performance in 2023	Performance in 2022	Target for 2026
Energy-related CO_2 emissions (Scopes 1 and 2, baseline year: 2019)[(a)]	-28.2%	-11.3%	-50%
Proportion of renewable energy in the Group's energy mix	63%	47%	100%
Proportion of stores lit entirely by LED lighting	79%	77%	100%

(a) Value and change at constant scope. In accordance with the GHG Protocol, performance between 2019 and 2023 is based on a recalculated 2019 scope that takes into account changes since 2023: 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 2023; 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, 2022 or 2023 are used instead, constituting a relatively conservative approach.

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 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 – 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	– CDP C1.2a (Describe where in the organizational structure… and/or committees lie, what… responsibilities are, and how climate-related issues are monitored)
Strategy 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. 150; Strategic, operational and financial risks, p. 150 – 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 related to access to and pricing of raw materials, p. 152; Risks related to climate change, p. 156 – 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 related to access to and pricing of raw materials, p. 144; Risks related to climate change, p. 148 – CDP 3.2 (Details of your organization's use of climate-related scenario analysis)
Risk management 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. 54; Risk analysis matrix, p. 150 – 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. 55 – 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. 150 – CDP: C2.2a
Metrics and targets 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 – 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. 101; Key achievements in 2022: Climate, p. 103 – CDP: C4 (Targets and performance)

6. Environmental taxonomy

In accordance with Regulation (EU) 2020/852, supplemented by Regulation (EU) 2023/2486 (environmental commission delegated regulation) establishing criteria for determining whether an economic activity qualifies as environmentally sustainable ("the Regulation"), LVMH has:

(i) identified those of its activities that qualify under the six environmental objectives (the "Environmental Objectives"/"Objectives");

(ii) analyzed the contribution made by eligible activities to the Environmental Objectives, while ensuring that this contribution does not cause significant harm to any of the other Environmental Objectives ("DNSH") 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 Environmental Objectives established by the Regulation are in particular those having the greatest impact on climate change, thus offering the greatest potential for reducing greenhouse gas emissions. Given 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, 2023. 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
- property, plant and equipment and intangible assets as well as capitalized fixed lease payments relating to changes in the scope of consolidation (excluding goodwill).

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 an Environmental Objective without causing significant harm to any other Objectives and while complying with the minimum safeguards ("aligned capex").

Climate change mitigation is the main environmental objective on which the Group has focused when analyzing the eligibility and alignment of its operational objectives. For activities covered by more than one objective, the Group has also carried out its analysis from the perspective of the "Climate change adaptation" and "Transition to a circular economy" objectives (see above).

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 the Group's 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 and Ecosystems").

6.1 KPIs relating to operating investments (capex)

In completing the exercise required by the Regulation, LVMH adopted a cautious approach so as to abide by both the spirit and the stipulations of the text as closely as possible.

Real estate capex amounts were determined and alignment analyzed at the level of each individual item of eligible capital expenditure. The alignment analysis consisted of systematically reviewing compliance with the substantial contribution criteria and the DNSH criteria. No conclusions reached for a given item of capital expenditure were extrapolated to any other item of real estate capex.

6.1.1 Overview of the analysis with respect to the climate change mitigation objective

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 whose building permits were issued prior to December 31, 2020, only the premises purchased, leased or built whose energy efficiency is at least equivalent to that of 15% of the most energy-efficient buildings in the countries where they are located and those with proof of a top energy efficiency assessment score for premises in France are included in KPI 2. For buildings where the building permit was issued on or after January 1, 2021, only buildings with "Net Zero Buildings – 10%" certification are included in KPI 2. For renovations, evidence must be provided demonstrating a 30% improvement in energy consumption for the criterion to be considered met. 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 below in the "Real estate capex deemed energy-efficient" columns correspond to aligned capex, i.e. meeting all of the criteria. In the absence of documentary evidence demonstrating that the technical criteria ("substantial contribution" or "DNSH") have been met, the item of real estate capex is considered non-aligned.

KPI 1 and KPI 2 relating to real estate capex break down as follows for fiscal year 2023:

(EUR millions or as %)	2023						2022					
	Total capex	**Real estate capex (KPI 1 – Eligible capex)** (a)		**KPI 2 – Real estate capex deemed energy efficient (KPI 2 – Aligned capex)** (a)(b)(c)			**Total capex**	**Real estate capex (KPI 1 – Eligible capex)** (c)		**KPI 2 – Real estate capex deemed energy efficient (KPI 2 – Aligned capex)** (a)(b)(c)		
	Amount	*Amount*	*as % of total capex*	*Amount*	*as % of total capex*	*as % of eligible capex*	*Amount*	*Amount*	*as % of total capex*	*Amount*	*as % of total capex*	*as % of eligible capex*
Purchases relating to the real estate sector, of which:	4,638	4,638	39%	408	3.4%	8.8%	4,604	4,604	50%	345	3.7%	7.5%
– Purchases of buildings (d)	345	345	3%	61	0.5%	1.3%	420	420	5%	39	0.4%	0.8%
– Capitalized fixed lease payments	3,763	3,763	32%	202	1.7%	4.4%	3,591	3,591	39%	185	2.0%	4.0%
– Buildings	99	99	1%	59	0.5%	1.3%	156	156	2%	81	0.9%	1.8%
– Renovations and green initiatives	430	430	4%	87	0.7%	1.9%	437	437	5%	40	0.4%	0.9%
Other acquisitions of property, plant and equipment and intangible assets	6,950	-	0%	-	0.0%	-	4,071	-	0%	-	0.0%	-
Purchases of assets and capitalized fixed lease payments	**11,588**	**4,638**	**39%**	**408**	**3.4%**	**8.8%**	**8,675**	**4,604**	**50%**	**345**	**3.7%**	**7.5%**
Changes in the scope of consolidation	358	-	-	-	-	-	590	-	0%	-	-	-
Total (e)	**11,945**	**4,638**	**39%**	**408**	**3.4%**	**8.8%**	**9,264**	**4,604**	**50%**	**345**	**3.7%**	**7.5%**

(a) 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 2023 (compared with 88% of the Group's total capex in 2022 and 60% in 2021). No extrapolations were performed for the other Maisons, whose acquired fixed assets were considered "ineligible" for the requirements of this reporting.

(b) 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:
- meet the DNSH criteria applicable to each eligible activity;
- 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.

(c) The analysis of the energy efficiency of leased premises for the fiscal year was only carried out for the Maisons contributing significantly to capitalized fixed lease payments, corresponding to 91% of the Group's capitalized fixed lease payments in 2023 (compared with 84% in 2022). The capitalized fixed lease payments of the remaining Maisons were deemed as not aligned for the purposes of this reporting.

(d) When a building is acquired, the land is considered ineligible. Its acquisition cost is included in total capex.

(e) See Notes 3, 6 and 7 to the consolidated financial statements.

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 2023 respectively stood at 0.5% and 1.7% of total capex (compared with 0.4% and 2.0% in 2022), and 1.3% and 4.4% of real estate capex (compared with 0.8% and 4.0% in 2022).

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. This applies in particular to production sites, recent out-of-town offices and, in a few rare cases, completely renovated city-center complexes. These efforts should be reflected in the improvement in KPI 2 relating to building renovation and construction. In 2023, construction and renovation projects complying with the thresholds for energy efficiency set out in the Regulation together accounted for 1.2% of total capex and 3.1% of eligible capex (compared with 1.3% and 2.6%, respectively, in 2022).

6.1.2 Details on the analysis carried out for the other environmental objectives

Climate change adaptation objective

Given the lack of a precise definition of adaptation capex, when carrying out the multi-objective analysis required by the Regulation, the Group considered the following as being eligible: operational investments housed in buildings whose building permits were issued after December 31, 2020 (including acquisitions, new buildings and leases), major renovations in the European Union and energy efficiency equipment. Other investments were considered “ineligible” for the requirements of this reporting.

For each item of real estate capex, analysis of alignment for the purposes of the climate change adaptation objective begins with an analysis of physical climate-related risks, followed by an energy efficiency analysis. Analysis of other DNSH criteria is similar to that set out above for the climate change mitigation objective.

Circular economy objective

Operational investments in renovation considered eligible for the climate change mitigation objective were also considered eligible for analysis in respect of the “Transition to a circular economy” objective.

No alignment analysis is required in respect of this objective for the purposes of this reporting. Such analysis will become mandatory with effect from 2024.

6.2 Indicators relating to turnover and maintenance, R&D and rental expenses (opex)

Since the Group’s main activities are not at this stage covered in the Regulation in relation to the achievement of the Environmental Objectives, the turnover indicators are presented as nil for the Group in respect of fiscal years 2023 and 2022.

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

Proportion of revenue from products or services associated with Taxonomy-aligned economic activities – Disclosure for 2023

				Substantial contribution criteria					
Economic activities	**Code(s)**	**Revenue**	**Proportion of revenue: 2023**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**
		EUR millions	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
		-	-						
Revenue from environmentally sustainable activities (Taxonomy-aligned) (A.1)		**-**	**-**						
– Of which: Enabling		-	-						
– Of which: Transitional		-	-						
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
		-	-						
Revenue from Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**-**	**-**						
Total revenue from Taxonomy-eligible activities (A.1 + A.2) (A)		**-**	**-**						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Revenue from Taxonomy-non-eligible activities (B)		**86,153**	**100%**						
Total (A + B)		**86,153**	**100%**						

Do No Significant Harm criteria (DNSH)									
Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) revenue: 2022	Category: Enabling activity	Category: Transitional activity
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
							-	-	

Table 2 – Capex

Proportion of capex from products or services associated with Taxonomy-aligned economic activities – Disclosure for 2023

				Substantial contribution criteria					
Economic activities	**Code(s)**	**Capex**	**Proportion of capex: 2023**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**
		EUR millions	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Renovation of existing buildings	**CCM 7.2** CCA 7.2	54	0%	Y	Y	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	**CCM 7.2**	4	0%	Y	N	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	**CCM 7.3** CCA 7.3	22	0%	Y	Y	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	**CCM 7.5** CCA 7.5	4	0%	Y	Y	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	**CCM 7.6** CCA 7.6	2	0%	Y	Y	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	**CCM 7.7** CCA 7.7	144	1%	Y	Y	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	**CCM 7.7**	178	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**408**	**3%**	**3%**	**-**	**-**	**-**	**-**	**-**
– Of which: Enabling		28	0%	0%	- %	-	-	-	-
– Of which: Transitional		58	0%	0%	-	-	-	-	-
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Renovation of existing buildings	**CCM 7.2** CE 3.2	295	2%	EL	N/EL	N/EL	N/EL	EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	**CCM 7.3** CCA 7.3	50	0%	EL	EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	**CCM 7.5** CCA 7.5	-	0%	EL	EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	**CCM 7.7**	3,885	33%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**4,230**	**35%**	**35%**	**0%**				
Total capex of Taxonomy-eligible activities (A.1 + A.2) (A)		**4,638**	**39%**	**39%**	**0%**				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Capex of Taxonomy-non-eligible activities (B)		**7,307**	**61%**						
Total (A + B)		**11,945**	**100%**						

	Do No Significant Harm criteria (DNSH)									
	Climate change mitigation	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum safeguards**	**Proportion of Taxonomy-aligned (A.1) or eligible (A.2) capex: 2022**	**Category: Enabling activity**	**Category: Transitional activity**
	Y/N	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
	Y	Y	Y	Y	Y	Y	Y	0%		T
	Y	Y	Y	Y	Y	Y	Y	0%		T
	Y	Y	Y	Y	Y	Y	Y	0%	E	
	Y	Y	Y	Y	Y	Y	Y	0%	E	
	Y	Y	Y	Y	Y	Y	Y	0%	E	
	Y	Y	Y	Y	Y	Y	Y	3%		
	Y	Y	Y	Y	Y	Y	Y	0%		
	Y	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**4%**		
	Y	Y	Y	Y	Y	Y	Y		E	
	Y	Y	Y	Y	Y	Y	Y			T
								4%		
								0%		
								0%		
								42%		
								46%		
								50%	**-**	

	Proportion of capex / Total capex	
	Taxonomy-aligned capex per objective	Taxonomy-eligible capex per objective
CCM	**3%**	**39%**
– Renovation of existing buildings	0%	3%
– Installation, maintenance and repair of energy efficiency equipment	0%	1%
– Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	0%	0%
– Installation, maintenance and repair of renewable energy technologies	0%	0%
– Acquisition and ownership of buildings	3%	35%
CCA	**3%**	**5%**
– Renovation of existing buildings	0%	1%
– Installation, maintenance and repair of energy efficiency equipment	0%	1%
– Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	0%	0%
– Installation, maintenance and repair of renewable energy technologies	0%	0%
– Acquisition and ownership of buildings	3%	3%
WTR	**N/A**	**N/A**
CE	**N/A**	**3%**
PPC	**N/A**	**N/A**
BIO	**N/A**	**N/A**

Table 3 – Opex

Proportion of opex from products or services associated with Taxonomy-aligned economic activities – Disclosure for 2023

				Substantial contribution criteria					
Economic activities	**Code(s)**	**Opex**	**Proportion of opex: 2023**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**
		EUR millions	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)									
– Of which: Enabling									
– Of which: Transitional									
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)									
Total opex of Taxonomy-eligible activities (A.1 + A.2) (A)									
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Opex of Taxonomy-non-eligible activities (B)									
Total (A + B)		**1,020**	**100%**						

Do No Significant Harm criteria (DNSH)									
Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) opex: 2022	Category: Enabling activity	Category: Transitional activity
Y/N	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*

Since this data is not available within the Group's financial reporting, it has been extrapolated based on the 2021 analysis undertaken on a sample of the main Maisons.

Management Report of the Board of Directors: The Financière Agache group

6. Attracting and retaining talent

1. General policy

The Group's approach to workforce-related responsibility is managed at the level of LVMH and its subsidiaries, which employ the entire workforce of the Financière Agache 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 2023 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 2023, workforce-related data was verified by Deloitte, in accordance with Article R. 225-105-2 of the French Commercial Code [(1)].

In addition, LVMH's 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.

The workforce figures set out below concern all consolidated companies as of December 31, 2023, including LVMH's share in joint ventures, with the exception of certain companies that have been part of the Group for less than one year, which are generally added to workforce-related reporting data the year after the Group acquires control. The other employee-related indicators were calculated over a scope of 983 legal entities covering more than 99% of the global workforce and include employees who were present during the fiscal year, including at joint ventures, fully accounted for in these indicators.

The Group's employees in China and its regions are included in the number of staff working under permanent contracts (30,370 as of December 31, 2023). 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, 2023 stood at 213,268 employees, an increase of 9% compared with 2022. Of this total, 196,686 employees were working under permanent contracts and 16,582 under fixed-term contracts. Part-time employees represented 15% of the total workforce, or 32,255 individuals. Staff outside France represented 82% of the global workforce.

The Group's average total full-time equivalent (FTE) workforce in 2023 comprised 192,287 employees, up 11% compared with 2022.

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)	2023	%	2022	%	2021	%
Wines and Spirits	8,891	4	8,398	4	7,898	4
Fashion and Leather Goods	75,058	35	67,034	34	57,689	33
Perfumes and Cosmetics	31,937	15	29,549	15	27,774	16
Watches and Jewelry	28,276	13	26,369	14	24,348	14
Selective Retailing	59,391	28	55,471	28	48,807	28
Other activities	9,715	5	9,185	5	9,131	5
Total	**213,268**	**100**	**196,006**	**100**	**175,647**	**100**

(a) Total permanent and fixed-term headcount.

Breakdown by geographic region

Total workforce as of December 31 (a)	2023	%	2022	%	2021	%
France	39,351	18	36,346	19	33,887	19
Europe (excl. France)	46,809	22	41,846	21	39,343	22
United States	43,649	20	41,936	21	34,930	20
Japan	10,496	5	8,924	5	8,013	5
Asia (excl. Japan)	52,185	24	47,860	24	43,705	25
Other markets	20,778	10	19,095	10	15,769	9
Total	**213,268**	**100**	**196,006**	**100**	**175,647**	**100**

(a) Total permanent and fixed-term headcount.

Breakdown by job category

Total workforce as of December 31(a)	2023	%	2022	%	2021	%
Executives and managers	47,040	22	41,504	21	36,807	21
Technicians and supervisors	17,861	8	17,421	9	16,952	10
Administrative and sales staff	113,494	53	105,100	54	91,691	52
Production workers	34,873	16	31,981	16	30,197	17
Total	**213,268**	**100**	**196,006**	**100**	**175,647**	**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	11.4	5.7	7.2	20.3	6.4	10.3	18.1
25-29	18.4	17.0	14.7	18.0	13.8	23.1	19.5
30-34	20.0	18.3	16.9	16.7	16.1	26.4	21.2
35-39	16.4	14.7	15.4	12.8	18.0	21.0	16.8
40-44	11.7	12.1	13.1	9.8	17.5	10.8	11.0
45-49	8.4	10.6	12.1	6.8	15.4	4.6	6.2
50-54	6.4	9.6	10.3	5.8	8.9	2.1	3.5
55-59	4.7	8.3	7.2	4.7	3.7	1.0	2.2
60 and up	2.7	3.7	3.3	5.1	0.1	0.5	1.4
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Average age	**37**	**39**	**39**	**36**	**39**	**34**	**34**

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	61.7	48.6	50.5	73.7	56.0	68.3	71.9
5-9 years	19.1	20.5	23.0	14.3	18.8	19.3	17.3
10-14 years	8.0	9.5	10.3	5.4	7.9	7.9	6.2
15-19 years	5.0	7.2	7.6	3.3	8.7	2.8	2.4
20-24 years	3.2	6.4	4.7	1.8	5.9	0.9	1.1
25-29 years	1.5	3.0	2.3	0.8	1.9	0.5	0.6
30 years and up	1.5	4.6	1.7	0.6	0.9	0.2	0.6
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Average length of service	**6**	**9**	**8**	**5**	**7**	**5**	**5**

1.4 Pursuing an attractive and fair compensation policy

The Group is keen to attract, recognize, and motivate its talent by offering compensation that is generous relative to employee and market expectations. Salaries are benchmarked annually, taking into account the specific characteristics of business lines and segments, to ensure that the Maisons are positioned appropriately, both in France and abroad.

The Group takes care to ensure that performance is rewarded. Variable compensation is linked to the financial results of each employee's company and the achievement of individual targets.

In 2021, LVMH set up a team to develop a fair wage policy applicable to all its employees and suppliers. In 2022, the Human Resources Department adopted the fair wage principles established with the support of the Fair Wage Network's expertise. The Group's Maisons were all asked to verify that these principles had been implemented, and the network of Human Resources, Compensation and Employee Benefits and CSR Officers is responsible for their coordination. The first internal audits were launched in 2023 to ensure compliance with the Fair Wage policy, with pilot Maisons in France and South America.

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 %)*	**2023**	**2022**	**2021**
Less than 1,500 euros	0.7	0.8	2.0
1,501 to 2,250 euros	5.6	12.1	17.7
2,251 to 3,000 euros	22.8	21.2	20.5
Over 3,000 euros	70.9	65.9	59.8
Total	**100.0**	**100.0**	**100.0**

1.4.2 Personnel costs [(a)]

Worldwide personnel costs break down as follows:

(EUR millions)	**2023**	**2022**	**2021**
Gross payroll – Fixed-term and permanent contracts	10,292.8	9,369.2	7,562.4
Employer social security contributions	2,414.8	2,182.0	1,725.2
Temporary staffing costs	495.1	409.8	298.7
Total personnel costs	**13,202.6**	**11,961.0**	**9,586.4**

(a) Indicators are taken from the HR reporting system, which covers 983 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 increased slightly year over year, accounting for 6.7% of the total worldwide payroll (versus 6.2% in 2022), 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 471 million euros in 2023, paid in respect of 2022, an increase compared to the previous year.

(EUR millions)	**2023**	**2022**	**2021**
Profit sharing	240.3	183.8	120.8
Incentive	183.8	164.1	106.1
Employer's contribution to company savings plans	46.9	40.5	39.3
Total	**471.0**	**388.4**	**266.2**

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

Attracting and retaining talent is crucial for the organization's enduring success. It is crucial to spot and hire the most talented individuals by building and securing their trust over the long term. To achieve this, the Human Resources teams strive to promote the wide variety of career paths offered by the Group and to showcase its environmental and social commitments.

People make all the difference – that's the belief that underpins the Group's human resources policy and guides our recruitment at every level, from recent graduates to senior executives. The Group spots and nurtures talent, especially in the most innovative sectors without any regard being given to their background, gender, age, disability or sexuality. The diversity of its teams needs to reflect that of its customers. Individuals who share the Group's values and culture, who are driven by an entrepreneurial spirit and a desire to innovate, who want to pursue excellence and creativity and who can demonstrate pragmatism and perseverance, will fit in perfectly at the Group.

Against an uncertain geopolitical, economic and social backdrop, activities focused this year on all the businesses experiencing stresses and strains, especially those in the retail segment. To maintain the strength of its appeal, the Group created more opportunities for dialog and for conversations with Maisons' recruitment teams. It also focused on sharpening the professional skills of its teams, by keeping a close eye on the competitive environment and the market at large.

Attracting talent

In 2023, LVMH continued to train and equip thousands of internal ambassadors via the Craft the Future Ambassador Program online course. Its goal is to raise awareness of the LVMH employer brand, by showcasing opportunities and prospects unlocked by the Group for its talent.

LVMH also announced a partnership with Stanford University's Human-Centered Artificial Intelligence Institute (Stanford HAI) to explore applications of AI technology in its activities. For several years now, the Group has employed artificial intelligence and cutting-edge technologies right across its value chain to enhance customer experience and elevate the efficiency of its operations. Recent breakthroughs in generative AI have opened up new opportunities (major innovation, greater efficiency), but also given rise to challenges and threats. Through learning and experience, the goal is to help the Maisons and the Group make rapid gains in this domain.

The Group continues to provide active support to young people and has stepped up its HR and CSR policy for their benefit, especially in the areas of training and job opportunities. In November 2023, LVMH signed a national charter with the French government committing to host high school students as part of their mandatory business internship at the Maisons and at Group level in June 2024.

For the 19th year in a row (Universum 2023 survey), LVMH was again voted the top employer among business school students in France. The Group is also among the most popular employers with students worldwide, ranking 28th in Universum's 2023 World's Most Attractive Employers survey.

Engagement and opportunities

Jobs and skills are experiencing relentless change, and that has direct implications for the Group's organization. To safeguard the current and future success of the Group, it is crucial to keep spotting, nurturing and retaining talent. As a result, human capital, and particularly talent development, plays a crucial role in the Human Resources strategy.

Individual support, organizational reviews, and the transformation of managerial culture are all elements that are essential to the Group's growth and the development of its employees.

To prepare for future challenges and opportunities, human resources staff, working closely with the Group's senior executives and managers, have put the Organization and Management Review (OMR) at the cornerstone of the human resources strategy. For more than 10 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.

The Organization and Management Review evolves every year as a function of external business and human resources trends and helps shape the strategic human resources plan. A series of videos focused on external trends (markets and HR) was developed during the year to deepen understanding of the Talent and Business environment and to raise employee awareness.

Every year, the Human Resources community is invited to attend the announcement of the key results of the Organization and Management Review (OMR) and the HR roadmap.

This strategic plan lays out the Group's vision, goals and commitments with respect to its human resources. It is based around the Group's 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 2023, nearly 78% of key positions within the Group were covered by a succession plan and 72% of the most strategic roles were filled internally.

Turnover by geographic region

(as %)	2023	France	Europe (excl. France)	United States	Japan	Asia (excl. Japan)	Other markets	2022	2021
Total turnover [(a)]	22.1	11.8	15.3	37.1	9.7	23.4	28.5	24.1	23.3
Of which: Voluntary turnover [(b)]	*16.5*	*5.9*	*10.8*	*29.9*	*8.5*	*18.8*	*20.0*	*18.3*	*17.2*
Involuntary turnover [(c)]	*5.1*	*4.9*	*4.0*	*6.8*	*1.0*	*4.5*	*8.3*	*5.2*	*5.5*

(a) All reasons. Excluding internal mobility and non-Group transfers.
(b) Resignations.
(c) Dismissals/end of trial period.

Breakdown of movements of employees (a) working under permanent contracts by business group

(number)	Joiners			Leavers		
	2023	2022	2021	2023	2022	2021
Wines and Spirits	1,202	1,154	902	753	823	615
Fashion and Leather Goods	18,592	19,223	15,431	12,361	12,081	9,992
Perfumes and Cosmetics	7,806	7,418	6,045	5,827	6,109	6,605
Watches and Jewelry	6,203	7,393	5,246	4,821	5,508	4,102
Selective Retailing	24,126	23,234	15,908	17,995	17,159	14,989
Other activities	2,450	2,350	1,544	1,606	1,518	1,554
Total	**60,379**	**60,772**	**45,076**	**43,363**	**43,198**	**37,857**

(a) Under permanent contracts, including conversions of fixed-term contracts to permanent contracts and excluding internal mobility within the Group.

In 2023, a total of 43,363 employees working under permanent contracts left the Group (all reasons combined); of these, nearly 41% were employed within the Selective Retailing business group, which traditionally experiences a high turnover rate.

2.2 Passing on key skills and expertise

2.2.1 Perpetuating and passing on our expertise to all generations

Within its six business groups, the Group brings together a wide range of skills and expertise, which are vital to the success of its Maisons. The Group plays a central role in protecting and passing on these unique skills and expertise. The Group boasts more than 280 *métiers d'excellence* (professions of excellence), essential to the luxury value chain, 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

The Métiers d'Excellence initiative aims to foster a virtuous circle of skill-sharing based on three objectives: passing on unique expertise; honing and nurturing apprentices' skills 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.

Starting in secondary school, Métiers d'Excellence helps to make young people aware of the opportunities in the luxury goods world and attracts students and young professionals to potential careers paths with us. Within the Group, passing on excellence continues through the work of the Académie des Métiers d'Excellence, the Maisons' schools and the Virtuoso community, which is committed to passing on its passion.

Guiding people towards our professions and hiring from a broader pool

To spur interest in its professions and attract talent, LVMH reaches out to young people from an early age. More than 3,080 middle school students in France, Italy and the United States 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" tour. As part of the tour, they visited four towns and cities across France (Clichy-sous-Bois, Reims, Valence and Paris) and three in Italy (Florence, Padua, Novara) between February and September 2023. This career guidance and recruitment to expert professions event drew nearly 10,000 visitors and provided access to more than 4,500 internship, work-linked training, fixed-term and permanent contract opportunities.

Training our future talent

2023 was a record year for the Institut des Métiers d'Excellence, which welcomed a cohort of more than 700 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 60 years old, and one third of them were retraining. Since 2014, through its 60 programs, of which 48 were bespoke programs, the IME has trained more than 2,700 apprentices in 30 professions. In 2023, 92% of apprentices obtained an LVMH Brevet d'Excellence vocational diploma. Their job placement rate at LVMH's Maisons and their partners was 78%.

Developing top talent and establishing a reputation for excellence

Employees continuously hone and refine their skills within the Académie des Métiers d'Excellence and the Maisons' 22 training schools. In 2023, the number of training hours devoted to the development of employees in these professions was similar to the 2022 figure (around 200,000 hours) through 288 internal training programs.

The LVMH Community of Virtuosos, which was founded in 2021, expanded again during the year with the arrival of a new cohort of 63 Virtuosos. Their arrival was celebrated in Paris and Milan at the third edition of the Show ME event attended by Chantal Gaemperle. Each Virtuoso personifies the excellence of their expertise and an exemplary career within the Group's Maisons. They have access to personal development programs, as well as the chance to share their passion and their expertise, especially with younger generations. In so doing, they close the virtuous circle of passing on skills.

2.2.1.2 Supporting and promoting external expertise

The Group endeavors to support and champion external craftsmanship, in tandem with the Maisons' skills and expertise. The Group reiterated this commitment throughout the past year. The Elle Artisanes Award, held for the third time during the year, again turned the spotlight on the achievements of talented female experts in the world of fashion, design, culinary arts and the protection of France's heritage.

Another notable event was the inaugural award of the Premio Maestri d'Eccellenza craftsmanship prize in Italy, in conjunction with Confartigianato. Accolades were bestowed on three artisans in the "emblematic expertise", "innovation-related expertise" and "emerging expertise" categories. Maison Fendi was a partner of the event during the year.

Lastly, the design of LVMH's future Maison des Métiers d'Excellence was created through close collaboration with Hannah Levesque, a paper craft artist.

2.2.2 Spreading the word about our professions to students and graduates via Inside LVMH

The Group continued to support younger generations. Deployment of the Inside LVMH program made progress in 2023 with roll-out of an online platform tailored to the needs of students and professionals just embarking on their career. It gives them a clearer understanding of the luxury sector, the Group and its 75 Maisons, its professions and careers. It is available in English and open to everyone, irrespective of their location or career path.

The content available on insidelvmh.com includes over 100 videos, articles and podcasts. Thanks to the efforts of the Group's teams, it is a source of invaluable advice for young people. An array of leaders and CEOs, such as Christie Fleischer (Benefit Cosmetics), as well as young talent and managers, share insights from behind the scenes at LVMH.

At year-end 2023, the platform had signed up more than 260,000 users from more than 2,600 schools around the world.

LVMH runs a course on the platform leading to the award of the Inside LVMH certificate twice a year. It demonstrates that holders have attended a unique, 30-hour-long course teaching them the fundamentals of the luxury industry and about the Group. This certificate helps young people prepare for the business world, and enhances their CV's appeal and their preparedness for job interviews.

The platform also contains a wide range of content, from lectures by professors from well-known schools and universities and in-house Group experts to practical case studies.

The certificate has achieved tremendous success internationally since it was launched in May 2021. As of end-December 2023, over 192,000 people had signed up for its first six cohorts, with more than 78,000 gaining the certificate.

2.2.3 Accelerating the integration, development and retention of younger generations

In 2023, the Group hired more than 39,400 young people under 30 worldwide, including 11,001 internship or apprenticeship contracts and 2,650 permanent contracts in France.

Against a backdrop of strong growth, the Group has restated its commitment to helping young talent find employment and has focused on developing the skills of these individuals, on whom the Group's future will depend.

In 2023, the Group expanded its offering of career booster programs catering exclusively for young talent hired around the world. It now runs 40 programs that aim to develop the Maisons' future leaders via multiple tracks. They directly address the key challenges of the present day and the future: generalist or specifically geared to a particular function (retail, marketing/product, omnichannel, operations, digital, finance, human resources, etc.) via the Group's six business sectors and 75 Maisons.

Eight new Graduate Programs were launched in 2023 at Group level, at our divisions and regions and within our Maisons: LVMH SPRING Human Resources, LVMH SPRING Singapore, LVMH Retail MT program Korea, SPRING Masterpieces Watches and Jewelry, SPRING Beauty, REVEAL Guerlain, Avenue Loro Piana, and Horizons Louis Vuitton. This proactive approach reflects our unstinting commitment to talented individuals during the early days of their career.

Other programs continue to take shape at our 75 Maisons and will soon be launched, building further on this trend in 2024.

These initiatives provide a means of rolling out carefully designed development tracks for talent at the beginning of their career. The generalist SPRING Future Leaders program, which aims to develop LVMH's future leaders, offered a flexible learning experience over the course of four intensive weeks, with a focus on developing leadership. It features masterclasses and meetings with inspirational leaders, training sessions, self-awareness workshops, visits to our Maisons and challenging role-play scenarios.

The impetus injected by these career booster programs has also cultivated a diverse and committed community of talent. The community came together for the first time in July last year when it was hosted by our Italian Maisons (Acqua di Parma, Bulgari, Fendi, Loro Piana) for a deep dive into LVMH's luxury goods market in Italy.

2.2.4 Developing a strategic approach at Group level for academic relations

The Group has established a representative steering committee to unlock synergies and foster collaboration between its Maisons and Divisions. The committee's remit is to grow and develop our academic initiatives in fields of strategic expertise around the world.

In 2023, LVMH held on to its ranking as the most popular employer among business school students in France and moved up into the top 14 for engineering school students.

We also consolidated our partnerships based on excellence and inspired new alliances, such as with the Hospitality Business School in Switzerland (EHL) and Stanford University in the United States (Stanford-Human Centered Artificial Intelligence).

2.3 Improving agility and employability

2.3.1 Co-constructing the future by learning

In a world of stunning technological advances, especially in artificial intelligence and artificial general intelligence, learning is an essential activity for a business. Our priorities include reskilling and upskilling employees to help them on their journey to achieve personal and professional development attuned to the market's requirements.

In response to these significant changes, employees are looking to find a purpose in their work, to learn continuously and to develop personally and professionally. It's vital to offer our talent full-fledged learning and development programs as they hold the key to our organization's future success.

In 2023, LVMH House reached a new milestone with additions to the innovative leadership program launched in early 2022. The personal development program targets senior leaders and LVMH's high-potential employees and extends to all its Maisons and regions. It was deployed in London and in the regional LVMH Houses in key locations around the world, such as Hong Kong, New York City and Singapore. This initiative reflects the Group's global vision and recognizes the importance of cultural diversity and inter-regional understanding for the development of leadership.

The program's objectives are clear and strategically aligned with the current leadership requirements. It aims to develop a profound degree of self-awareness in leaders – a crucial attribute for charting a course through periods of turbulence. This focus on self-awareness gives participants a better understanding of their own motivations, strengths and weaknesses. It makes them better leaders as they can act with empathy and clarity.

Secondly, the program prepares leaders to overcome obstacles to change. It equips them with the tools they need to plan ahead and manage change, not only within their teams, but also right across the organization.

In 2023, LVMH House's personnel development program for leaders provided a strategic response to the challenges posed by a business environment experiencing a transformation. Not only has it honed the skills of the leaders, but also cultivated a culture of resilience, adaptability and collaboration within the Group. This program illustrates LVMH's unshakable commitment to excellence in leadership, underscoring its role as a trailblazer in the global luxury industry.

With over 500 senior leaders participating, the program achieved a major milestone in late 2023. This record for LVMH's leadership programs underscores the scale of the Group's commitment to the development of its employees.

In 2023, LVMH House continued to roll out and improve its offering of programs for middle management. Among the new additions to the portfolio were two noteworthy programs. Leading with Presence, the first, aims to develop a leadership style that boosts confidence and motivation. This program emphasizes the importance of authenticity, effective communication, personalized messages, a captivating storyline and confident and adaptable expression. Manager as Coach, the second program, aims to help them maintain a constant presence and connection as leaders, boost the confidence of their direct reports, provide feedback and help them contribute to the Group's growth momentum. These initiatives underline LVMH House's ongoing commitment to developing leadership skills in its middle management.

Over the past year, LVMH House has organized several sessions for Discovery, its flagship integration program and its Leadership Foundations program in the Middle East, marking its return to the region. These sessions, designed to onboard and integrate the new members of our professional family, effectively highlighted our commitment to the development of employees in this strategic region. These initiatives illustrate LVMH House's determination to forge solid and enduring bonds with its teams and to provide them with the tools and knowledge they need to excel in the luxury universe.

In 2023, LVMH House launched L5, a new learning community, which brings together the heads of Learning at the Group's five big Maisons – Louis Vuitton, Dior Couture, Parfums Christian Dior, Moët Hennessy and Sephora. This community aims to build closer ties and collaboration between these leaders in the training arena and to foster uptake of best practices and the joint exploration of new trends and technologies in the learning sector.

L5 illustrates the Group's commitment to constantly elevating the operational efficiency of its training initiatives and to maintaining a culture of innovation and excellence within its Maisons.

In addition, learning initiatives, predominantly led by the Maisons, remain vitally important in the retail segment. In particular, the Brand Education Community aims to provide a hub for the various learning initiatives related to products, services, customer experience and brand appeal. It encompasses leaders and managers in the domain across the various Maisons. The community, which fosters discussions about best practices, draws on the wealth of knowledge, excellence, ability to innovate and diversity of a majority of Maisons and all the sectors.

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. Over a six-month session, store managers are coached and mentored individually and take a course teaching them about different professions, which is taught by employees of the Group and its Maisons. Originally launched in Europe and China, the program is now being extended to all regions from 2024.

2.3.2 Building an HR data-driven culture

The Group endeavors to create an environment in which a data-driven culture is essential. It aims to leverage proactive management of indicators to boost its overall performance. The Group has made a significant commitment to developing a data-driven culture within its teams, especially in human resources.

Working closely with its Maisons, the Group is taking steps to deploy a single HR database to provide a shared system for data collection. The aim is more effective management of HR processes, such as hiring, performance metrics and workforce planning.

To achieve this, in 2023, the Group launched an interactive analytical platform that collects, displays and analyzes HR data for its Maisons. It meets the Group's needs for data agility, accuracy and consistency in response to the growing demands from internal and external stakeholders regarding social criteria.

The Group is introducing training and awareness programs to familiarize HR employees with best data-gathering, analysis and interpretation practices. In 2023, the Group teamed up with ESCP business school professors to launch the Mastering the Art of HR Data course. This 4-hour online program leading to a qualification helps to familiarize employees with data issues more rapidly.

The Group continues to enhance its data-driven culture through other strategic initiatives, notably offering its Maisons game-based learning approaches, such as gamification and special events.

2.3.3 Giving everyone ownership of their career mobility and development

The Group gives its employees a helping hand in their quest to become more agile and employable on a daily basis and to take the lead in their own career development.

The Group's uniqueness lies in its one-of-a-kind ecosystem, which spans its 75 Maisons and its six business groups across close to 80 countries. It is able to offer multiple career paths and many opportunities for job mobility across its different geographic regions, professions and business areas: Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry, and Selective Retailing.

To encourage its employees to shape their own career paths within this ecosystem, a mobility policy and related processes have been implemented across the Group. Careers committees operate at several levels (Maison, division, global, regional, functional) under the aegis of the heads of talent management and chief human resources officers.

LVMH also has Voices, an internal platform, and has undertaken to step up in-house listings of job offers and career mobility opportunities over the coming years. This year, more than 100 human resources leaders came together to jointly draw up succession planning for strategic positions and discuss mobility profiles. Employees also have career development interviews.

In 2023, close to 18,000 employees took advantage of an internal mobility opportunity, and 78% of the organization's key employees had a career development interview.

Rise – the Group's performance management and career development experience – champions three core values: empowerment, cooperation and agility. It gives employees the opportunity to offer their own suggestions about how they would like their career to develop and evolve and also leads to more regular conversations about their performance and their accomplishments.

This 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.

The new performance management program has now been extended to cover 90,000 employees and will continue to expand across the entire Group.

Training investment

In 2023, training expenses incurred by Group companies throughout the world represented a total of 178.1 million euros, or 1.7% 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.

	2023	**2022**	**2021**
Training investment *(EUR millions)*	178.1	213.7	129.2
Proportion of total payroll *(as %)*	1.7	2.3	1.7
Number of days of training per employee	1.9	1.8	1.8
Average cost of training per employee *(EUR)*	909.0	1,194.0	796.0
Employees trained during the year *(as %)*	52.7	52.2	46.7

Note: Indicators are calculated on the basis of the total number of employees under permanent contracts employed as of December 31 of that fiscal year.

The average training spend per full-time equivalent was 909 euros. In 2023, the total number of training days was 381,424, equivalent to 1,658 people receiving full-time training for the entire year. In 2023, 52.7% of employees received training and the average number of days of training was 1.9 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, with 2.3 days of training per employee.

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)*	50.7	29.9	34.9	8.9	44.2	9.5
Proportion of total payroll *(as %)*	2.1	1.4	1.3	2.1	2.3	1.4
Employees trained during the year *(as %)*	59.3	54.2	35.7	55.5	59.7	52.1
Of which: Executives and managers	*57.9*	*65.7*	*33.4*	*53.5*	*58.8*	*50.1*
Technicians and supervisors	*67.0*	*64.7*	*30.1*	*66.1*	*55.2*	*61.4*
Administrative and sales staff	*55.6*	*55.9*	*37.9*	*55.2*	*65.2*	*48.7*
Production workers	*60.6*	*39.5*	*31.3*	*18.5*	*26.0*	*65.8*

Note: Indicators are calculated on the basis of the total number of employees under permanent contracts employed as of December 31 of that fiscal year.

3. Employee-focused work environment

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 Ensuring 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 & Safety Charter, signed by LVMH'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 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, LVMH'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 2023.

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.

For the first time, the Group held a Health and Safety at Work Week in 2023. It raised awareness in various areas, including first aid, mental health and the LVMH Heart Fund. Chantal Gaemperle, LVMH Executive Vice President, Human Resources & Synergies, gave the closing address at the event, emphasizing the paramount importance of health and safety. The week-long program included the launch of the Staying on the Safe Side initiative, which raises awareness of how to prevent risks in the Group's three main universes (production, logistics and stores).

Performance indicators and targets associated with the five commitments of the new LVMH Health & Safety Charter

		Results in 2023 (a)	Target for 2025
Commitment 1	Each Maison structures its own approach to employee health and safety.	86%	
Commitment 2	Each Maison reviews its health and safety approach on a regular basis.	96%	
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.	92%	100%
Commitment 4	All employees are engaged in prevention and trained in first aid measures.	42%	
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 2023, the Group invested over 44.2 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 189 million euros, or 1.8% of the Group's gross payroll worldwide.

The Group also maintained its initiatives for awareness-raising and training in workplace safety and risk prevention. In 2023, 86,003 employees received training in these areas.

	Number of accidents	Frequency rate (a) (b)	Severity rate (b) (c)
Breakdown by business group			
Wines and Spirits	113	7.64	0.17
Fashion and Leather Goods	414	3.25	0.09
Perfumes and Cosmetics	147	2.58	0.11
Watches and Jewelry	101	1.99	0.08
Selective Retailing	364	3.88	0.18
Other activities	223	12.79	0.33
Breakdown by geographic region			
France	604	10.52	0.35
Europe (excl. France)	321	4.74	0.10
United States	129	1.93	0.18
Japan	18	1.09	0.01
Asia (excl. Japan)	143	1.28	0.04
Other markets	147	3.56	0.08
Group 2023	**1,362**	**3.77**	**0.13**
2022	1,384	4.08	0.13
2021	1,298	4.23	0.14

(a) The frequency rate is equal to the number of work-related 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 employed 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.
(c) The severity rate is equal to the number of workdays lost as a result of a work-related accident, 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 5.1% in 2023.

The Group estimated the effect of the public health crisis on its overall absence rate: 0.1 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 5.0% in 2023, reflecting employees' strong commitment, motivation and trust in the Group and its Maisons. In 2022, the absence rate was 6.2% including the Covid-19 effect and 5.1% 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	2.5	4.1	4.0	1.8	0.7	1.4	1.7
Work/commuting accidents	0.1	0.3	0.1	0.1	0.0	0.0	0.1
Parental leave	1.3	1.2	2.4	0.7	1.6	1.1	0.8
Paid leave (personal leave and other paid leave)	0.7	0.4	1.1	0.3	0.5	0.9	0.4
Unpaid leave	0.4	0.5	0.4	0.3	0.4	0.5	0.5
Overall absence rate	5.1	6.5	7.9	3.3	3.2	4.0	3.5
Estimated overall absence rate excl. Covid effect	5.0	6.5	7.9	3.2	3.2	4.0	3.5

(a) Number of days' absence divided by theoretical number of days worked.

3.2 Fostering constructive labor relations

At the European level, the SE Works Council is an employee representative body consisting of 28 members from the 22 European countries in which the Group's Maisons operate. The rules governing this body are laid down in an agreement that was unanimously approved by employee representatives from those 22 countries and by LVMH SE and by Christian Dior SE Executive Management on July 7, 2014. The SE Works Council deals with transnational issues at the European level. It held one plenary meeting in 2023, on June 8. Its members were reappointed in January 2024 for another five-year term.

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 LVMH'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 18, 2023, and its members 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 work organization, professional training and production techniques.

In 2023, Group companies allocated a budget totaling over 40.3 million euros (1.7% of total payroll) to social and cultural activities in France via contributions to CSEs.

In 2023, employee representatives attended 1,025 meetings in France:

Type of meeting	Number
CSE: 50 or more employees	785
CSE: Fewer than 50 employees	240
Total	**1,025**

As a result of these meetings, 201 company-wide agreements were signed in France.

Worldwide, 42.7% of the Group's workforce is covered by an employee representative body or trade union and 34.4% are covered by a collective bargaining agreement.

3.3 Work-life balance and workplace well-being

Adjustments to working conditions and flexible working hour arrangements meet the growing expectations of employees in the area of physical and emotional well-being and the management of their personal and family responsibilities. The Group's Maisons developed a set of initiatives to cultivate a high quality of life at work.

Work-life balance is one of the key components of a high quality of life at work. 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, in France Berluti updated its charter on quality of life at work, work organization and efficiency, in particular by reinforcing remote working arrangements. 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. In Spain, Perfumes Loewe undertook to improve the health, safety and well-being of its employees by pursuing the Your Wellbeing Matters program. This initiative champions healthy habits through videos and infographics, getting-back-into-shape fitness plans, sports events, promotion of remote working and flexible hours, and a commitment to uphold employees' right to disconnect outside working hours. Their efforts were rewarded with AENOR accreditation. Workplace concierge services and childcare are becoming more and more widespread within the Group, in particular inter-company daycares. In France, the Group provides more than 250 daycare 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 charters and collective bargaining agreements 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 is equipped with 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 via the LVMH Heart Fund), training platforms, and alert and sentinel systems. In China and South Korea, 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. For its part, LVMH Fragrance Brands rolled out six personnel management workshops. During Breast Cancer Awareness Month and International Mental Health Day, the Maison organized a conference focusing on the importance of breast cancer prevention with a cancer specialist, a yoga workshop, a sophrology workshop, a seminar on mental health challenges and a presentation by the LVMH Heart Fund. DFS France has a dedicated digital mental health platform, operating 24/7, that is available to all its employees and 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.

To support employees who act as caregivers in their personal lives, 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, 17% of employees have variable or adjusted working hours, and 49% 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	17%	26%	26%	1%	17%	17%	9%
Part-time	15%	7%	16%	35%	6%	4%	20%
Shift work or alternating hours	49%	12%	34%	71%	77%	63%	64%

(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	26%	17%	54%	48%	3%
Part-time	7%	2%	7%	15%	7%
Shift work or alternating hours	12%	1%	15%	14%	31%
Employees given time off in lieu	9%	2%	13%	17%	9%

(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 174.1 million euros, averaging 1.7% of the worldwide payroll.

(1) Note: Indicators are calculated on the basis of the total number of employees under permanent contracts employed as of December 31 of that fiscal year.

Overtime by region

(as % of total payroll)	Global workforce	France	Europe (excl. France)	United States	Japan	Asia (excl. Japan)	Other markets
Overtime	1.7%	1.6%	1.5%	1.6%	3.8%	2.0%	0.8%

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.

Lastly, the Group actively supports the civic engagement of French army reservists. In compliance with French law, the Group allows employees who are reservists up to 10 days' leave every year for missions or training with the military or national police reserves. In doing so, LVMH authorizes reservists to fulfil their civic duty and help protect France and its citizens.

3.4 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.

The LVMH Heart Fund was particularly active in 2023, mostly in the aftermath of the recent natural disasters. It provided financial aid as well as social and individual/group psychological support.

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 7,500 requests (including 3,244 in 2023) for psychological, social or financial support across five continents.

4. Building a culture of inclusion

4.1 Promoting diversity and inclusion

Through its Codes of Conduct, the Group pledges to ensure that all employees' rights are upheld, regardless of their ethnic, national, social, or cultural origins, gender identity, sexual orientation, disability, age, family status, religion, political convictions or trade union membership.

The Group is diverse by nature, with 75 Maisons operating in close to 80 countries and employees of 190 nationalities. The Group aims to harness this diversity and strives to develop an inclusive culture. It makes sure that all its employees feel engaged and valued and that their contributions are recognized.

The Group champions an approach to diversity and inclusion extending across all boundaries and covering all its business activities and stakeholders. Its approach is built on three core pillars:

- the first pillar focuses on talent and aims to guarantee inclusive practices throughout the entire employee journey, from recruitment to development opportunities;
- the second pillar focuses on supplier relationships and makes sure their practices are inclusive, actively encouraging the Maisons to proactively diversify their supply chains;
- the third and final pillar focuses on the image of the Group and its Maisons: the Group endeavors to guarantee that everyone feels welcome, respected and represented, from advertising campaigns through to the in-store experience.

This strategy is predicated on clear objectives, which are tracked at Group, Maison and regional level. In 2023, the Maisons' various executive committees and Group's talent picked up the baton, pursuing this approach through conferences, awareness-raising sessions and communication initiatives. The Maisons and regions also play a key role in executing the strategy by implementing diversity and inclusion initiatives.

In particular in 2023, LVMH celebrated the second edition of LVMH Voices of Inclusion Week, the Group's worldwide week-long inclusion event, strengthening its commitment in this area. During the week, the Group and its Maisons turned the spotlight on their actions and on year-round Diversity & Inclusion initiatives to amplify and project the voices of their talent around the world. The most impactful initiatives catalogued every year by LVMH's Inclusion Index were rewarded at an event held by the Fondation Louis Vuitton attended by more than 250 guests, including members of the LVMH group's Executive Committee, Maison Presidents and talent from among their ranks.

The Inclusion Index has tracked all the initiatives undertaken by the entire Group since 2018 in the diversity and inclusion arena. The Inclusion Index was originally set up to measure and spur on initiatives supporting gender equity within the Group, then its remit was extended to LGBTI+ initiatives. From this year, this role has been expanded to cover all diversity and inclusion initiatives. These initiatives can be split into six categories: Gender equity, LGBTI+, disability, (national and social) origin, generations and inclusive culture (cross-cutting initiatives to enhance the overall experience of our talent, partners and customers).

This year, close to 200 initiatives led by the Group's Maisons and regions were submitted throughout the Group, and all Group employees were encouraged to vote for their favorite initiatives during an internal online campaign in July 2023. A panel of judges consisting of members of LVMH's Executive Committee (Chantal Gaemperle, LVMH Executive Vice President, Human Resources & Synergies; Jean-Jacques Guiony, LVMH Chief Financial Officer; Chris de Lapuente, President of Selective Retailing) and Maison Presidents (Frédéric Arnault, President of TAG Heuer; Pascale Lepoivre, President of Loewe; Charles Leung, President of Fred; Sibylle Scherer, President of Moët & Chandon; and Pharrell Williams, Louis Vuitton's Creative Director of Menswear) reviewed the shortlisted initiatives. The judges bestowed seven prizes for the best initiatives in each category:

- Gender equity: Louis Vuitton for its initiative aimed at hiring women from underprivileged backgrounds, in collaboration with local NGOs in Asia;
- LGBTI+: Belmond for the Travel with Pride initiative launched in 2022: two special train journeys organized for LGBTI+ passengers aboard the Venice Simplon-Orient-Express in support of Not A Phase, a trans-led charity.
- Disability: Two joint winners:
  - Loro Piana for Polo Circol-Abile – a project involving a team of young people with severe cognitive disabilities in a process to collect unused Loro Piana garments for charity or for recycling;
  - Guerlain for Human – a partnership with the VETA (Vivre et Travailler Autrement) nonprofit to assist and recruit adults affected with moderate to severe autism. Four recruits joined the La Ruche site in Chartres.
- (National and social) origins: Christian Dior Couture for the Dior Open Day – talent scouting and recruitment open-house events during which job-seekers from diverse backgrounds are invited to find out about the Maison's ecosystem and professions. Eight people were hired in 2022 in the Champs-Élysées and Montaigne stores.
- Bridging generational gaps: Moët Hennessy for its Ageless Conversations initiative fostering a collaborative and agile workplace by bridging the gap between different generations. It consists in matching up two colleagues from different generations and inviting them to get together to share their knowledge and learn from each other.
- Inclusive culture: Tiffany & Co. for Atrium – a social impact platform featuring initiatives aimed at making the industry fairer and more inclusive predicated on creativity, education and community spirit. Examples of initiatives include apprenticeship programs within Historically Black Colleges and Universities (HBCUs), a partnership with Harlem's Fashion Row and support for foundations championing social inclusion.

Lastly, a special prize was introduced for the Maison with the best diversity and inclusion performance indicators. This accolade was presented to Sephora for its results, including the representation of women in key positions and the employment of people with disabilities, and for its raft of inclusion initiatives.

Through awareness-raising and informational initiatives, the Group maintained its commitment to advancing an inclusive culture within the Group, Maisons and regions. It also continued to roll out its online training program on unconscious bias, launched at the end of 2022, which is the first online training program aimed at all employees, from production and sales staff all the way up to senior executives. Working closely with the Maisons, the Group is also rolling out in-store awareness training focused specifically on inclusion in the retail environment. In 2023, the Group also launched a training course for all employees aimed at improving the accessibility of documents, emails and meetings.

4.2 Embracing the full spectrum of talent

The Group tracks progress on an annual basis towards its employee and customer representativity targets at every level. To achieve this objective, LVMH is aiming to reach gender parity for key positions, for people with a disability to account for 2% of its global workforce by 2025 and for 30% of leadership positions in the United States to be held by BIPOC (black, indigenous and people of color) individuals by 2026.

Various professional development programs have been rolled out at Group, Maison and regional levels to support the development of local talent. They include the Mentoring & Coaching program for the development of women's careers, Moët Hennessy's Asian Leadership Advancement Program and the Connected Leadership Academy, a program implemented together with McKinsey & Co in the United States to develop the skills of talented people of color (Black, Latino and Asian talent).

Lastly, the Group supports its emerging employee networks, which are growing steadily around the world. They include EllesVMH, which champions gender equality; All Pride LVMH, which combats discrimination against LGBTI+ communities; and LVMH Employees of African Descent (LEAD).

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 2021 and 2023, 82% 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.

The Group 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: discrimination testing on job offers published in campaigns used for long periods and at regular intervals; statistical surveys on discrimination risk in the hiring process; and a compliance analysis of job offers and evaluations. The audit findings were presented to human resources departments at the level of the Group and the Maisons, CSR officers and Diversity & Inclusion managers, and have been followed by appropriate action plans. In 2023, a study of recruitment databases enabled a specific analysis of each Maison's recruitment process based on various potential discriminatory criteria.

4.3 Taking action to promote employment for people with disabilities

For around 15 years, the Group 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. As a member of the Global Business and Disability Network of the International Labour Organization (ILO) and a signatory of its Charter, the Group has made it clear that a disability is perfectly compatible with the luxury industry and also helps to promote excellence. At the event celebrating LVMH's involvement in good causes in December 2021, Chantal Gaemperle, LVMH Executive Vice President, Human Resources & Synergies, announced the 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, the Disability Inclusion Office 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 200 CSR and disability officers at the various Maisons, who meet regularly.

In the regions of the world where the Group is present, the Maisons promote the employment of people with disabilities through various 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 77 hires during the year, employees with a disability account for 10% of the distribution center workforce. In China, Maison Louis Vuitton's Angel program employs talented individuals living with a disability. The program currently has 44 participants, who work at a number of the Maison's locations in a range of different departments.

In France, a work-linked training program was launched to promote the employability of people with disabilities. Since 2014, 126 people with disabilities have thus been offered a work-linked training contract at the Group's Maisons. Since 2020, 62 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 in order to provide 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 the Les Echos-Le Parisien media group, have signed company-wide agreements for the employment of people with disabilities.

The Group 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 93 people.

The Group is also keen to extend its inclusion efforts to those people struggling to find a job because of a disability. After the successful recruitment on permanent contracts of four people with severe autism, LVMH formed a partnership with VETA (Vivre et Travailler Autrement, or "Live and work differently") in November 2023, which aims to promote and develop this innovative inclusive program among its Maisons and its partners.

In 2023, people with disabilities made up 1.6% of the Group's workforce worldwide, with a total of 3,492 employees, up 25% from 2022.

4.4 Ensuring gender equity

Gender equality is an integral part of the culture of the Group, with women accounting for 71% of its employees. The Group has made commitments to gender equity and diversity at the highest level and it has made the professional development of women a priority within its human resources strategy. To this end, the Group aims to achieve gender parity in its key positions by 2025. These are critical positions for the success of the Group and have implications for its long-term development. The Group is committed to pay parity and monitors trends based on a worldwide annual audit. Since 2013, it also been a signatory of the United Nations Women's Empowerment Principles, establishing itself as a pioneer in this area.

LVMH aims to achieve its target of parity via its EllesVMH program, which celebrated its 16th anniversary in 2023. The Group has been working with its Maisons to implement specific programs aiming to boost women's presence at every level of the organization and to support them at each stage in their career. In 2023, 46% of key positions at LVMH were held by women, compared with 23% in 2007, and 18 of the Group's Maison and division Presidents were women. LVMH scored 93.3 points out of 100 on the French government's Gender Equality Index in 2023.

Via EllesVMH, the Group aims to implement a number of training programs and tools to underpin and accelerate women's career development at every level. These initiatives range from EllesVMH Mentoring & Coaching to LVMH House for high-potential women, helping about thirty women each year. Since 2013, 350 women have been trained under the program. Targeted programs have also been deployed locally such as Futur'Elles in Asia-Pacific, EllesVMH Beyond Women's Career in Spain and Inspiring Women Leaders in Italy. Aside from its dedicated programs, in 2023 LVMH also launched EllesVMH.com, an online, in-house platform available worldwide, which succeeded the SHERO platform. The platform features articles, videos, podcasts and forums for discussion, empowering female employees throughout their career. It also hosts the SHERO Academy, which offers online coaching to all talent with insights from world-renowned experts. It offers training modules helping participants to gain a better understanding of who they are, develop their entrepreneurial spirit and learn key ways of advancing their career.

Lastly, EllesVMH is led by a network of women and men around the world acting as ambassadors for the Group's commitment. To achieve this mission, they help to continuously raise awareness, support talent and organize opportunities for knowledge-sharing with internal and external experts. EllesVMH employee networks are already established in North America, the United Kingdom, Japan and France, and were recently joined by Spain, Portugal, Italy, Switzerland and China. They 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 through various local initiatives. The EllesVMH networks ran numerous events to pass on its message and make the voices of the Group's talented individuals heard. To extend this approach and boost its positive impact on society outside the workplace, LVMH maintained its 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 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.

Proportion of women among joiners and in the Group's workforce[(a)]

(% women)	Joiners			Group workforce		
	2023	2022	2021	2023	2022	2021
Breakdown by business group						
Wines and Spirits	54	51	49	42	40	39
Fashion and Leather Goods	63	63	66	66	66	67
Perfumes and Cosmetics	84	83	85	82	82	82
Watches and Jewelry	68	61	67	65	64	65
Selective Retailing	85	85	84	84	84	83
Other activities	47	50	45	48	45	39
Breakdown by job category						
Executives and managers	65	65	67	65	65	65
Technicians and supervisors	64	65	68	64	65	67
Administrative and sales staff	78	79	78	78	78	78
Production workers	62	56	62	63	61	60
Breakdown by geographic region						
France	66	67	65	66	66	64
Europe (excl. France)	68	68	72	68	69	70
United States	80	80	77	76	75	74
Japan	70	68	65	72	72	72
Asia (excl. Japan)	74	69	74	75	75	76
Other markets	73	75	72	70	67	66
Group	**74**	**73**	**74**	**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 foster a work environment where people are treated with dignity and respect, where everyone has the possibility to contribute and advance, 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.

In 2023, the Group restated its long-term commitment to support the inclusion of LGBTI+ community members in the workplace. To mark International Day against Homophobia and Transphobia on May 17, 2023, LVMH officialized its partnership with the Le Refuge nonprofit, which champions the inclusion, training and employment of younger members of the LGBTI+ community. The Group also stepped up its initiatives with the Le Refuge non-profit to support these young people with their career choices under a program focused on the LVMH Métiers d'Excellence professions of excellence.

To mark the start of Pride month in June, the Group's Walk the Talk event turned the spotlight on practical steps taken by the Group, Maisons and regions in the fight against LGBTI+ discrimination. An LGBTI+ activity report was published for external readers, underscoring the commitment of the Group and its Maisons and the wide range of initiatives implemented to create an increasingly inclusive culture.

The event also raised the profile of the employee networks set up to fight discrimination internationally. For the first time, the Group supported employees attending pride marches, under the leadership of its All LVMH Pride networks in a number of cities around the world (London, Los Angeles, Montreal, New York, Paris, Tokyo, Toronto and Wilton Manors). To show their support and promote a common message of respect and inclusion during pride month, each employee attending a march wore a T-shirt specially designed by Jonathan Anderson, Creative Director at Loewe. The All LVMH Pride networks grew further in 2023, with the creation of chapters in France, Australia and New Zealand.

In 2023, the Group also announced it was supporting the adaptation into a documentary series of the autobiographical novel entitled *"Adieu ma honte"*. Author Ouissem Belgacem acted as ambassador for the first cohort of Métiers d'Excellence students to include beneficiaries of Le Refuge's services. Ouissem Belgacem talked to Group employees about his experiences during the Walk the Talk event, raising awareness about his fight to embrace his homosexuality in the sporting world.

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 2023, employees aged 50 and up represented 21.6% of the workforce in France and 13.8% 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, LVMH'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. Moët and Ruinart hold retirement planning seminars for employees aged 59 and over, focused on the keys to a successful retirement. Glenmorangie rolled out retirement preparation workshops for its employees and offers shorter working hours for its older employees without any reduction in their salary. 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. In terms of workplace accommodations, Moët and Ruinart have set up a secondment program for older vineyard workers during the grapevine pruning season to avoid physical strain for older employees. Older employees at Parfums Christian Dior, especially those at its production site, can apply to work part-time and for an additional week's leave.

Management Report of the Board of Directors: The Financière Agache group

7. Outreach and giving back

The Financière Agache 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 supporting those from disadvantaged backgrounds.

In 2023, in addition to its corporate philanthropy, the Group's Maisons participated in more than 950 partnerships with nonprofits, foundations and initiatives thanks to the efforts of more than 65,000 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 18 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 supports and encourages generations of women entrepreneurs. For the 51st edition of the program on November 22, 2023, two winners received recognition in the form of the Bold Woman Award and the Bold Future Award.

Over the last 50 years, this program has honored, assisted and showcased 450 women entrepreneurs in 27 countries. Sephora also supports women 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 2023, the Sephora Accelerate program stepped up its efforts to support Black women who miss out on mentoring and financial support.

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 2023, Hennessy organized the 10th Vignoble au Féminin, a networking event for 200 female winegrowers aiming to encourage women into the industry. In November 2023, LVMH and *Elle* magazines organized the third 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, culinary arts, vineyards and wine, and French heritage protection. The five winners were selected from more than 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 2023, 175 executives and managers sponsored and mentored young graduates from underprivileged backgrounds. Since 2007, 944 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 support 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. The LIVE campuses assist them in taking up their career again and in laying out a path for its development. Four campuses have already been opened, including one in 2023: in Clichy-sous-Bois for the Greater Paris area in 2019, in Valence for the Auvergne-Rhône-Alpes region and in Roubaix for the Hauts-de-France region in 2021, and in Marseille for the Provence-Alpes-Côte d'Azur region in 2023. More than 900 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 2023, 227 new people were welcomed to the four 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 develop their confidence. Many of these classes have been held around the world. They were launched in the United States and Canada, are being expanded in Europe (Denmark, Spain, France, Greece, Italy, Poland, Portugal), and developed more specifically in the Asia-Pacific region in 2023 (Australia, China, Malaysia, Singapore, Thailand). Since the program was launched in 2015, over 127,000 participants have taken nearly 2,900 classes.

In 2023, Loro Piana launched the third Women's Way to Independence (WWTI) program, providing financing support for nonprofits and NGOs working to empower underprivileged women around the world. A total of 299 women benefited from this program during the year.

In keeping with its commitment to preserving and passing on expertise and creativity, LVMH renewed its support for La Fabrique Nomade for the fifth 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. In 2023, 178 young people supported by ARPEJEH took part in an initiative run in partnership with LVMH.

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 12.7 million euros in 2023, in line with 2022.

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, including by forging 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 de Paris (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 15 students were mentored by Group managers in 2023.

In 2023, 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. It encompasses a wide range of initiatives, including "business discovery" internships for 150 middle school students, visits to the Group's Maisons, help finding work, and so on. These young people were also invited to 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. In addition, at the beginning of each year, LVMH organizes You and ME, a dedicated event for finding out about and joining the Métiers d'Excellence. In 2023, this event traveled to four municipalities in France, including Clichy-sous-Bois, a Paris suburb.

The Group met with middle and high school students, university students and people looking for a career change, telling them about its expert professions in design, craftsmanship and customer service. It offered over 4,500 internships, work-linked training contracts, fixed-term and permanent contracts in France and in Italy. An online preparatory course was launched in early 2023 on the You and ME website to guide and assist all potential applicants in filling out their applications.

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. Again this year, Guerlain selected a brilliant young woman interested in becoming a makeup artist to receive its *Mise en Beauté* award.

In 2021, LVMH launched a partnership with Harlem's Fashion Row (HFR) in North America to promote diversity and inclusion in the fashion industry. A highlight of 2023 for this partnership was the 16th annual edition of HFR's Fashion Show & Style Awards (FSSA), in collaboration with several of the Group's Maisons, including Dior, Benefit Cosmetics, Moët Hennessy USA and Sephora. The evening was also the opportunity to celebrate the second edition of the Virgil Abloh Award Presented by LVMH, which was awarded to the artist A$AP Rocky. The partnership with HFR has given rise to a range of specific actions organized around a set of long-term objectives. For example, LVMH North America and HFR held an event during the year attended by 50 high school students from Harlem. They were able to take part in round tables to gain insights from LVMH employees about career opportunities in the luxury sector. Each year, Louis Vuitton invites about 30 emerging designers from diverse backgrounds for a discovery day, during which they sit down with Louis Vuitton managers for discussions focusing on areas such as business management, marketing and e-commerce, thereby forging fruitful professional relationships. In addition, Tiffany joined forces with HFR for the ICON 360 HBCU summit, reinforcing its commitment to supporting historically black colleges and universities (HBCUs). This primarily entailed 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.

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, Ghana, Nigeria, Tanzania and Mexico. In the United States, the Wines and Spirits Maison provided 740,000 dollars to support the Hennessy Fellows program, helping African American students graduating from HBCUs or entrepreneurs launching projects with impact. In 2023, 10 students 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 8, 2023. 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. In 2023, 420 women from more than 60 countries were mentored.

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.

Tiffany & Co. lent its support to the Peace Diamonds Restoration Initiative in Sierra Leone, launched by NGO Resolve. Between 2021 and 2023, 474 young people were trained in activities to restore mining land.

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.

To help women achieve economic justice and equality, Tiffany & Co. supports international humanitarian organization CARE. Thanks to the funding provided by Tiffany & Co., CARE now offers entrepreneurship training. They help women become economically independent and develop their own small businesses in South Africa, Botswana, Lesotho, Sierra Leone, and Tanzania. The aim is to reach more than 5,000 women.

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 collection of specially created bespoke jewelry, helping more than two million children in 37 countries. Sales from the *Bulgari x Save the Children* jewelry collection enabled 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. These two organizations work in the field of immigration and intercultural dialogue within the framework of the United Nations' Ethical Fashion Initiative. Through their projects, they offer training in sewing and leatherwork to provide new job opportunities and chances for social integration for migrants and political asylum seekers.

In 2023, at the eleventh 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. Supporting culture, design and good causes

For more than 25 years, the Group has focused its corporate philanthropy in the areas of creativity and solidarity, two values shared by the Group and its Maisons. Long active in the cultural sphere, the Group supports and brings together eminent artists, scientists, scholars and other intellectuals. Its corporate philanthropy efforts promote cultural heritage, art, fashion, and encourages the dissemination of knowledge and artistic education among a wide audience.

Serving as a reflection of the Group's awareness of the need to help others, LVMH's corporate philanthropy supports medical research and social programs to help the most vulnerable.

3.1 Culture, heritage and contemporary creative arts

3.1.1 Restoring and showcasing historical heritage

The Group's corporate philanthropy is a major supporter of initiatives aimed at restoring and promoting historic heritage.

The day after the fire at Notre-Dame Cathedral in 2019, for example, Bernard Arnault pledged a donation of 200 million euros – to be donated in equal parts by LVMH and Agache – to contribute to the reconstruction process. Over the past four years, LVMH has closely supported this extraordinary restoration project, which showcases the virtuosity of many different disciplines of craftsmanship.

In addition, LVMH recently funded the acquisition of *Partie de Bateau (Boating Party)*, an Impressionist masterpiece and national heritage treasure by the French painter Gustave Caillebotte, which has joined the collections of the Musée d'Orsay.

3.1.2 Commitments to culture and expanding access to it

The Group 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 2023, LVMH renewed its commitment to the City of Paris for the organization of this major cultural event. Choosing the Seine as its theme, the event was built as a dialogue around the shared values and interrelationships between sport and the arts.

LVMH also continued its support to the Giacometti Institute in Paris, helping it develop its scientific and cultural program as well as its temporary exhibitions; it also continued to support the Fondation du Collège de France.

Lastly, LVMH provided support to the Rothko Chapel in Houston, Texas (USA) and the Tate Modern in London (UK).

3.1.3 LVMH Prize

For its 10th edition in 2023, the LVMH Prize for Young Fashion Designers continued to raise its international profile, attracting more than 2,400 applicants, a new record. In particular, the winners receive assistance from the Group in addressing environmental concerns through their design and production processes.

The LVMH Prize went to 39-year-old Japanese designer Satoshi Kuwata, founder of the brand Setchu. He won a 400,000 euro award and a year of mentoring within the LVMH group. Exceptionally this year, the jury chose two winners for the Karl Lagerfeld Prize: the 38-year-old Ukrainian designer Julie Pelipas, Creative Director and founder of the upcycled tailoring label Better, and the 36-year-old Italian designer Luca Magliano, Creative Director and founder of the tailoring and knitwear brand Magliano. Each won a 200,000 euro award and a year of mentoring.

Lastly, three recent fashion school graduates were honored: Luc Albert and Justine Janot, from the Institut Français de la Mode (IFM, Paris), and Nikki Park, from the College for Creative Studies (Detroit). 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.

3.1.4 Fondation Louis Vuitton

Since it was opened in 2014, the Fondation Louis Vuitton[1] has become one of the world's leading institutions on the international arts scene. The Fondation has met with resounding success both in France and internationally: in nine years, it has already welcomed over 9 million visitors.

The Fondation Louis Vuitton's core missions are 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.

Two flagship exhibitions were held in 2023: *Basquiat x Warhol: Painting Four Hands* from April 5 to August 28; and *Mark Rothko* from October 18.

Between 1984 and 1985, Jean-Michel Basquiat and Andy Warhol created 160 paintings together, including some of the largest works of their respective careers. For the first time, this singular body of work painted with "four hands" was put on display almost in its entirety.

The *Mark Rothko* exhibition brought together some 115 works from the world's largest institutional and private collections, including the National Gallery of Art in Washington D.C., the artist's family and the Tate Modern in London. In another major initiative, the Fondation commissioned "Mark Rothko by Max Richter", a musical creation to mark this retrospective.

The Fondation Louis Vuitton continued with its international *Hors Les Murs* ("Beyond the Walls") program, with 2023 exhibitions dedicated to Fabrice Hyber in Venice, Simon Hantaï and Alberto Giacometti in Osaka, Cindy Sherman in Seoul and Wolfgang Tillmans in Tokyo.

2023 was also punctuated by a number of musical events including a concert by Jay-Z in tribute to Basquiat, the Piano Jazz Sessions with Herbie Hancock and a piano recital by Lang Lang.

Out of a desire to make these events as widely accessible as possible, the Fondation developed a number of partnerships, notably with Secours Populaire and Fondation Culture et Diversité (1,100 people hosted in 2023). Throughout the year, the Fondation also hosted groups from the social sector free of charge.

Note 33.3 to the consolidated financial statements provides details on the relations between the Group and the Fondation Louis Vuitton.

(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.

3.2 Arts education initiatives

Through its sponsorship activities over the past few years, the Group has put music at the heart of its youth initiatives. In particular, LVMH supported Orchestre à l'École, a French nonprofit that enables hundreds of children to play a musical instrument. It has also continued to promote training for young musicians by supporting Musica Mundi School in Belgium. LVMH also once again loaned out the Stradivariuses in its collection.

3.3 Backing medical research and certain social causes

Lastly, the Group supported numerous institutions that work with children, the elderly and people with disabilities, and that take action to combat major causes of suffering and exclusion. These institutions included 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 Financière Agache group:

8. Financial and operational risk management and internal control

1. Strategic, operational and financial risks

The risk factors to which the Financière Agache 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 related to 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 related to talent management and the loss of strategic competencies	3	1.1.2
	Risks related to access to and pricing of raw materials	2	1.1.3
	Risks related to cybersecurity	2	1.1.4
Risks related to the external environment	Risks related to counterfeiting and parallel retail networks	2	1.2.1
	Risks related to legal and regulatory compliance	2	1.2.2
	Risks related to the health, political and economic environment	1	1.2.3
	Risks related to climate change	1	1.2.4
	Risks related to business interruptions	3	1.2.5
Financial risks	Foreign exchange risks	1	1.3.1
	Risks related to liquidity and interest rate fluctuations	3	1.3.1
	Risks related to 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, 2023 amounted to 45.6 billion euros, compared with 46.5 billion euros as of year-end 2022.	• The Group is constantly 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. • 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. • The Group supervises media appearances made by senior executives and spokespeople of the Group and the Maisons by defining guidelines and best practices for each interview, ensuring the Group and the Maisons' reputations are preserved. • 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. • 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 constantly monitors the media and social networks through specialized service providers. These vendors work with media platforms, publishers or editors to correct information that may be inaccurate or detrimental to the Group or the specific Maison's image as quickly as possible. These monitoring practices are supplemented by internal and external teams working to detect these risks and undertake the necessary corrective measures with the appropriate departments (legal, digital, purchasing, media, press, social networks, etc.). Additionally, the Group regularly maintains its crisis management system. • 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.) (see "Ethics and responsibility", §5.6).	• 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 Agache and LVMH Codes of Conduct, the Agache 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 "Ethics and responsibility", §2.2). • The Group's distribution agreements include strict guidelines on these matters, which are also regularly monitored by the Maisons through on-site audits. • LVMH has also implemented a responsible supply chain management approach (see "Ethics and responsibility", §5.5).

1.1.2 Risks related to 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 longevity of expertise could be threatened by the loss of these traditional professions and strategic skills, especially in leather goods and watchmaking.	• To preserve and promote this expertise, the Group implements a range of measures to encourage the passing on and promotion of these professions, notably by promoting the recognition of the luxury trades as *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 "Attracting and retaining talent", §2.2). • 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 "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 "Attracting and retaining talent", §2.3). • Employee growth, engagement and loyalty are at the heart of the Group's strategic goals. In so doing, it fosters a sense of dedication to the Group and its values, encouraging talent retention. The Group's HR policies make employee development a top priority, recognizing the essential roles that internal mobility and training play in acquiring and retaining talent.

1.1.3 Risks related to 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 sometimes 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.	• Just as for its strategic expertise, the Group has adopted a policy of sourcing a portion of its strategic raw materials in-house (Champagne vineyards, investments made by LVMH Métiers d'Art in Fashion and Leather Goods). • The quality and consistency of supplies of strategic raw materials depend in particular on the Group's ability to protect plant and animal resources and associated ecosystems. With this in mind, LVMH 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. • 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. • 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. • In 2019, the Group adopted a specific charter that sets out requirements applicable to supplies of raw materials of animal origin. • The Group is pursuing an ambitious policy of having its suppliers undergo environmental and social audits, with the aim of building long-term partnerships. • 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 "Business overview, highlights and outlook", §1.1.4). • The Maisons seek to build long-standing 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. • 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. • The geopolitical environment (the war in Ukraine) meant supply chains were disrupted. Against this unstable 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 actions or indirect damage caused by third parties, and internal breaches or unintentional incidents. The occurrence of these risks may result in the loss, corruption or disclosure of sensitive data, including information relating to products, customers or financial data. Such risks may also involve the partial or total unavailability of some systems, impeding the normal operation of the processes and business activities concerned. They may have financial, reputational, contractual or legal consequences.	• 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"). • 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. • The Group has implemented and operates security services and solutions for in-depth defense of infrastructures and data, including directory monitoring, workstation and server protection (EDR/EPP), external attack surface management (EASM), screening network and Internet activity (firewalls, proxies), secure remote access, and suspicious network activity detection (NDR – Network Detection & Response). • Given the sharp increase in the number of software vulnerabilities reported by publishers, the Group has also implemented a vulnerability management department (Vulnerability Operation Center or VOC) which monitors, scans, detects, analyzes, prioritizes and remediates these vulnerabilities. • 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 as protecting privileged accounts through bastion-type solutions. • In addition to these solutions, steps have been taken to improve the cyber resilience of architecture and 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.

	• Group-wide cybersecurity programs have implemented security systems to not only protect against but also detect and respond to incidents through a central SOC/CERT (Security Operation Center – Computer Emergency Response Team) service. An approach primarily based on prevention would be insufficient, as it is not possible to prevent the occurrence of all potential risk scenarios. When an incident occurs, detection and response are crucial to minimizing its impact. Open to all the Maisons, SOC/CERT ensures the analysis and surveillance of cybersecurity events all over the world, 24/7, by identifying suspicious scenarios and implementing the necessary investigations and responses as quickly as possible. In addition to detecting anomalous behavior, these teams help the Maisons respond to known incidents and manage the more serious cases of cyber crises. • The Group organizes frequent educational and training actions to improve cyber crisis management and has launched a worldwide awareness campaign. • 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 obligations governing personal data protection.	• The Group takes steps to comply with the regulations applicable to personal data protection, including the General Data Protection Regulation (GDPR). Accordingly, each Group Maison has appointed a Privacy Leader to ensure the compliance of its personal data processing operations (see "Ethics and responsibility", §5.6).

1.2 Risks related to 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. 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. • Anti-counterfeiting measures aim to protect the reputation and intellectual property rights of our Maisons, as well as our consumers, who can fall victim to counterfeiters, sometimes to the detriment of their own health (see consumer awareness campaigns by Unifab). • 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 (see in particular "Environment and sustainability", §4.2.2). • 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. • 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 related to legal and regulatory compliance

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. • The Legal Department works closely with the Corporate Affairs, Privacy, Ethics and 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 and is headed up by a member of the LVMH group Executive Committee. • Among these topics, the Group closely follows changes in regulations and their application in matters of intellectual property and digital economy, personal data, international sanctions, distribution and competition as well as in matters of environmental and social responsibility (particularly in France with the "Anti-waste and Circular Economy" and "Climate and Resilience" laws, as well as at European level with the "Green Deal" legislative initiatives and those related to corporate duty of care).

1.2.3 Risks related to the 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. • Moreover, the distribution of the Group's business activities across all geographic regions and a wide range of industry sectors (see Note 24 to the consolidated financial statements) serves to limit its exposure to and acts as a buffer against the shocks and disruptions caused by this type of crisis. • 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 Risks related to climate change

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. • 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 SE's Performance Audit Committee. • Every year, the Group carries out in-depth double materiality analysis on climate change-related risks. The Group measures the carbon footprint of its entire value chain every year, and it also carries out analysis of its value chain to identify and financially quantify the physical and transition risks according to several climate scenarios. The Group has also put in place a system for analyzing the GPS coordinates of all physical sites in its value chain (stores, logistics and production sites, etc.) to assess the associated risks. • 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. • As a reminder, in 2015, LVMH launched a Carbon Fund to help finance greenhouse gas emissions reduction initiatives. • 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). • 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 "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 related to 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). • 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). • Working with its insurers, the Group has adopted HPR (Highly Protected Risk) standards, in order to significantly reduce fire risk and associated operating losses. Continuous improvement in the quality of risk prevention is an important factor taken into account by insurers in evaluating these risks and, accordingly, in the granting of comprehensive coverage at competitive rates. This approach is combined with an industrial and environmental risk-monitoring program (see also "Environment and sustainability"). • 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. • In addition, prevention and protection plans include business continuity and contingency plans.

1.3 Financial risks

1.3.1 Risks related to foreign exchange, liquidity and interest rate fluctuations

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 Financière Agache SA. The risks and their management are presented to Financière Agache's Board of Directors. 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 checked very quickly.

Foreign exchange risks

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. 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 71% for the three currencies to which the Group is most exposed: the US dollar, the Chinese renminbi and the Japanese yen. • 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.

Risks related to liquidity and interest rate fluctuations

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. 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, 2023, the amount of short-term borrowings excluding derivatives, i.e. 11.7 billion euros, was lower than the 14.3 billion euro balance of cash and cash equivalents and current available for sale financial assets. • In addition, the Group has access to undrawn confirmed credit lines totaling 14.6 billion euros. • The Group has access to a diversified investor base (bonds and private short-term investments), long-term financing and strong banking relationships, whether evidenced or not by confirmed credit lines. Lastly, LVMH has a very high level of credit quality, as reflected by its credit ratings (Aa3/P1 by Moody's and AA-/A1+ by Standard & Poor's). • 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 related to 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. 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 Tax Department at the Group level and the finance departments of Group companies, with the assistance of outside consultants when necessary. • 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. • 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. • Since 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 0.15% of consolidated revenue.

The insurance market stabilized in 2023; the 15% increase in the insurance budget is due in part to the increase in revenue and in part to the expansion of the Group's scope to include programs managed by the United States and those managed individually by Belmond, Tiffany and Duty Free Shoppers.

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, fraud, 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 associated operating losses. For economic reasons, Belmond and Tiffany continue to have their own programs.

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 now totals between 20 and 150 million euros per claim and per year (depending on geographic area and types of event).

Alongside this cover, a dedicated parametric insurance program has also been put in place to cover certain very expensive risks or 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 and the Caribbean. 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 increased from 55 million euros to 100 million euros following a revaluation of 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 Financière Agache SA

Control environment

Given the fact that it belongs to a group with the necessary administrative skills, Financière Agache 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 Financière Agache appointed two first-tier accounting firms as Statutory Auditors, which also serve in the same capacity on behalf of Christian Dior and 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 Christian Dior and LVMH sub-consolidation levels 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 Financial and accounting information: Organization and parties involved

At Financière Agache level

The Group's Finance Department oversees the production of the parent company financial statements and the consolidated financial statements, in which Christian Dior (with a 96% ownership interest), and therefore LVMH, are consolidated.

At Christian Dior level

As noted above, Christian Dior is a holding company that directly owns a 42% 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. 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.

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 LVMH'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 LVMH'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 quarterly, half-year 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 LVMH'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 LVMH's financial policy, which includes balance sheet optimization, financing strategy, management of finance costs, investment of cash surpluses, and the management of liquidity risk, market risk (interest rate and foreign exchange risk) and counterparty risk (see the *Management Report of the Board of Directors* – "Business and financial review", §4, "Financial policy", and §1.3.1, "Risks related to foreign exchange, liquidity and interest rate fluctuations" above). In particular, this department coordinates the pooling of surplus cash and meets subsidiaries' short- and medium-term liquidity and financing requirements. It is also responsible for applying a centralized foreign exchange risk management strategy. A specific organization and procedures have been put in place to measure, manage, consolidate and monitor these market risks. Accordingly, the separation of front office, back office and middle office activities, combined with an independent control team reporting to the Management Control, Reporting and Consolidation Department, 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 LVMH'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 LVMH'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, Maisons 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.

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**.

All rules and procedures concerning accounting and financial information, applicable to all subsidiaries, can be accessed on a dedicated financial reporting Intranet: notably a Group manual on accounting standards, instructions and procedures applying to consolidation, taxation, management control (investments, budget reporting 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 "Internal Control" and "Major Risks" section of the **Finance** Intranet brings together all of the rules, procedures and tools for assessing internal control and preventing and protecting against major risks.

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 apply 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 by all of the Group's Maisons. It includes annual mapping of the major risks carried out by each Maison and assessment of key controls taken from the internal control framework.

The internal control assessment as of June 30, 2023 covering all Group entities generating over 20 million euros in revenue focused on evaluating the design and effectiveness of the LVMH 10 IC Essentials (10 key back office controls) and of the seven Ethics & Compliance controls. This assessment also included a review of the design of seven operational controls (relating to inventories and sales) and three ethics and compliance controls.

The results of the ERICA campaign, which takes place annually, are shared with the Group's entire network of internal control staff, chief financial officers and Ethics & Compliance Officers.

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 then analyzed and presented by each Maison to LVMH's Audit & Internal Control Department;
- 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.

Once an acceptable risk level has been determined and validated, risks are handled via preventive and protective measures; the latter include, for example, 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 LVMH's Internal Audit Department 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, particularly as digitalization has advanced, 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 2023 to raise awareness of fraud risk across the 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.

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	2023	2022	2021
Revenue	24-25	**86,172**	**79,256**	**64,219**
Cost of sales		(26,895)	(25,039)	(20,359)
Gross margin		**59,277**	**54,218**	**43,860**
Marketing and selling expenses		(30,768)	(28,151)	(22,306)
General and administrative expenses		(5,739)	(5,049)	(4,454)
Income/(Loss) from operating joint ventures and associates	8	7	37	13
Profit from recurring operations	24-25	**22,776**	**21,055**	**17,113**
Other operating income and expenses	26	(242)	(54)	6
Operating profit		**22,534**	**21,002**	**17,119**
Cost of net financial debt		(396)	(20)	37
Interest on lease liabilities		(393)	(254)	(242)
Income/(Loss) from non-operating joint ventures and associates	8	-	-	12
Other financial income and expenses		(157)	(652)	244
Net financial income/(expense)	27	**(946)**	**(925)**	**51**
Income taxes	28	(5,742)	(5,394)	(4,558)
Net profit, before minority interests		**15,847**	**14,682**	**12,612**
Minority interests	18	8,962	8,383	7,706
Net profit, Group share		**6,885**	**6,299**	**4,906**
Basic Group share of net earnings per share *(EUR)*	29	**2,049.92**	**1,890.69**	**1,545.47**
Diluted Group share of net earnings per share *(EUR)*	29	**2,049.23**	**1,889.31**	**1,544.78**

2. Consolidated statement of comprehensive gains and losses

(EUR millions)	Notes	2023	2022	2021
Net profit before minority interests		**15,847**	**14,682**	**12,612**
Translation adjustments		(1,092)	1,312	2,178
Amounts transferred to income statement		(22)	(32)	(4)
Tax impact		-	(4)	17
	16.5, 18	**(1,114)**	**1,276**	**2,191**
Change in value of hedges of future foreign currency cash flows [(a)]		477	28	281
Amounts transferred to income statement		(523)	290	(303)
Tax impact		13	(73)	127
		(33)	**245**	**105**
Change in value of the ineffective portion of hedging instruments (including cost of hedging)		(236)	(309)	(375)
Amounts transferred to income statement		362	340	237
Tax impact		(29)	(11)	33
		97	**21**	**(105)**
Gains and losses recognized in equity, transferable to income statement		**(1,051)**	**1,543**	**2,191**
Change in value of vineyard land	6	53	(72)	52
Amounts transferred to consolidated reserves		-	-	-
Tax impact		(11)	18	(12)
		41	**(53)**	**40**
Employee benefit obligations: Change in value resulting from actuarial gains and losses		30	301	251
Tax impact		(7)	(77)	(58)
		23	**223**	**193**
Change in value of available for sale financial assets		381	(846)	(535)
Capital gains or losses transferred to consolidated reserves		94	130	3,019
Tax impact		(129)	158	(274)
	8-9, 14	**346**	**(558)**	**2,210**
Gains and losses recognized in equity, not transferable to income statement		**409**	**(388)**	**2,443**
Total gains and losses recognized in equity		**(642)**	**1,155**	**4,634**
Comprehensive income		**15,205**	**15,837**	**17,246**
Minority interests		8,425	9,348	9,178
Comprehensive income, Group share		**6,780**	**6,489**	**8,068**

(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 2.3.

3. Consolidated balance sheet

Assets

(EUR millions)	Notes	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Brands and other intangible assets	3	24,559	24,400	23,518
Goodwill	4	22,845	23,605	24,727
Property, plant and equipment	6	27,039	22,767	19,582
Right-of-use assets	7	15,673	14,609	13,699
Investments in joint ventures and associates	8	831	906	925
Non-current available for sale financial assets	9	4,320	3,704	3,790
Other non-current assets	10	1,347	1,310	1,761
Deferred tax	28	4,010	3,678	3,158
Non-current assets		**100,623**	**94,978**	**91,160**
Inventories and work in progress	11	23,392	20,679	16,837
Trade accounts receivable	12	4,729	4,259	3,787
Income taxes		535	376	345
Other current assets	13	10,424	9,532	8,391
Cash and cash equivalents	15	8,105	7,751	8,348
Current assets		**47,186**	**42,597**	**37,707**
Total assets		**147,809**	**137,575**	**128,867**

Liabilities and equity

(EUR millions)	Notes	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Equity, Group share	16.1	29,628	25,229	19,429
Minority interests	18	35,962	32,869	29,904
Equity		**65,590**	**58,098**	**49,333**
Long-term borrowings	19	11,480	10,970	13,492
Non-current lease liabilities	7	13,810	12,776	11,887
Non-current provisions and other liabilities	20	3,850	3,868	3,957
Deferred tax	28	6,935	6,742	6,649
Purchase commitments for minority interests' shares	21	11,919	12,489	13,677
Non-current liabilities		**47,995**	**46,845**	**49,662**
Short-term borrowings	19	11,727	10,414	9,915
Current lease liabilities	7	2,728	2,632	2,387
Trade accounts payable	22.1	9,057	8,800	7,088
Income taxes		1,164	1,227	1,300
Current provisions and other liabilities	22.2	9,549	9,559	9,182
Current liabilities		**34,224**	**32,632**	**29,872**
Total liabilities and equity		**147,809**	**137,575**	**128,867**

4. Consolidated statement of changes in equity

(EUR millions)	Number of shares	Share capital	Share premium account	Financière Agache treasury shares	Cumulative translation adjustment	Revaluation reserves				Net profit and other reserves	Total equity		
						Available for sale financial assets	Hedges of future foreign currency cash flows and cost of hedging	Vineyard land	Employee benefit commitments		Group share	Minority interests	Total
Notes		16.2	16.1	16.3	16.5							18	
As of December 31, 2020	**3,173,352**	**51**	**442**	**(6)**	**(292)**	**2,790**	**(117)**	**467**	**(95)**	**10,369**	**13,610**	**24,930**	**38,540**
Gains and losses recognized in equity					864	(826)	17	12	76	3,019	3,162	1,472	4,634
Net profit										4,906	4,906	7,706	12,612
Comprehensive income					**864**	**(826)**	**17**	**12**	**76**	**7,925**	**8,068**	**9,178**	**17,246**
Bonus share plan-related expenses										52	52	80	132
(Acquisition)/disposal of Financière Agache shares										-	-	-	-
Capital increases of Financière Agache SA	169,590	3	694	(14)						-	683	-	683
Retirement of Financière Agache shares	(114,280)	(2)	(12)	14						-	-	-	-
Capital increase in subsidiaries										-	-	15	15
Interim and final dividends paid										(200)	(200)	(2,494)	(2,694)
Changes in control of consolidated entities				6						(18)	(12)	373	361
Acquisition and disposal of minority interests' shares					28	(1)	(4)	28	(4)	(2,810)	(2,764)	(1,998)	(4,762)
Purchase commitments for minority interests' shares					-	-	-	-	-	(8)	(8)	(180)	(188)
As of December 31, 2021	**3,228,662**	**52**	**1,124**	**(0)**	**600**	**1,963**	**(104)**	**507**	**(23)**	**15,309**	**19,429**	**29,904**	**49,333**
Gains and losses recognized in equity					547	(676)	115	(19)	93	130	190	965	1,155
Net profit										6,299	6,299	8,383	14,682
Comprehensive income					**547**	**(676)**	**115**	**(19)**	**93**	**6,429**	**6,489**	**9,348**	**15,837**
Bonus share plan-related expenses										57	57	75	132
(Acquisition)/disposal of Financière Agache shares										124	124	-	124
Capital increases of Financière Agache SA	129,787	2	5,759							-	5,761	-	5,761
Capital increase in subsidiaries										-	-	29	29
Interim and final dividends paid										(1,061)	(1,061)	(3,651)	(4,712)
Changes in control of consolidated entities (a)										419	419	70	489
Acquisition and disposal of minority interests' shares					45	-	(7)	26	(1)	(5,870)	(5,807)	(2,118)	(7,925)
Purchase commitments for minority interests' shares										(182)	(182)	(788)	(970)
As of December 31, 2022	**3,358,449**	**54**	**6,883**	**-**	**1,192**	**1,287**	**4**	**514**	**69**	**15,224**	**25,229**	**32,869**	**58,098**
Gains and losses recognized in equity					(498)	250	27	14	8	94	(105)	(537)	(642)
Net profit										6,885	6,885	8,962	15,847
Comprehensive income					**(498)**	**250**	**27**	**14**	**8**	**6,979**	**6,780**	**8,425**	**15,205**
Bonus share plan-related expenses										52	52	65	117
(Acquisition)/disposal of Financière Agache shares										-	-	-	-
Capital increases of Financière Agache SA		3,073								(3,073)	-	-	-
Capital increase in subsidiaries										-	-	6	6
Interim and final dividends paid										(537)	(537)	(3,875)	(4,412)
Changes in control of consolidated entities										-	-	10	10
Acquisition and disposal of minority interests' shares					11	-	-	5	1	(1,638)	(1,621)	(1,144)	(2,765)
Purchase commitments for minority interests' shares										(274)	(274)	(394)	(668)
As of December 31, 2023	**3,358,449**	**3,127**	**6,883**	**-**	**705**	**1,537**	**31**	**533**	**78**	**16,734**	**29,628**	**35,962**	**65,590**

(a) On November 25, 2022, Financière Agache SA absorbed its sister company Europatweb SA. This business combination, with both companies controlled by the same shareholder, was recognized on the basis of carrying amounts. See Note 2.2.

5. Consolidated cash flow statement

(EUR millions)	Notes	2023	2022	2021
I. OPERATING ACTIVITIES				
Operating profit		22,534	21,002	17,119
Adjustment for income/(loss) and dividends received from commercial joint ventures and associates	8	42	26	41
Net increase in depreciation, amortization and provisions		4,150	3,204	3,153
Depreciation of right-of-use assets	7.1	3,031	3,007	2,691
Other adjustments and computed expenses		(275)	(512)	(406)
Cash from operations before changes in working capital		**29,483**	**26,727**	**22,598**
Cost of net financial debt: interest paid or received		(493)	(81)	60
Lease liabilities: interest paid		(356)	(240)	(231)
Tax paid on operating activities		(5,746)	(5,612)	(4,229)
Change in working capital	15.2	(4,667)	(2,991)	377
Net cash from/(used in) operating activities		**18,220**	**17,803**	**18,576**
II. INVESTING ACTIVITIES				
Operating investments	15.3	(7,480)	(4,968)	(2,651)
Purchase and proceeds from sale of consolidated investments	2.4	(721)	(724)	(13,226)
Dividends received		21	14	43
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	(483)	(220)	(372)
Net cash from/(used in) investing activities		**(8,662)**	**(5,898)**	**(16,206)**
III. FINANCING ACTIVITIES				
Interim and final dividends paid	15.4	(4,885)	(5,007)	(2,901)
Purchase and proceeds from sale of minority interests	2.4	(2,782)	(2,573)	(1,137)
Other equity-related transactions	15.4	2	13	7
Proceeds from borrowings	19	6,109	4,050	724
Repayment of borrowings	19	(4,428)	(5,282)	(6,813)
Loans to and receivables from affiliated companies	19	(200)	332	(943)
Repayment of lease liabilities	7.2	(2,818)	(2,751)	(2,453)
Purchase and proceeds from sale of current available for sale financial assets	14	20	(1,334)	(1,520)
Net cash from/(used in) financing activities		**(8,983)**	**(12,552)**	**(15,036)**
IV. EFFECT OF EXCHANGE RATE CHANGES		(275)	54	498
Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)		**300**	**(593)**	**(12,168)**
Cash and cash equivalents at beginning of period	15.1	**7,551**	**8,144**	**20,311**
Cash and cash equivalents at end of period	15.1	**7,851**	**7,551**	**8,144**
Total tax paid		**(6,199)**	**(6,036)**	**(4,456)**

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)	2023	2022	2021
Net cash from operating activities	18,220	17,803	18,576
Operating investments	(7,480)	(4,968)	(2,651)
Repayment of lease liabilities	(2,818)	(2,751)	(2,453)
Operating free cash flow [(a)]	**7,922**	**10,084**	**13,472**

(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 2023 were established in accordance with the international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on December 31, 2023.

These standards and interpretations have been applied consistently to the fiscal years presented. The consolidated financial statements for fiscal year 2023 were approved by the Board of Directors on April 5, 2024.

1.2 Changes in the accounting framework applicable to the Group

The application of standards, amendments and interpretations that took effect on January 1, 2023 did not have a material impact on the Group's financial statements, in particular the amendments to IAS 12 establishing a temporary exception to the recognition of deferred tax resulting from the international tax reform (Pillar Two). Furthermore, the application of IFRS 17 Insurance Contracts to the Group's operations did not have a material impact.

1.3 Taking into account climate change risks

The Group's current exposure to the consequences of climate change is limited. As such, at this stage, the impact of climate change on the financial statements is not material.

As part of the LIFE 360 program, which puts the 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.

1.4 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 Financière Agache 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".

1.5 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.

1.6 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 Notes 1.16 and 5); the measurement of leases (see Notes 1.15 and 7) and purchase commitments for minority interests' shares (see Notes 1.13 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 1.18 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.

1.7 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.

Net profit for non-operating joint ventures and associates is disclosed on a specific line within "Net financial income/(expense)".

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 1.27).

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.

1.8 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".

1.9 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 1.10) 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 "Cost of foreign exchange derivatives" within "Net financial income/(expense)" upon realization of the hedged transaction;
- for hedges that are tied to the Group's investment portfolio or financial in nature: expenses and income arising from discounts or premiums are recognized in "Borrowing costs" on a pro rata basis over the term of the hedging instruments. The difference between the amounts recognized in "Net financial income/(expense)" and the change in the value of forward points is recognized in equity under "Revaluation reserves".

Market value changes of derivatives not designated as hedges are recorded within "Net financial income/(expense)".

See also Note 1.22 for the definition of the concepts of effective and ineffective portions.

1.10 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 1.14.	Note 6
Grape harvests	Based on purchase prices for equivalent grapes. See Note 1.18.	Note 11
Derivatives	Based on market data and according to commonly used valuation models. See Note 1.23.	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 1.22.	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 1.13.	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 1.17.	Note 9, Note 14
Cash and cash equivalents (SICAV and FCP funds)	Based on the liquidation value at the balance sheet date. See Note 1.20.	Note 15

No other assets or liabilities have been remeasured at market value at the balance sheet date.

1.11 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 1.16.

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.

1.12 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 1.16. Any impairment expense recognized is included within "Other operating income and expenses".

1.13 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.

1.14 Property, plant and equipment

With the exception of vineyard land, the gross value of property, plant and equipment is stated at acquisition cost.

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.

1.15 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 LVMH 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 measures, 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 consolidated cash flow statement.

1.16 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, taking into account their residual value. 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.

1.17 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 1.20).

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”; see Note 27) for all shares held in the portfolio during the reported periods.

At its level, Financière Agache integrates data from the LVMH group without restatement. As it is authorized to do under IFRS 9, Financière Agache has opted to present its own available for sale financial assets of consolidated subsidiaries outside the LVMH scope within equity (under “Revaluation reserves” for available for sale financial assets). Nevertheless, Financière Agache 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 for its future available for sale financial assets.

1.18 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 champagnes, spirits (cognac, whisky and rum, in particular) and wines, 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.

1.19 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.

1.20 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)".

1.21 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 1.25 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.

1.22 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 1.10 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.

1.23 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 1.9 in the case of foreign exchange hedges and as described in Note 1.22 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.

1.24 Financière Agache, Christian Dior and LVMH treasury shares

Financière Agache treasury shares

Financière Agache 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 using the FIFO method. Gains and losses on disposal are taken directly to equity.

Christian Dior and LVMH treasury shares

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

1.25 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 (see Note 30). 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.

1.26 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.

1.27 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. The Group recognizes revenue when title transfers to third-party customers, which is generally 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.

1.28 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.

1.29 Bonus share and similar plans

The expected gain for bonus share plans 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.

1.30 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 2023

Minuty

In January 2023, Moët Hennessy took a majority stake in the share capital of Minuty SAS and acquired control of the company's winegrowing assets. Château Minuty is renowned worldwide for its rosé wine, which has been a *Grand Cru Classé* since 1955, and is located in Gassin on the peninsula of Saint-Tropez (France).

Starboard & Onboard Cruise Services

In December 2023, LVMH sold an 80% stake in Cruise Line Holdings Co. – the holding company of the Starboard & Onboard Cruise Services businesses – to a group of private investors.

Other

In September 2023, LVMH acquired a majority stake in the Platinum Invest group, a French high jewelry manufacturer, in order to reinforce its production capacity, in particular for Tiffany.

In September 2023 and November 2023, Thélios acquired all the shares in the companies that own the iconic French and American eyewear brands Vuarnet and Barton Perreira, respectively.

LVMH Métiers d'Art acquired a majority stake in Spanish tannery Verdeveleno in October 2023, and in December 2023 it acquired all the shares in Menegatti, an Italian company specializing in the production of metal parts.

In May 2023, LVMH entered into an agreement to acquire a majority stake in Nuti Ivo SpA, an Italian company founded in 1955, specializing in leather-working. After receiving the approval of the Italian competition authorities, the acquisition was completed in January 2024.

Equity investments newly consolidated in 2023 did not have a significant impact on revenue or profit from recurring operations for the fiscal year.

2.2 Fiscal year 2022

Capital increase of Financière Agache, with LVMH shares contributed in consideration

In March 2022, Agache SE contributed 9,255,405 LVMH shares to Financière Agache SA. In consideration for this contribution, 129,787 Financière Agache shares were issued to Agache SE. Following this transaction, Financière Agache individually held 5.53% of the share capital and 5.44% of the voting rights of LVMH.

Merger by absorption of Europatweb SA

On November 25, 2022, Financière Agache SA absorbed its sister company Europatweb SA. As of that date, the assets and liabilities of Europatweb and its subsidiaries were added to the scope of consolidation of Financière Agache. This business combination, with both companies controlled by Agache, was recognized on the basis of carrying amounts. This transaction increased equity by 475 million euros.

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 was 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.

2.3 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.

Le Peigné

Le Peigné, a Belgian company in which Financière Agache directly owned a 40% equity stake, accounted for using the equity method, underwent a merger by absorption by Financière Agache SA on November 30, 2021. Only the other shareholder in Le Peigné, an affiliated company, received consideration, through the issue of 169,590 new Financière Agache shares, with its contribution valued at 5.2 billion euros in the consolidated financial statements. The main consequence of this merger was that it increased Financière Agache's ownership interests in Christian Dior SE (by 0.76% of the share capital) and in LVMH SE (by 1.88% of the share capital). These increases were treated as acquisitions of minority interests in these companies, resulting in a decrease in consolidated reserves of 6.8 billion euros for the Group share and of 1.0 billion euros for minority interests.

Lagardère Capital

On June 30, 2021, Lagardère SCA was transformed into a Société Anonyme (SA) with a board of directors. As compensation to the two general partners *(associés commandités)* for the loss of their rights, the General Meeting of Limited Partners *(Assemblée générale des commanditaires)* voted to grant them 10 million new Lagardère SA shares, half of which for Arjil Commanditée-Arco, a more than 99%-owned subsidiary of Lagardère Capital, and the other half for Arnaud Lagardère, who contributed 90% of this grant amount to Lagardère Capital, in accordance with the partners' agreement between the shareholders of Lagardère Capital.

On September 1, 2021, Financière Agache notified Lagardère Capital that it was exercising the liquidity pledge provided for in this partners' agreement. All the Lagardère Capital shares held by Financière Agache were bought back by way of an unequal capital reduction *(réduction de capital inégalitaire)* in consideration for the transfer on October 13, 2021 of 3,910,139 Lagardère SA shares held by Lagardère Capital. In this context, Arnaud Lagardère and Financière Agache announced the end of their concerted action with regard to Lagardère SA.

Consequently, the direct stake in Lagardère SA rose to 9.97% of that company's share capital.

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).

Feelunique

In September 2021, Sephora fully acquired Feelunique, a leading online beauty retailer in the United Kingdom. This acquisition represented 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.

Thélios

In December 2021, LVMH acquired an additional 49% stake in Thélios, a company specializing in eyewear, bringing its ownership interest to 100%.

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

(EUR millions)	**2023**	**2022**	**2021**
Purchase price of consolidated investments and of minority interests' shares	(3,649)	(3,710)	(15,220)
Positive cash balance/(net overdraft) of companies acquired	80	98	658
Proceeds from sale of consolidated investments	69	334	231
(Positive cash balance)/net overdraft of companies sold	(2)	(20)	(32)
Impact of changes in ownership interests in consolidated entities on net cash and cash equivalents	**(3,502)**	**(3,297)**	**(14,363)**
Of which: Purchase and proceeds from sale of consolidated investments	*(721)*	*(724)*	*(13,226)*
Purchase and proceeds from sale of minority interests	*(2,782)*	*(2,573)*	*(1,137)*

In 2023, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities arose in particular from the acquisitions of Minuty, Platinum Invest, Barton Perreira and Vuarnet. In addition to the net cash impact of the purchase and sale of consolidated investments, the Group may take on the borrowings of entities acquired (see Note 19). In most cases, such borrowings are repaid to third-party lenders. It also included the cash impact of LVMH share buyback programs (the main purpose of which is to retire the shares purchased), acquisitions of LVMH shares by Group companies, and the impact of the LVMH liquidity contract.

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 buyback programs (the main purpose of which is to retire the shares purchased), acquisitions of LVMH shares by Group companies, and the impact of the LVMH liquidity contract.

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 & Co.

Note 3. Brands, trade names and other intangible assets

(EUR millions)			Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
	Gross	Amortization and impairment	Net	Net	Net
Brands	21,124	(664)	20,460	20,519	19,848
Trade names	3,972	(1,636)	2,336	2,410	2,285
License rights	49	(37)	12	17	46
Software, websites	3,946	(2,912)	1,035	926	849
Other	1,568	(851)	717	528	490
Total	**30,658**	**(6,099)**	**24,559**	**24,400**	**23,518**

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, 2022	**21,176**	**4,103**	**3,603**	**1,271**	**30,155**
Acquisitions	-	-	352	648	1,000
Disposals and retirements	-	-	(164)	(104)	(268)
Changes in the scope of consolidation	110	-	(9)	15	116
Translation adjustment	(163)	(132)	(56)	5	(346)
Reclassifications	-	-	220	(219)	-
As of December 31, 2023	**21,124**	**3,972**	**3,946**	**1,616**	**30,658**

Amortization and impairment *(EUR millions)*	Brands	Trade names	Software, websites	Other intangible assets	Total
As of December 31, 2022	**(657)**	**(1,693)**	**(2,677)**	**(727)**	**(5,754)**
Amortization expense	(7)	-	(454)	(258)	(719)
Impairment expense	-	-	3	(1)	2
Disposals and retirements	-	-	164	104	268
Changes in the scope of consolidation	-	-	10	(2)	8
Translation adjustment	-	57	40	(2)	95
Reclassifications	-	-	4	(1)	2
As of December 31, 2023	**(664)**	**(1,636)**	**(2,912)**	**(888)**	**(6,099)**
Carrying amount as of December 31, 2023	**20,460**	**2,336**	**1,035**	**729**	**24,559**

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, 2023.

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, 2020	**12,711**	**2,130**	**665**	**472**	**15,978**
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	**19,848**	**2,285**	**849**	**536**	**23,518**
Acquisitions	-	-	319	366	685
Disposals and retirements	-	-	-	(1)	(1)
Changes in the scope of consolidation	187	-	(1)	6	192
Amortization expense	(7)	-	(425)	(171)	(603)
Impairment expense	(11)	-	(4)	(1)	(16)
Translation adjustment	502	125	20	12	660
Reclassifications	-	-	168	(203)	(35)
As of December 31, 2022	**20,519**	**2,410**	**926**	**544**	**24,400**

3.3 Brands and trade names

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

(EUR millions)		**December 31, 2023**		**Dec. 31, 2022**	**Dec. 31, 2021**
	Gross	**Amortization and impairment**	**Net**	**Net**	**Net**
Wines and Spirits	3,517	(155)	3,362	3,267	3,104
Fashion and Leather Goods	5,238	(187)	5,050	5,060	5,045
Perfumes and Cosmetics	1,389	(90)	1,300	1,309	1,291
Watches and Jewelry	10,565	(107)	10,458	10,594	10,119
Selective Retailing	3,924	(1,589)	2,336	2,410	2,285
Other activities	462	(172)	290	290	290
Brands and trade names	**25,095**	**(2,300)**	**22,795**	**22,930**	**22,133**

The brands and trade names recognized are those that the Group has acquired. As of December 31, 2023, 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 Vineyard, Bodega Numanthia, Château d'Esclans, Armand de Brignac, Joseph Phelps and Château Minuty;
- 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.

At the initial consolidation of LVMH in 1988, all brands then owned by LVMH were revalued in the consolidated financial statements of the Financière Agache group. In the Financière Agache consolidated financial statements, LVMH's accounts are restated to account for valuation differences in brands recorded prior to 1988 as well as intra-Group transactions in the consolidated accounts of each of these companies. See Note 1.4.

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, 2023	Dec. 31, 2022	Dec. 31, 2021
	Gross	**Impairment**	**Net**	**Net**	**Net**
Goodwill arising on consolidated investments	18,761	(1,598)	17,163	16,705	15,658
Goodwill arising on purchase commitments for minority interests' shares	5,682	-	5,682	6,899	9,070
Total	**24,443**	**(1,598)**	**22,845**	**23,605**	**24,727**

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

(EUR millions)			2023	2022	2021
	Gross	**Impairment**	**Net**	**Net**	**Net**
As of January 1	**25,515**	**(1,911)**	**23,605**	**24,727**	**14,865**
Changes in the scope of consolidation	431	282	713	604	6,879
Changes in purchase commitments for minority interests' shares	(1,235)	-	(1,235)	(2,204)	2,467
Changes in impairment	-	-	-	(27)	(78)
Translation adjustment	(268)	31	(237)	504	596
As of December 31	**24,443**	**(1,598)**	**22,845**	**23,605**	**24,727**

See Note 21 for goodwill arising on purchase commitments for minority interests' shares.

Changes in the scope of consolidation mainly resulted from the acquisitions of Minuty, Platinum Invest, Barton Perreira and Vuarnet. 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, 2023.

In 2022, 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.

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 expenses were recognized in respect of these items during the course of fiscal year 2023.

As described in Note 1.16, 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 macroeconomic environment 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, 2023				December 31, 2022			December 31, 2021		
	Discount rate		Annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Annual growth rate for revenue during the plan period	Growth rate for the period after the plan
	Post-tax	Pre-tax								
Wines and Spirits	6.9 to 10.9	9.3 to 14.7	6.3	2.5	7.1 to 11.9	8.2	2.0	6.7 to 11.6	7.4	2.0
Fashion and Leather Goods	8.6 to 8.8	11.6 to 11.9	10.1	3.3	9.6 to 11.0	9.4	2.0	7.4 to 10.2	10.6	2.0
Perfumes and Cosmetics	8.5 to 9.1	11.5 to 12.3	10.1	3.0	8.3 to 8.5	10.9	2.0	7.3	12.2	2.0
Watches and Jewelry	8.6 to 9.1	11.6 to 12.3	10.4	3.0	8.8 to 9.0	8.8	2.0 to 2.5	8.2	10.1	2.0
Selective Retailing	9.0 to 9.5	12.2 to 12.8	8.4	2.5	9.7 to 9.8	9.5	2.0	8.6	11.5	2.0
Other	8.7 to 9.3	11.8 to 12.6	3.5	2.0	8.5 to 9.7	4.7	2.0	6.6 to 9.0	7.6	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, 2023, 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	2,060	466	2,526	8.8	3.3	5 years
Loro Piana	1,300	1,048	2,348	8.8	3.3	5 years
Fendi	713	417	1,130	8.8	3.3	5 years
Tiffany (a)	6,606	7,768	14,375	8.6	3.0	10 years
Bulgari	2,100	1,547	3,647	9.1	3.0	5 years
TAG Heuer	1,340	261	1,600	9.1	3.0	5 years
DFS	2,071	-	2,071	9.5	2.5	5 years
Sephora	265	640	905	9.0 to 9.5	2.5	5 years
Belmond (a)	126	772	898	9.3	2.0	10 years
Hennessy	1,067	47	1,114	6.9	2.5	5 years

(a) These Maisons are considered to be undergoing strategic repositioning, based on a 10-year business plan.

As of December 31, 2023, two business segments disclosed intangible assets with a carrying amount close to their recoverable amount (including one for which the 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, 2023 and the impairment loss that would result from a 1.5-point increase in the post-tax discount rate, a 1.0-point decrease in the growth rate for the period not covered by the plans, or a 4.0-point decrease in the annual growth rate for revenue compared to rates used as of December 31, 2023, break down as follows:

(EUR millions)	Amount of intangible assets concerned as of December 31, 2023	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
Watches and Jewelry [(a)]	1,600	(46)	-	-
Other activities [(b)]	260	(36)	(28)	(14)
Total	**1,860**	**(82)**	**(28)**	**(14)**

(a) Concerns TAG Heuer.
(b) Concerns Royal Van Lent.

The Group considers that changes in excess of those mentioned above would entail assumptions at a level not deemed relevant in view of the current economic environment and medium- to long-term growth prospects for the business segments concerned. Moreover, a four-point decrease in the average growth rate for revenue over the plan period is a pessimistic assumption with a very low probability of occurrence.

As of December 31, 2023, the gross and net values of brands, trade names and goodwill giving rise to amortization and/or impairment charges in 2023 were 51 million euros and 16 million euros, respectively (471 million euros and 193 million euros as of December 31, 2022).

Impairment and amortization expenses recognized during fiscal year 2023 in respect of intangible assets with indefinite useful lives came to 7 million euros. See Note 26.

Note 6. Property, plant and equipment

(EUR millions)	December 31, 2023			Dec. 31, 2022	Dec. 31, 2021
	Gross	Depreciation and impairment	Net	Net	Net
Land	7,446	(22)	7,424	4,978	4,261
Vineyard land and producing vineyards [(a)]	3,084	(136)	2,948	2,729	2,623
Buildings	8,221	(3,056)	5,165	4,725	4,047
Investment property	398	(53)	345	464	326
Leasehold improvements, machinery and equipment	20,880	(14,227)	6,653	5,773	5,114
Assets in progress	2,126	(45)	2,081	1,809	1,302
Other property, plant and equipment	3,064	(642)	2,422	2,290	1,909
Total	**45,220**	**(18,181)**	**27,039**	**22,767**	**19,582**
Of which: Historical cost of vineyard land	*924*	-	*924*	*760*	*608*

(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, 2022	**2,861**	**12,570**	**509**	**13,298**	**3,943**	**2,244**	**1,810**	**2,889**	**40,127**
Acquisitions	83	2,553	2	1,163	218	182	2,451	176	6,826
Change in the market value of vineyard land	53	-	-	-	-	-	-	-	53
Disposals and retirements	(14)	(104)	(113)	(709)	(76)	(166)	(6)	(14)	(1,202)
Changes in the scope of consolidation	82	77	-	(53)	33	(2)	1	1	139
Translation adjustment	(13)	(167)	(4)	(432)	(14)	(42)	(38)	(21)	(732)
Other movements, including transfers	33	738	3	1,042	141	109	(2,090)	33	9
As of December 31, 2023	**3,084**	**15,667**	**398**	**14,309**	**4,245**	**2,326**	**2,126**	**3,064**	**45,220**

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, 2022	**(132)**	**(2,868)**	**(45)**	**(9,446)**	**(2,680)**	**(1,588)**	**(1)**	**(600)**	**(17,360)**
Depreciation expense	(9)	(331)	(6)	(1,335)	(264)	(194)	-	(79)	(2,217)
Impairment expense	(1)	(6)	-	(5)	(2)	-	(45)	(1)	(60)
Disposals and retirements	2	100	3	706	73	163	-	18	1,066
Changes in the scope of consolidation	2	(11)	-	47	(19)	3	-	-	22
Translation adjustment	1	41	-	293	6	31	1	5	379
Other movements, including transfers	-	(4)	(5)	(12)	(14)	10	-	14	(10)
As of December 31, 2023	**(136)**	**(3,078)**	**(53)**	**(9,753)**	**(2,899)**	**(1,575)**	**(45)**	**(642)**	**(18,181)**
Carrying amount as of December 31, 2023	**2,948**	**12,589**	**345**	**4,556**	**1,346**	**750**	**2,081**	**2,423**	**27,039**

"Other property, plant and equipment" includes in particular the works of art owned by the Group.

As of December 31, 2023, purchases of property, plant and equipment mainly included investments by the Group's Maisons – notably Louis Vuitton, Christian Dior Couture, 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 addition, buildings were acquired in Paris and London by LVMH's holding companies and Maisons, mainly in order to operate stores in them.

At the end of April 2023, Tiffany's iconic store on Fifth Avenue in New York reopened after several years of renovation.

Translation adjustments on property, plant and equipment mainly related to fixed assets recognized in US dollars, Japanese yen and Chinese renminbi, based on fluctuations in the exchange rates of these currencies with respect to the euro between January 1 and December 31, 2023.

The market value of investment property, according to appraisals by independent third parties, was at least 0.6 billion euros as of December 31, 2023. 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, 2020	**2,551**	**7,343**	**333**	**2,957**	**1,012**	**490**	**1,176**	**1,763**	**17,626**
Acquisitions	11	398	10	679	159	106	1,162	150	2,675
Disposals and retirements	(4)	(231)	(14)	(8)	(6)	(3)	(11)	(12)	(290)
Depreciation expense	(6)	(282)	(3)	(1,141)	(224)	(174)	-	(64)	(1,894)
Impairment expense	-	(7)	(2)	(8)	(1)	-	(21)	(1)	(41)
Change in the market value of vineyard land	52	-	-	-	-	-	-	-	52
Changes in the scope of consolidation	-	385	-	351	58	59	112	52	1,016
Translation adjustment	11	194	6	152	20	14	39	18	454
Other, including transfers	8	508	(4)	417	135	72	(1,156)	3	(16)
As of December 31, 2021	**2,623**	**8,308**	**326**	**3,398**	**1,152**	**564**	**1,302**	**1,909**	**19,582**
Acquisitions	26	1,062	115	909	204	161	1,770	152	4,398
Disposals and retirements	-	1	(1)	(1)	(2)	(2)	(4)	(51)	(62)
Depreciation expense	(7)	(292)	(7)	(1,260)	(240)	(185)	-	(72)	(2,063)
Impairment expense	(1)	(49)	-	(10)	1	-	(1)	(2)	(62)
Change in the market value of vineyard land	(72)	-	-	-	-	-	-	-	(72)
Changes in the scope of consolidation	118	83	25	5	22	2	3	305	562
Translation adjustment	3	49	6	40	8	6	13	12	137
Other, including transfers	39	541	-	772	119	112	(1,274)	38	347
As of December 31, 2022	**2,729**	**9,702**	**464**	**3,852**	**1,263**	**657**	**1,809**	**2,290**	**22,767**

In 2022, purchases of property, plant and equipment mainly included investments by the Group's Maisons – notably Christian Dior Couture, 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 LVMH's 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 in 2022 mainly resulted from the acquisition of Joseph Phelps. See Note 2.

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.

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, 2023			Dec. 31, 2022	Dec. 31, 2021
	Gross	Depreciation and impairment	Net	Net	Net
Stores	20,377	(8,171)	12,206	11,202	10,636
Offices	3,405	(1,151)	2,253	2,274	1,991
Other	1,286	(390)	896	856	771
Capitalized fixed lease payments	**25,068**	**(9,713)**	**15,355**	**14,332**	**13,398**
Leasehold rights	914	(597)	317	277	301
Total	**25,983**	**(10,310)**	**15,673**	**14,609**	**13,699**

The carrying amounts of right-of-use assets changed as follows during the fiscal year:

Carrying amount *(EUR millions)*	Capitalized fixed lease payments				Leasehold rights	Total
	Stores	Offices	Other	Total		
As of December 31, 2022	**11,202**	**2,274**	**856**	**14,332**	**277**	**14,609**
New leases entered into	2,900	621	164	3,686	78	3,763
Changes in assumptions	753	45	40	838	-	838
Leases ended or canceled	(99)	(2)	-	(100)	-	(101)
Depreciation expense	(2,477)	(377)	(137)	(2,991)	(55)	(3,046)
Impairment expense	4	7	-	11	4	15
Changes in the scope of consolidation	-	(7)	(2)	(9)	-	(9)
Translation adjustment	(335)	(40)	(23)	(398)	-	(399)
Other movements, including transfers	259	(268)	(3)	(12)	14	2
As of December 31, 2023	**12,206**	**2,253**	**896**	**15,355**	**317**	**15,673**

"New leases entered into" involved store leases, in particular for Louis Vuitton, Christian Dior Couture, Tiffany and Fendi. They also included leases of office space, mainly for Louis Vuitton, Christian Dior Couture and Sephora. 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.

Translation adjustments mainly related to leases recognized in US dollars, Japanese yen and Chinese renminbi, based on fluctuations in the exchange rates of these currencies with respect to the euro between January 1 and December 31, 2023.

7.2 Lease liabilities

Lease liabilities break down as follows:

(EUR millions)	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Non-current lease liabilities	13,810	12,776	11,887
Current lease liabilities	2,728	2,632	2,387
Total	**16,538**	**15,408**	**14,275**

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

(EUR millions)	Stores	Offices	Other	Total
As of December 31, 2022	**12,024**	**2,530**	**854**	**15,408**
New leases entered into	2,861	602	163	3,626
Principal repayments	(2,338)	(320)	(118)	(2,777)
Change in accrued interest	27	8	2	37
Leases ended or canceled	(142)	(5)	(1)	(147)
Changes in assumptions	750	46	40	835
Changes in the scope of consolidation	(1)	(9)	(2)	(11)
Translation adjustment	(352)	(44)	(24)	(420)
Other movements, including transfers	254	(262)	(4)	(12)
As of December 31, 2023	**13,083**	**2,546**	**910**	**16,538**

The following table presents the contractual schedule of disbursements for lease liabilities as of December 31, 2023:

(EUR millions)		As of December 31, 2023 Total minimum future payments
Maturity:	2024	3,041
	2025	2,749
	2026	2,379
	2027	1,997
	2028	1,661
	Between 2029 and 2033	4,630
	Between 2034 and 2038	1,283
	Thereafter	1,005
Total minimum future payments		**18,746**
Impact of discounting		(2,208)
Total lease liability		**16,538**

7.3 Breakdown of lease expense

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

(EUR millions)	2023	2022	2021
Depreciation and impairment of capitalized fixed lease payments	2,980	2,950	2,634
Interest on lease liabilities	393	254	242
Capitalized fixed lease expense	**3,373**	**3,204**	**2,876**
Variable lease payments	2,788	2,445	1,702
Short-term leases and/or low-value leases	548	458	506
Other lease expenses	**3,336**	**2,902**	**2,208**
Total	**6,710**	**6,107**	**5,084**

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, 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**
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	(64)	(18)	(21)	(102)	(5)	(107)
Depreciation expense	(2,452)	(355)	(129)	(2,936)	(61)	(2,998)
Impairment expense	(16)	2	-	(14)	5	(9)
Changes in the scope of consolidation	(46)	(3)	(20)	(69)	-	(68)
Translation adjustment	262	25	12	299	1	300
Other movements, including transfers	(17)	(1)	(3)	(22)	(1)	(23)
As of December 31, 2022	**11,202**	**2,274**	**856**	**14,332**	**277**	**14,609**

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

(EUR millions)	**Stores**	**Offices**	**Other**	**Total**
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**
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**

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, 2023	Dec. 31, 2022	Dec. 31, 2021
Contracts commencing after the balance sheet date	888	872	459
Low-value leases and short-term leases	286	207	167
Total undiscounted future payments	**1,174**	**1,078**	**626**

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, 2023:

(as %)	Average rate for leases in effect as of December 31, 2023	Average rate for leases entered into in 2023
Euro	2.1	3.6
US dollar	3.4	4.4
Japanese yen	0.5	0.8
Hong Kong dollar	2.9	4.6
Other currencies	3.4	4.2
Average rate for the Group	**2.7**	**3.7**

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, 2023:

(EUR millions)	As of December 31, 2023				
	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	6,206	*(152)*	*1,823*	1,680	(890)
– without options	10,332				
Total	**16,538**	***(152)***	***1,823***	**1,680**	**(890)**

(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)	2023		2022		2021	
	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	**906**	***334***	**925**	***270***	**3,352**	***264***
Share of net profit/(loss) for the period	7	*4*	37	*4*	26	*1*
Dividends paid	(50)	*(9)*	(60)	*(9)*	(54)	*(9)*
Changes in the scope of consolidation	63	-	30	*31*	(3,310)	-
Capital increases subscribed	11	*5*	28	*26*	3	*2*
Translation adjustment	(16)	*(6)*	15	*8*	36	*11*
Revaluation adjustments	-	-	-	-	872	-
Impairment of goodwill and brands recognized by joint ventures and associates	(98)	-	-	-	-	-
Other, including transfers	8	*5*	(69)	*3*	-	-
Share of net assets of joint ventures and associates as of December 31	**831**	***333***	**906**	***334***	**925**	***270***

Impairment of goodwill and brands recognized by joint ventures and associates is presented within "Other operating income and expenses" in the consolidated income statement (see Note 26).

As of December 31, 2023, 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;
  - a 30% stake in Phoebe Philo, a London-based ready-to-wear brand;
  - a 49% stake in Editions Assouline, a French publishing house.

Changes in the scope of consolidation in fiscal year 2022 mainly resulted from the acquisition of a controlling interest in Mongoual SA, a real estate company that owns an office building in Paris (France).

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

Non-current available for sale financial assets changed as follows during the fiscal years presented:

(EUR millions)	2023	2022	2021
As of January 1	**3,704**	**3,790**	**1,650**
Acquisitions	791	677	922
Disposals at net realized value	(228)	(334)	(184)
Changes in market value (a)	198	(505)	1,190
Changes in the scope of consolidation	(120)	(6)	166
Translation adjustment	(26)	100	46
Reclassifications	-	(18)	-
As of December 31	**4,320**	**3,704**	**3,790**

(a) Recognized within "Net financial income/(expense)" for the non-current available for sale financial assets held and, in 2021, partly within "Other operating income and expenses". For the non-current available for sale financial assets of companies at the Financière Agache sub-consolidation level, the change in fair value is recognized within "Revaluation reserves". See Note 1.17.

Acquisitions during the fiscal year included Financière Agache's purchase of 325 million US dollars (309 million euros as of the transaction date) of ordinary shares in Birkenstock as part of the latter company's initial public offering on the New York Stock Exchange (NYSE) in October 2023.

As of December 31, 2023, securities to be consolidated amounted to 106 million euros (see Note 2). Most of these investments will be consolidated as of December 31, 2024.

Changes in the scope of consolidation in 2023 mainly related to the initial consolidation of various acquisitions carried out prior to December 31, 2022 but that had not yet been consolidated as of that date.

Note 10. Other non-current assets

(EUR millions)	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Warranty deposits	578	554	482
Derivatives (a)	99	97	55
Loans and receivables	572	567	1,121
Other	98	91	103
Total	**1,347**	**1,310**	**1,761**

(a) See Note 23.

Note 11. Inventories and work in progress

(EUR millions)			December 31, 2023	Dec. 31, 2022	Dec. 31, 2021
	Gross	Impairment	Net	Net	Net
Wines and eaux-de-vie in the process of aging	6,630	(48)	6,582	5,932	5,433
Other raw materials and work in progress	5,454	(895)	4,559	4,187	2,885
	12,085	**(943)**	**11,141**	**10,120**	**8,319**
Goods purchased for resale	3,405	(315)	3,090	2,769	2,239
Finished products	11,078	(1,917)	9,161	7,790	6,279
	14,483	**(2,232)**	**12,251**	**10,559**	**8,518**
Total	**26,567**	**(3,175)**	**23,392**	**20,679**	**16,837**

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

(EUR millions)			2023	2022	2021
	Gross	Impairment	Net	Net	Net
As of January 1	**23,405**	**(2,726)**	**20,679**	**16,837**	**13,255**
Change in gross inventories	4,314	-	4,314	4,135	1,616
Impact of provision for returns [(a)]	(10)	-	(10)	(17)	34
Impact of marking harvests to market	54	-	54	24	(35)
Changes in provision for impairment	-	(986)	(986)	(565)	(447)
Changes in the scope of consolidation	(90)	11	(80)	152	1,808
Translation adjustment	(645)	71	(574)	127	605
Other, including reclassifications	(460)	455	(5)	(12)	1
As of December 31	**26,567**	**(3,175)**	**23,392**	**20,679**	**16,837**

(a) See Note 1.27.

The impact of marking harvests to market on Wines and Spirits' cost of sales and value of inventory is as follows:

(EUR millions)	2023	2022	2021
Impact of marking the fiscal year's harvest to market	62	40	(12)
Impact of inventory sold during the fiscal year	(8)	(16)	(23)
Net impact on cost of sales for the fiscal year	**54**	**24**	**(35)**
Net impact on the value of inventory as of December 31	**136**	**82**	**58**

See Notes 1.10 and 1.18 on the method of marking harvests to market.

Note 12. Trade accounts receivable

(EUR millions)	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Trade accounts receivable, nominal amount	4,844	4,370	3,914
Provision for impairment	(115)	(111)	(127)
Net amount	**4,729**	**4,259**	**3,787**

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

(EUR millions)			2023	2022	2021
	Gross	Impairment	Net	Net	Net
As of January 1	**4,370**	**(111)**	**4,259**	**3,787**	**2,756**
Changes in gross receivables	695	-	695	395	613
Changes in provision for impairment	-	(19)	(19)	6	(16)
Changes in the scope of consolidation	28	(1)	27	44	254
Translation adjustment	(218)	1	(217)	49	164
Reclassifications	(31)	14	(17)	(20)	16
As of December 31	**4,844**	**(115)**	**4,729**	**4,259**	**3,787**

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, 2023, 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	4,135	(45)	4,090
	– More than 3 months	109	(8)	101
		4,244	**(53)**	**4,191**
Overdue:	– Less than 3 months	420	(13)	407
	– More than 3 months	180	(49)	132
		600	**(62)**	**539**
Total		**4,844**	**(115)**	**4,729**

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

Note 13. Other current assets

(EUR millions)	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Current available for sale financial assets (a)	6,173	5,577	4,632
Derivatives (b)	543	463	260
Tax accounts receivable, excluding income taxes	1,834	1,602	1,212
Advances and payments on account to vendors	329	388	316
Prepaid expenses	681	615	504
Other receivables	865	887	1,467
Total	**10,424**	**9,532**	**8,391**

(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)	2023	2022	2021
As of January 1	**5,577**	**4,632**	**1,820**
Acquisitions	173	1,730	1,940
Disposals at net realized value	(192)	(396)	(417)
Changes in market value (a)	597	(462)	972
Changes in the scope of consolidation	-	9	290
Translation adjustment	17	46	22
Reclassifications and other	1	18	5
As of December 31	**6,173**	**5,577**	**4,632**
Of which: Historical cost of current available for sale financial assets	*4,394*	*4,204*	*2,812*

(a) Recognized within “Net financial income/(expense)” for current available for sale financial assets held by the LVMH group, and within “Revaluation reserves” for the current available for sale financial assets of companies at the Financière Agache sub-consolidation level.

Note 15. Cash and change in cash

15.1 Cash and cash equivalents

(EUR millions)	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Term deposits (less than 3 months)	1,466	1,121	1,828
SICAV and FCP funds	310	306	477
Ordinary bank accounts	6,329	6,325	6,044
Cash and cash equivalents per balance sheet	**8,105**	**7,751**	**8,348**

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, 2023	Dec. 31, 2022	Dec. 31, 2021
Cash and cash equivalents	8,105	7,751	8,348
Bank overdrafts	(255)	(200)	(203)
Net cash and cash equivalents per cash flow statement	**7,851**	**7,551**	**8,144**

15.2 Change in working capital

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

(EUR millions)	Notes	2023	2022	2021
Change in inventories and work in progress	11	(4,314)	(4,135)	(1,616)
Change in trade accounts receivable	12	(695)	(395)	(613)
Change in balance of amounts owed to customers	22.1	24	6	27
Change in trade accounts payable	22.1	431	1,526	1,577
Change in other receivables and payables		(110)	8	1,002
Change in working capital (a)		**(4,667)**	**(2,991)**	**377**

(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	2023	2022	2021
Purchase of intangible assets	3	(1,000)	(685)	(580)
Purchase of property, plant and equipment	6	(6,808)	(4,398)	(2,678)
Change in accounts payable related to fixed asset purchases		324	161	221
Initial direct costs	7	(53)	(27)	(37)
Net cash used in purchases of fixed assets		**(7,537)**	**(4,948)**	**(3,074)**
Net cash from fixed asset disposals		136	75	461
Guarantee deposits paid and other cash flows related to operating investments		(78)	(94)	(37)
Operating investments (a)		**(7,480)**	**(4,968)**	**(2,651)**

(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)	2023	2022	2021
Interim and final dividends paid by Financière Agache SA (a)	(537)	(893)	(200)
Interim and final dividends paid to minority interests in consolidated subsidiaries	(3,894)	(3,690)	(2,474)
Tax paid related to interim and final dividends paid (b)	(453)	(424)	(226)
Interim and final dividends paid	**(4,885)**	**(5,007)**	**(2,901)**

(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	2023	2022	2021
Capital increases of subsidiaries subscribed by minority interests		2	13	7
Acquisition and disposal of Financière Agache shares	16.3	-	-	-
Other equity-related transactions		**2**	**13**	**7**

Note 16. Equity

16.1 Equity

(EUR millions)	Notes	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Share capital	16.2	3,127	54	52
Share premium account		6,883	6,883	1,124
Financière Agache shares	16.3	-	-	(0)
Cumulative translation adjustment	16.5	705	1,192	600
Revaluation reserves		2,179	1,875	2,343
Other reserves		9,850	8,926	10,405
Net profit, Group share		6,885	6,299	4,906
Equity, Group share		**29,628**	**25,229**	**19,429**

16.2 Share capital

On April 27, 2023, the shareholders at the Company's Shareholders' Meeting voted to increase the share capital by 3,072,980,835 euros, bringing it to 3,126,716,019 euros, by raising the par value of each of its 3,358,449 shares from 16 euros to 931 euros per share. This capital increase was carried out by incorporating 3,072,980,835 euros appropriated from retained earnings.

As of December 31, 2023, the share capital of Financière Agache SA consisted of 3,358,449 fully paid-up shares (3,358,449 as of December 31, 2022 and 3,228,662 as of December 31, 2021), with a par value of 931 euros per share, including 3,225,043 shares with double voting rights (3,053,162 as of December 31, 2022 and 3,053,162 as of December 31, 2021). Double voting rights are attached to registered shares held for more than two years.

16.3 Financière Agache shares

The impact of Financière Agache shares on the Group's net equity breaks down as follows for the fiscal years presented:

(EUR millions)	**Dec. 31, 2023**	**Dec. 31, 2022**	**Dec. 31, 2021**
Financière Agache shares	**-**	**-**	**(0)**

16.4 Dividends paid by the parent company, Financière Agache SA

In accordance with French regulations, dividends are taken from the profit for the fiscal year and the distributable reserves of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares.

As of December 31, 2023, the distributable amount was 23,940 million euros; after taking into account the proposed dividend distribution in respect of the 2023 fiscal year, it was 22,950 million euros.

(EUR millions, except for data per share in EUR)	**2023**	**2022**	**2021**
Interim dividend for the current fiscal year (2022: 120.00 euros; 2021: 62.00 euros)	-	403	200
Exceptional distribution in kind in the form of treasury shares	-	168	-
Impact of treasury shares	-	-	(0)
Gross amount disbursed for the fiscal year	**-**	**571**	**200**
Final dividend for the previous fiscal year (2022: 160.00 euros; 2021: 146.00 euros)	537	490	-
Impact of treasury shares	-	-	-
Gross amount disbursed for the previous fiscal year	**537**	**490**	**-**
Total gross amount disbursed during the fiscal year (a)	**537**	**1,061**	**200**

(a) Excluding the impact of tax regulations applicable to the recipient.

The dividend for fiscal year 2023, as proposed at the Shareholders' Meeting of April 30, 2024, is 295.00 euros per share, representing a total of 991 million euros.

On September 23, 2022, Financière Agache SA carried out an exceptional distribution of the Company's 3,619 treasury shares (representing 0.11% of the share capital), deducted from "Other reserves" in the amount of 168 million euros.

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, 2023**	**Change**	**Dec. 31, 2022**	**Dec. 31, 2021**
US dollar	459	(317)	776	320
Swiss franc	563	83	480	406
Japanese yen	(58)	(53)	(6)	32
Hong Kong dollar	147	(85)	232	231
Pound sterling	(36)	19	(56)	11
Other currencies	(278)	(133)	(144)	(267)
Foreign currency net investment hedges (a)	(92)	(1)	(91)	(133)
Total, Group share	**705**	**(487)**	**1,192**	**600**

(a) Including: -66 million euros with respect to the US dollar, -54 million euros with respect to the Hong Kong dollar, and -103 million euros with respect to the Swiss franc, for changes as of December 31, 2022. These amounts remain unchanged in LVMH's financial statements since June 30, 2022 and include the tax impact.

16.6 Strategy relating to the Group's financial structure

The Group believes that the management of its financial structure, together with the development of the companies it owns and the management of its brand portfolio, helps create value for its shareholders. Maintaining a suitable-quality credit rating is a core objective for the Group, ensuring good access to markets under favorable conditions, allowing it to seize opportunities and procure the resources it needs to develop its business.

To this end, the Group monitors a certain number of financial ratios and aggregate measures of financial risk, including:

- net financial debt (see Note 19) to equity;
- cash from operations before changes in working capital to net financial debt;
- net cash from operating activities;
- operating free cash flow (see the consolidated cash flow statement);
- long-term resources to fixed assets;
- proportion of long-term borrowings in net financial debt.

Long-term resources are understood to correspond to the sum of equity and non-current liabilities.

Where applicable, these indicators are adjusted to reflect the Group's off-balance sheet financial commitments.

The Group also promotes financial flexibility by maintaining numerous and varied banking relationships, through frequent recourse to several negotiable debt markets (both short- and long-term), by holding a large amount of cash and cash equivalents, and through the existence of sizable amounts of undrawn confirmed credit lines, intended to cover (and exceed) the outstanding portion of its short-term negotiable debt securities programs, while continuing to represent a reasonable cost for the Group.

Note 17. Bonus share and similar plans

There were no stock option plans, bonus share plans or similar plans set up by Financière Agache SA as of December 31, 2023, nor in any of the other fiscal years presented.

Expense for the fiscal year

The expense recognized for the fiscal years presented for bonus share and performance share plans breaks down as follows:

(EUR millions)	2023	2022	2021
Expense for the fiscal year	**117**	**132**	**132**

See Note 1.29 regarding the method used to determine the accounting expense.

LVMH

The following table presents the LVMH closing share price the day before the grant date of the 2023 plans and the average unit value of provisionally allocated bonus shares in fiscal year 2023:

Plan commencement date	Number of shares awarded initially	Vesting period of rights	LVMH closing share price the day before the grant date	Average unit value of provisionally allocated bonus shares
January 26, 2023	1,359	2 years and 9 months	792.3	760.1
January 26, 2023	1,000	1 year	792.3	780.1
April 20, 2023	13,752	1 year	885.0	872.6
July 25, 2023	15,000	4 years and 8 months	857.6	797.9
July 25, 2023	20,000	5 years and 6 months	857.6	783.0
October 26, 2023	140,895	3 years	679.1	639.4
October 26, 2023	35,000	4 years and 5 months	679.1	619.0
Total	**227,006**			

Christian Dior

No share purchase option, bonus share or performance share plans involving Christian Dior shares were set up in fiscal year 2023.

Note 18. Minority interests

(EUR millions)	2023	2022	2021
As of January 1	**32,869**	**29,904**	**24,930**
Minority interests' share of net profit	8,962	8,383	7,706
Dividends paid or to be distributed to minority interests	(3,875)	(3,651)	(2,494)
Impact of changes in control of consolidated entities [(a)]	10	70	373
Impact of acquisition and disposal of minority interests' shares [(a)]	(1,144)	(2,118)	(1,998)
Capital increases subscribed by minority interests	6	29	15
Minority interests' share in gains and losses recognized in equity	(537)	965	1,472
Minority interests' share in expenses related to bonus share and similar plans	65	75	80
Impact of changes in minority interests with purchase commitments	(394)	(788)	(180)
As of December 31	**35,962**	**32,869**	**29,904**

(a) See Note 2.

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	Available for sale financial assets	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, 2020	**(369)**	**-**	**(148)**	**937**	**(190)**	**230**
Changes during the fiscal year	1,327	17	(17)	28	117	1,472
Changes due to purchase and proceeds from sale of minority interests	(28)	1	4	(28)	4	(47)
As of December 31, 2021	**930**	**18**	**(161)**	**937**	**(69)**	**1,655**
Changes during the fiscal year	729	(13)	152	(33)	130	964
Changes due to purchase and proceeds from sale of minority interests	(45)	-	7	(26)	1	(64)
As of December 31, 2022	**1,612**	**5**	**(1)**	**879**	**62**	**2,556**
Changes during the fiscal year	(616)	2	36	27	14	(537)
Changes due to purchase and proceeds from sale of minority interests	(11)	-	-	(5)	(1)	(17)
As of December 31, 2023	**985**	**7**	**35**	**901**	**75**	**2,003**

Minority interests are essentially composed of the following:

- LVMH SE shareholders, excluding controlling interests (Christian Dior SE and Financière Agache), i.e. 52% of shares as of December 31, 2023. They were paid a total of 3,273 million euros in dividends during the fiscal year;
- Christian Dior SE shareholders other than Financière Agache (i.e. 4% of shares as of December 31, 2023). They were paid a total of 89 million euros in dividends during the fiscal year;
- Diageo's 34% stake in Moët Hennessy SAS and Moët Hennessy International SAS ("Moët Hennessy") and the 39% stake held by Mari-Cha Group Ltd in DFS. Since the 34% stake held by Diageo in Moët Hennessy is subject to a purchase commitment, it is reclassified at the period-end within "Purchase commitments for minority interests' shares" under "Other non-current liabilities" and is therefore excluded from the total amount of minority interests at the period-end. See Note 1.13 and Note 21 below.

Dividends paid to Diageo in fiscal year 2023 amounted to 241 million euros in respect of fiscal year 2022. Net profit attributable to Diageo for fiscal year 2023 was 480 million euros, and its share in accumulated minority interests (before recognition of the purchase commitment granted to Diageo) came to 4,281 million euros as of December 31, 2023. As of that date, the condensed consolidated balance sheet of Moët Hennessy was as follows:

(EUR billions)	**Dec. 31, 2023**
Property, plant and equipment and intangible assets	6.4
Other non-current assets	1.0
Non-current assets	**7.4**
Inventories and work in progress	7.6
Other current assets	1.7
Cash and cash equivalents	2.0
Current assets	**11.4**
Total assets	**18.8**

(EUR billions)	**Dec. 31, 2023**
Equity	12.5
Non-current liabilities	2.4
Equity and non-current liabilities	**14.9**
Short-term borrowings	1.8
Other current liabilities	2.1
Current liabilities	**3.9**
Total liabilities and equity	**18.8**

No dividends were paid to Mari-Cha Group Ltd in 2023. Net profit attributable to Mari-Cha Group Ltd for fiscal year 2023 was a loss of 38 million euros, and its share in accumulated minority interests as of December 31, 2023 came to 1,173 million euros.

Note 19. Borrowings

19.1 Net financial debt

(EUR millions)	**Dec. 31, 2023**	**Dec. 31, 2022**	**Dec. 31, 2021**
Bonds and Euro Medium-Term Notes (EMTNs)	11,087	10,245	11,932
Bank borrowings	394	725	1,421
Other borrowings and credit facilities	-	-	140
Long-term borrowings	**11,480**	**10,970**	**13,492**
Bonds and Euro Medium-Term Notes (EMTNs)	2,685	1,486	3,192
Current bank borrowings	378	335	462
Short-term negotiable debt securities (a)	8,281	8,172	5,149
Other borrowings and credit facilities	167	160	847
Bank overdrafts	255	200	203
Accrued interest	(39)	60	62
Short-term borrowings	**11,727**	**10,414**	**9,915**
Gross borrowings	**23,207**	**21,384**	**23,407**
Interest rate risk derivatives	96	144	(6)
Foreign exchange risk derivatives	10	170	(64)
Gross borrowings after derivatives	**23,312**	**21,697**	**23,338**
Current available for sale financial assets (b)	(6,173)	(5,577)	(4,632)
Cash and cash equivalents (c)	(8,105)	(7,751)	(8,348)
Net financial debt	**9,034**	**8,369**	**10,357**

(a) NEU CP, euro- and US dollar-denominated commercial paper.
(b) See Note 14.
(c) 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, 2022	Impact on cash (a)	Translation adjustment	Impact of market value changes	Changes in the scope of consolidation	Reclassifications and other	Dec. 31, 2023
Long-term borrowings	10,970	3,395	(4)	44	49	(2,975)	11,480
Short-term borrowings	10,414	(1,852)	(28)	1	241	2,951	11,727
Gross borrowings	**21,384**	**1,543**	**(32)**	**45**	**290**	**(24)**	**23,207**
Derivatives	313	15	1	(223)	(1)	-	106
Gross borrowings after derivatives	**21,697**	**1,558**	**(31)**	**(177)**	**289**	**(24)**	**23,312**

(a) Including 6,109 million euros in respect of proceeds from borrowings, 4,428 million euros in respect of repayment of borrowings and 55 million euros due to a decrease in bank overdrafts.

During the first half of 2023, LVMH repaid the 700 million euro bond issued in 2019, as well as the 700 million pound sterling bond issued in 2020. The hedging swaps associated with the latter bond were unwound on redemption.

In addition, LVMH carried out three bond issues under its EMTN program:

- in April 2023, a 1,000 million euro bond maturing in October 2025, with a coupon of 3.375%;
- in September 2023, a 1,000 million euro bond maturing in September 2029, with a coupon of 3.25%;
- in September 2023, a 1,500 million euro bond maturing in September 2033, with a coupon of 3.50%.

In the first half of 2022, Financière Agache repaid 0.8 billion euros in advance, thereby settling all the loans taken out in 2017 by Semyrhamis, a wholly owned subsidiary of Financière Agache with which Financière Agache merged in 2020, as part of its public offer for Christian Dior.

In 2022, LVMH repaid the 1,750 million euro bond issued in 2020, as well as the 800 million euro bond and the 400 million pound sterling bond both issued in 2017. The associated hedging swaps were unwound on redemption.

During fiscal year 2021, in December 2021, Financière Agache SA issued 60 million euros in bonds maturing in December 2028. These bonds are redeemable at par and pay a coupon of 0.861%.

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

In 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.

The market value of gross borrowings, based on market data and commonly used valuation models, was 22,023 million euros as of December 31, 2023 (19,653 million euros as of December 31, 2022 and 22,611 million euros as of December 31, 2021), including 11,449 million euros in short-term borrowings (10,412 million euros as of December 31, 2022 and 9,876 million euros as of December 31, 2021) and 10,574 million euros in long-term borrowings (9,241 million euros as of December 31, 2022 and 12,735 million euros as of December 31, 2021). As of December 31, 2023, 2022 and 2021, 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) *(%)*	Dec. 31, 2023 *(EUR millions)*	Dec. 31, 2022 *(EUR millions)*	Dec. 31, 2021 *(EUR millions)*
EUR 1,500,000,000	2023	2033	3.50	1,496	-	-
EUR 1,000,000,000	2023	2029	3.25	993	-	-
EUR 1,000,000,000	2023	2025	3.38	999	-	-
EUR 60,000,000	2021	2028	0.95	60	60	60
GBP 850,000,000	2020	2027	1.13	886	824	984
EUR 1,250,000,000	2020	2024	-	1,250	1,250	1,251
EUR 1,250,000,000	2020	2026	-	1,247	1,246	1,245
EUR 1,750,000,000	2020	2028	0.13	1,738	1,727	1,737
EUR 1,500,000,000	2020	2031	0.38	1,491	1,489	1,488
GBP 700,000,000	2020	2023	1.00	-	786	832
EUR 1,500,000,000	2020	2025	0.38	1,498	1,497	1,496
EUR 1,750,000,000	2020	2022	Floating	-	-	1,750
EUR 700,000,000	2019	2023	0.26	-	700	699
EUR 1,200,000,000	2017	2024	0.82	1,195	1,187	1,202
EUR 120,000,000	2017	2022	1.16	-	-	120
EUR 800,000,000	2017	2022	0.46	-	-	800
GBP 400,000,000	2017	2022	1.09	-	-	477
Other				918	964	984
Total bonds and EMTNs				**13,772**	**11,731**	**15,125**

(a) Before the impact of interest rate hedges implemented when or after the bonds were issued.

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, 2024	2,919	8,807	11,727	(295)	318	23	2,624	9,125	11,749
	December 31, 2025	2,586	193	2,779	(1)	-	(1)	2,585	193	2,778
	December 31, 2026	1,410	-	1,410	(19)	-	(19)	1,391	-	1,391
	December 31, 2027	946	-	946	(885)	994	109	61	994	1,055
	December 31, 2028	1,835	-	1,835	(213)	208	(5)	1,622	208	1,830
	December 31, 2029	1,004	-	1,004	-	-	-	1,004	-	1,004
	Thereafter	3,505	-	3,505	-	-	-	3,505	-	3,505
Total		**14,207**	**9,000**	**23,207**	**(1,414)**	**1,520**	**106**	**12,792**	**10,520**	**23,312**

See Note 23.3 regarding the market value of interest rate risk derivatives.

The breakdown by quarter of gross borrowings falling due in 2024 is as follows:

(EUR millions)	Falling due in 2024
First quarter	6,693
Second quarter	4,195
Third quarter	167
Fourth quarter	671
Total	**11,727**

19.4 Breakdown of gross borrowings by currency after derivatives

(EUR millions)	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Euro	16,870	16,238	20,324
US dollar	4,127	4,650	3,156
Swiss franc	375	129	696
Japanese yen	4	309	453
Other currencies	1,936	371	(1,290)
Total [(a)]	**23,312**	**21,697**	**23,338**

(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, 2023, undrawn confirmed credit lines came to 14.6 billion euros. This amount exceeded the outstanding portion of the short-term negotiable debt securities programs (NEU CP, euro- and US dollar-denominated commercial paper), which totaled 8.3 billion euros as of December 31, 2023.

In connection with certain credit lines, the Group may undertake to maintain certain financial ratios. As of December 31, 2023, no significant credit lines were concerned by these provisions.

19.6 Sensitivity

On the basis of debt as of December 31, 2023:

- 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 159 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 683 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 159 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 683 million euros after hedging.

19.7 Guarantees and collateral

As of December 31, 2023, borrowings secured by collateral amounted to 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, 2023	Dec. 31, 2022	Dec. 31, 2021
Non-current provisions	1,534	1,536	1,788
Uncertain tax positions	1,397	1,359	1,363
Derivatives [(a)]	130	206	45
Employee profit sharing	132	123	105
Other liabilities	657	644	656
Non-current provisions and other liabilities	**3,850**	**3,868**	**3,957**

(a) See Note 23.

Provisions concern the following types of contingencies and losses:

(EUR millions)	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Provisions for pensions, medical costs and similar commitments	609	622	915
Provisions for contingencies and losses	925	914	873
Non-current provisions	**1,534**	**1,536**	**1,788**
Provisions for pensions, medical costs and similar commitments	17	17	17
Provisions for contingencies and losses	580	541	582
Current provisions	**597**	**557**	**599**
Total	**2,131**	**2,093**	**2,387**

Provisions changed as follows during the fiscal year:

(EUR millions)	Dec. 31, 2022	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other (a)	Dec. 31, 2023
Provisions for pensions, medical costs and similar commitments	639	136	(109)	(1)	3	(41)	627
Provisions for contingencies and losses	1,454	513	(274)	(168)	7	(28)	1,504
Total	**2,093**	**649**	**(383)**	**(169)**	**10**	**(70)**	**2,131**

(a) Including the impact of translation adjustment and change in revaluation reserves. See Note 30 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, 2023, 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)	2023	2022	2021
As of January 1	**8,800**	**7,088**	**5,100**
Change in trade accounts payable	425	1,526	1,577
Change in amounts owed to customers	24	6	27
Changes in the scope of consolidation	-	79	243
Translation adjustment	(175)	81	226
Reclassifications	(17)	21	(85)
As of December 31	**9,057**	**8,800**	**7,088**

Changes in the scope of consolidation mainly resulted from the acquisition of Tiffany in 2021. See Note 2.2.

22.2 Current provisions and other liabilities

(EUR millions)	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Current provisions [(a)]	597	557	599
Derivatives [(b)]	152	300	196
Employees and social security	2,672	2,448	2,244
Employee profit sharing	317	266	226
Taxes other than income taxes	1,394	1,262	1,105
Advances and payments on account from customers	1,167	1,224	1,079
Provisions for product returns [(c)]	646	653	648
Deferred payment for non-current assets	937	788	907
Deferred income	293	276	232
Loyalty programs and gift cards	651	543	451
Other lease liabilities and subsidies	431	321	324
Other liabilities	293	921	1,171
Total	**9,549**	**9,559**	**9,182**

(a) See Note 20.
(b) See Note 23.
(c) See Note 1.27.

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 transactions to be checked 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, 2023	Dec. 31, 2022	Dec. 31, 2021
Interest rate risk	Assets:	Non-current		2	-	4
		Current		23	34	31
	Liabilities:	Non-current		(100)	(159)	(25)
		Current		(21)	(19)	(5)
			23.3	**(96)**	**(144)**	**6**
Foreign exchange risk	Assets:	Non-current		97	97	51
		Current		510	421	220
	Liabilities:	Non-current		(31)	(47)	(20)
		Current		(129)	(277)	(183)
			23.4	**447**	**194**	**69**
Other risks	Assets:	Non-current		-	-	-
		Current		10	7	9
	Liabilities:	Non-current		-	-	-
		Current		(2)	(3)	(8)
			23.5	**9**	**4**	**1**
Total	Assets:	Non-current	10	99	97	55
		Current	13	543	463	260
	Liabilities:	Non-current	20	(130)	(206)	(45)
		Current	22	(152)	(300)	(196)
				360	**54**	**75**

Derivatives used to manage "Other risks" mainly concern futures and/or options contracts to hedge the price of certain precious metals, in particular silver, gold and platinum.

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 and its repayment capacity 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, 2023 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	300	1,178	-	1,478	-	(102)	-	(102)
Interest rate swaps, fixed-rate payer	-	23	-	23	-	-	-	-
Foreign currency swaps, euro-rate payer	-	978	-	978	-	-	5	5
Foreign currency swaps, euro-rate receiver	-	-	-	-	-	-	-	-
Interest rate options	-	400	-	400	-	-	-	-
Total					**-**	**(102)**	**5**	**(97)**

(a) Gain/(Loss).
(b) See Note 1.10 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, where applicable, 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, 2023 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation (a)				Market value (b) (c)			
	2023	2024	Thereafter	Total	Future cash flow hedges	Fair value hedges	Not allocated	Total
Options purchased								
Call USD	-	127	-	127	1	-	-	1
Put JPY	-	20	-	20	-	-	-	-
Put CNY	-	190	-	190	-	-	-	-
Other	-	11	-	11	3	-	-	3
	-	**348**	**-**	**348**	**4**	**-**	**-**	**4**
Collars								
Written USD	242	6,066	428	6,736	157	7	-	164
Written JPY	146	1,573	120	1,838	77	14	-	92
Written GBP	51	647	43	740	9	-	-	9
Written HKD	13	588	45	646	19	-	-	19
Written CNY	274	3,239	217	3,730	118	30	-	149
	726	**12,113**	**852**	**13,691**	**381**	**52**	**-**	**433**
Forward exchange contracts								
USD	121	428	-	548	4	12	-	16
JPY	-	9	-	9	-	-	-	-
KRW	52	-	-	52	-	-	-	-
BRL	1	64	-	65	-	(5)	-	(5)
Other	(112)	127	-	15	-	2	-	2
	62	**627**	**-**	**689**	**4**	**10**	**-**	**13**
Foreign exchange swaps								
USD	92	(3,632)	17	(3,523)	-	(6)	-	(6)
GBP	52	492	(655)	(111)	-	(32)	-	(32)
JPY	7	(169)	222	60	-	60	-	60
CNY	72	1,227	-	1,299	-	16	-	16
HKD	18	(1,090)	-	(1,072)	-	(24)	-	(24)
Other	180	1,007	21	1,209	-	(17)	-	(17)
	422	**(2,164)**	**(396)**	**(2,138)**	**-**	**(3)**	**-**	**(3)**
Total	**1,210**	**10,924**	**457**	**12,591**	**389**	**58**	**-**	**447**

(a) Sale/(Purchase).
(b) See Note 1.10 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, 2023, 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 by entering into hedges with top-ranking banks. In the latter case, hedges consist of futures and/or options, with cash payment on delivery. With a nominal value of 189 million euros, derivatives outstanding relating to the hedging of precious metal prices as of December 31, 2023 had a positive market value of 9 million euros. A uniform 1% change in these financial instruments' underlying assets' prices as of December 31, 2023 would have a negative net impact on the Group's consolidated reserves of 2 million euros. They will mature in 2024.

23.6 Financial assets and liabilities recognized at fair value by measurement method

(EUR millions)	December 31, 2023			December 31, 2022			December 31, 2021		
	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	6,834	-	8,105	5,772	-	7,751	4,875		8,348
Valuation model based on market data	17	642	-	32	560	-	181	315	-
Private quotations	3,640	-	-	3,479	-	-	3,366		-
Assets	**10,493**	**642**	**8,105**	**9,281**	**560**	**7,751**	**8,422**	**315**	**8,348**
Valuation based on:[(a)]		-			-				
Published price quotations		-			-			-	
Valuation model based on market data		282			506			240	
Private quotations		-			-			-	
Liabilities		**282**			**506**			**240**	

(a) See Note 1.10 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, 2023, December 31, 2022 and December 31, 2021.

The amount of financial assets valued on the basis of private quotations changed as follows in 2023:

(EUR millions)	2023
As of January 1	**3,479**
Acquisitions	316
Disposals (at net realized value)	(194)
Gains and losses recognized in the income statement	188
Gains and losses recognized in revaluation reserves	(3)
Translation adjustment	(27)
Reclassifications	-
Changes in the scope of consolidation[(a)]	(120)
As of December 31	**3,640**

(a) See Note 9.

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	-	402	-	402	-	402	60	-	60	462
Changes in consolidated gains and losses	(45)	-	-	(45)	124	79	-	-	-	79

(a) See Notes 1.10 and 1.23 on the principles of fair value adjustments to foreign exchange risk hedging instruments.
(b) See Notes 1.22 and 1.23 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 2024; the amount will depend on exchange rates at that date. The impact on net profit for fiscal year 2023 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 2023, 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	147	(63)	9	1	25	(3)	5	(2)
– conversion of net profit of entities outside the eurozone	217	(217)	65	(65)	17	(16)	46	(46)
Impact on net profit	**364**	**(280)**	**74**	**(64)**	**42**	**(19)**	**51**	**(48)**

The data presented in the table above should be assessed on the basis of the characteristics of the hedging instruments outstanding in fiscal year 2023, mainly comprising options and collars.

As of December 31, 2023, forecast cash collections for 2024 in US dollars and Japanese yen were 71% and 67% 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 1.10 EUR/USD for the US dollar and 151 EUR/JPY for the Japanese yen.

The Group's net equity (excluding net profit) exposure to foreign currency fluctuations as of December 31, 2023 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	1,811	(1,811)	95	(95)	144	(144)	159	(159)
Change in market value of net investment hedges, after tax	(149)	428	(54)	97	(29)	40	(20)	42
Net impact on equity, excluding net profit	**1,662**	**(1,383)**	**41**	**2**	**115**	**(104)**	**139**	**(117)**

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. 11.7 billion euros, lower than the 14.3 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. 8.3 billion euros. Should any of these borrowing facilities not be renewed, the Group has access to undrawn confirmed credit lines totaling 14.6 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, 2023, at nominal value and with interest, excluding discounting effects:

(EUR millions)	2024	2025	2026	2027	2028	More than 5 years	Total
Bonds and EMTNs	2,800	2,670	1,427	1,046	1,900	4,809	14,651
Bank borrowings	363	263	88	5	30	12	761
Other borrowings and credit facilities	167	14	-	-	-	-	181
Short-term negotiable debt securities	8,281	-	-	-	-	-	8,281
Bank overdrafts	255	-	-	-	-	-	255
Gross borrowings	**11,866**	**2,947**	**1,515**	**1,050**	**1,930**	**4,821**	**24,129**
Other current and non-current liabilities [(a)]	8,278	226	33	23	135	51	8,746
Trade accounts payable	9,057	-	-	-	-	-	9,057
Other financial liabilities	**17,335**	**226**	**33**	**23**	**135**	**51**	**17,803**
Total financial liabilities	**29,200**	**3,173**	**1,548**	**1,073**	**2,065**	**4,872**	**41,932**

(a) Corresponds to "Other current liabilities" (excluding derivatives, deferred income and loyalty programs) for 8,278 million euros and to "Other non-current liabilities" (excluding derivatives and deferred income) for 468 million euros.

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 2023

(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	6,587	42,089	7,126	10,811	17,781	1,779	-	86,172
Intra-Group sales	14	80	1,145	91	104	62	(1,497)	-
Total revenue	**6,602**	**42,169**	**8,271**	**10,902**	**17,885**	**1,841**	**(1,497)**	**86,172**
Profit from recurring operations	2,109	16,836	713	2,162	1,391	(423)	(12)	22,776
Other operating income and expenses	(15)	(117)	(25)	(5)	(109)	27	-	(242)
Depreciation, amortization and impairment expenses	(273)	(2,599)	(507)	(1,012)	(1,377)	(397)	138	(6,026)
Of which: Right-of-use assets	*(31)*	*(1,475)*	*(164)*	*(536)*	*(851)*	*(113)*	*138*	*(3,031)*
Other	*(241)*	*(1,124)*	*(343)*	*(476)*	*(526)*	*(284)*	-	*(2,994)*
Intangible assets and goodwill [(b)]	4,586	8,467	2,259	20,668	3,406	8,022	(5)	47,404
Right-of-use assets	221	8,118	644	2,562	4,182	926	(982)	15,673
Property, plant and equipment	4,248	6,439	897	2,411	1,695	11,356	(8)	27,039
Inventories	7,703	5,635	1,118	5,758	2,966	534	(323)	23,392
Other operating assets	1,712	3,529	1,561	1,761	949	1,679	23,111 [(c)]	34,302
Total assets	**18,471**	**32,188**	**6,480**	**33,160**	**13,199**	**22,517**	**21,794**	**147,809**
Equity	-	-	-	-	-	-	65,590	65,590
Lease liabilities	239	8,474	700	2,637	4,444	1,023	(978)	16,538
Other liabilities	2,114	7,841	2,938	2,482	4,196	1,756	44,354 [(d)]	65,681
Total liabilities and equity	**2,353**	**16,315**	**3,638**	**5,119**	**8,640**	**2,779**	**108,967**	**147,809**
Operating investments [(e)]	(538)	(3,025)	(432)	(871)	(571)	(2,042)	(1)	(7,480)

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	1,609	-	79,256
Intra-Group sales	13	72	1,021	70	79	51	(1,305)	-
Total revenue	**7,099**	**38,648**	**7,722**	**10,581**	**14,852**	**1,659**	**(1,305)**	**79,256**
Profit from recurring operations	2,155	15,709	660	2,017	788	(267)	(7)	21,055
Other operating income and expenses	(12)	(7)	(12)	(5)	(208)	190	-	(54)
Depreciation, amortization and impairment expenses	(260)	(2,431)	(480)	(994)	(1,427)	(297)	112	(5,777)
Of which: Right-of-use assets	*(34)*	*(1,422)*	*(160)*	*(523)*	*(883)*	*(96)*	*112*	*(3,007)*
Other	*(226)*	*(1,008)*	*(321)*	*(471)*	*(544)*	*(200)*	-	*(2,770)*
Intangible assets and goodwill [(b)]	10,906	8,262	2,413	20,594	3,611	2,223	(5)	48,005
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	9,690	(8)	22,766
Inventories	6,892	4,793	1,033	5,051	2,805	431	(327)	20,679
Other operating assets	1,674	3,297	1,493	1,720	775	1,443	21,115 [(c)]	31,517
Total assets	**23,528**	**28,214**	**6,424**	**31,646**	**13,163**	**14,710**	**19,890**	**137,575**
Equity	-	-	-	-	-	-	58,098	58,098
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	1,768	43,223 [(d)]	64,070
Total liabilities and equity	**2,408**	**15,157**	**3,648**	**4,946**	**8,188**	**2,787**	**100,442**	**137,575**
Operating investments [(e)]	(440)	(1,872)	(409)	(654)	(523)	(1,072)	1	(4,968)

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	1,146	-	64,219
Intra-Group sales	9	52	897	92	74	27	(1,150)	-
Total revenue	**5,974**	**30,896**	**6,608**	**8,964**	**11,754**	**1,173**	**(1,150)**	**64,219**
Profit from recurring operations	1,863	12,842	684	1,679	534	(461)	(27)	17,113
Other operating income and expenses	(26)	(47)	(17)	(4)	(53)	152	-	6
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	7,835	2,134	19,726	3,348	2,470	-	48,245
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	8,097	(8)	19,582
Inventories	6,278	3,374	831	3,949	2,410	329	(335)	16,837
Other operating assets	1,597	2,807	1,281	1,409	747	1,065	21,598 (c)	30,504
Total assets	**24,211**	**24,658**	**5,555**	**28,737**	**12,313**	**12,802**	**20,590**	**128,867**
Equity	-	-	-	-	-	-	49,333	49,333
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	2,019	46,306 (d)	65,259
Total liabilities and equity	**2,007**	**13,694**	**3,364**	**4,456**	**7,412**	**2,950**	**94,982**	**128,867**
Operating investments (e)	(328)	(1,131)	(290)	(458)	(370)	(75)	1	(2,651)

(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)	2023	2022	2021
France	6,832	6,090	4,115
Europe (excl. France)	14,162	12,730	9,860
United States	21,764	21,583	16,591
Japan	6,314	5,436	4,384
Asia (excl. Japan)	26,577	23,785	22,365
Other countries	10,523	9,632	6,904
Revenue	**86,172**	**79,256**	**64,219**

Operating investments by geographic region are as follows:

(EUR millions)	2023	2022	2021
France	3,575	1,891	1,037
Europe (excl. France)	1,320	905	523
United States	1,095	953	313
Japan	202	133	82
Asia (excl. Japan)	844	761	488
Other countries	444	324	207
Operating investments	**7,480**	**4,968**	**2,651**

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	1,694	10,728	2,115	2,589	3,961	341	(394)	21,035
Second quarter	1,486	10,434	1,913	2,839	4,394	497	(351)	21,212
Third quarter	1,509	9,750	1,993	2,524	4,076	524	(399)	19,975
Fourth quarter	1,912	11,257	2,250	2,951	5,454	478	(353)	23,950
Total for 2023	**6,602**	**42,169**	**8,271**	**10,902**	**17,885**	**1,840**	**(1,497)**	**86,172**
First quarter	1,638	9,123	1,905	2,338	3,040	283	(322)	18,004
Second quarter	1,689	9,013	1,714	2,570	3,591	442	(291)	18,727
Third quarter	1,899	9,687	1,959	2,666	3,465	456	(364)	19,768
Fourth quarter	1,873	10,825	2,145	3,006	4,757	478	(327)	22,757
Total for 2022	**7,099**	**38,648**	**7,722**	**10,581**	**14,852**	**1,659**	**(1,305)**	**79,256**
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	348	(314)	20,042
Total for 2021	**5,974**	**30,896**	**6,608**	**8,964**	**11,754**	**1,173**	**(1,150)**	**64,219**

Note 25. Revenue and expenses by nature

25.1 Breakdown of revenue

Revenue consists of the following:

(EUR millions)	2023	2022	2021
Revenue generated by brands and trade names	85,538	78,761	63,920
Royalties and license revenue	157	135	105
Income from investment property	24	25	15
Other revenue	454	335	179
Total	**86,172**	**79,256**	**64,219**

The portion of total revenue generated by the Group at its own stores, including sales through e-commerce websites, was approximately 77% in 2023 (75% in 2022 and 74% in 2021), i.e. 66,416 million euros in 2023 (59,383 million euros in 2022 and 47,624 million euros in 2021).

25.2 Expenses by nature

Profit from recurring operations includes the following expenses:

(EUR millions)	2023	2022	2021
Advertising and promotion expenses	10,222	9,585	7,291
Personnel costs	14,353	12,653	10,545

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, 2023, a total of 6,097 stores were operated by the Group worldwide (5,664 in 2022, 5,556 in 2021), particularly by Fashion and Leather Goods and Selective Retailing.

Personnel costs consist of the following elements:

(EUR millions)	2023	2022	2021
Salaries and social security contributions	14,086	12,364	10,268
Pensions, contribution to medical costs and expenses in respect of defined-benefit plans [(a)]	150	157	145
Expenses related to bonus share and similar plans [(b)]	117	132	132
Personnel costs	**14,353**	**12,653**	**10,545**

(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 %)	2023	%	2022	%	2021	%
Executives and managers	44,526	23	39,187	23	35,877	23
Technicians and supervisors	17,767	9	16,703	10	15,688	10
Administrative and sales staff	96,497	50	86,980	50	78,297	50
Production workers	33,504	17	30,627	18	28,093	18
Total	**192,294**	**100**	**173,498**	**100**	**157,955**	**100**

25.3 Statutory Auditors' fees

The amount of fees paid to the Statutory Auditors of Financière Agache and members of their networks recorded in the consolidated income statement for the 2023 fiscal year breaks down as follows:

(EUR millions, excluding VAT)	2023		
	Deloitte & Associés	**Mazars**	**Total**
Audit-related fees	**15**	**18**	**33**
Tax services	1	NS	1
Other	1	NS	1
Non-audit-related fees	**2**	**NS**	**2**
Total	**17**	**18**	**35**

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. They also include specific checks run at the Group's request, mainly in countries where statutory audit is not required, or at the request of certain partners.

In addition to tax services – which are mainly performed outside Europe to ensure that the Group's subsidiaries meet their local tax filing obligations – non-audit-related services include various types of certifications, mainly those required by lessors concerning the revenue of certain stores and verification of the statement of non-financial performance.

Note 26. Other operating income and expenses

(EUR millions)	**2023**	**2022**	**2021**
Net gains/(losses) on disposals	(102)	(210)	11
Restructuring costs	(9)	3	-
Remeasurement of shares acquired prior to their initial consolidation	2	232	119
Transaction costs relating to the acquisition of consolidated companies	(14)	(25)	(18)
Impairment or amortization of brands, trade names, goodwill and other fixed assets	(105)	(50)	(89)
Other items, net	(14)	(3)	(16)
Other operating income and expenses	**(242)**	**(54)**	**6**

See Notes 5 and 8 for impairment and amortization expenses recorded in 2023.

In 2023, "Net gains/(losses) on disposals" mainly related to the disposal of the 80% stake in Cruise Line Holdings Co. (see Note 2).

In 2022, "Net gains/(losses) on disposals" mainly related to Sephora's sale of its subsidiary in Russia, which was finalized in October 2022. The remeasurement of shares acquired prior to their initial consolidation in 2022 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)	2023	2022	2021
Borrowing costs	(652)	(166)	(16)
Income from cash, cash equivalents, current available for sale financial assets, and receivables	254	149	57
Fair value adjustment of borrowings and interest rate hedges	1	(2)	(3)
Cost of net financial debt	**(396)**	**(20)**	**37**
Interest on lease liabilities	**(393)**	**(254)**	**(242)**
Income/(Loss) from non-operating joint ventures and associates	**-**	**-**	**12**
Dividends received from non-current available for sale financial assets	21	14	10
Cost of foreign exchange derivatives	(401)	(374)	(212)
Fair value adjustment of available for sale financial assets	283	(232)	500
Other items, net	(61)	(59)	(54)
Other financial income and expenses	**(157)**	**(652)**	**244**
Net financial income/(expense)	**(946)**	**(925)**	**51**

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

(EUR millions)	2023	2022	2021
Income from cash and cash equivalents	143	52	31
Income from receivables and current available for sale financial assets (a)	111	97	26
Income from cash, cash equivalents, current available for sale financial assets, and receivables	**254**	**149**	**57**

(a) Including 81 million euros related to dividends received as of December 31, 2023 (71 million euros as of December 31, 2022 and 19 million euros as of December 31, 2021).

The fair value adjustment of borrowings and interest rate hedges is attributable to the following items:

(EUR millions)	2023	2022	2021
Hedged financial debt	(60)	139	82
Hedging instruments	60	(135)	(80)
Unallocated derivatives	1	(6)	(5)
Fair value adjustment of borrowings and interest rate hedges	**1**	**(2)**	**(3)**

The cost of foreign exchange derivatives breaks down as follows:

(EUR millions)	2023	2022	2021
Cost of commercial foreign exchange derivatives	(405)	(348)	(196)
Cost of foreign exchange derivatives related to net investments denominated in foreign currency	-	(12)	3
Cost and other items related to other foreign exchange derivatives	4	(15)	(19)
Cost of foreign exchange derivatives	**(401)**	**(374)**	**(212)**

Note 28. Income taxes

28.1 Breakdown of the income tax expense

(EUR millions)	2023	2022	2021
Current income taxes for the fiscal year	(6,128)	(5,909)	(5,363)
Current income taxes relating to previous fiscal years	8	(18)	(20)
Current income taxes	**(6,120)**	**(5,928)**	**(5,383)**
Change in deferred income taxes	378	534	913
Impact of changes in tax rates on deferred income taxes	-	-	(87)
Deferred income taxes	**378**	**534**	**826**
Total tax expense per income statement	**(5,742)**	**(5,394)**	**(4,558)**
Tax on items recognized in equity	**(163)**	**(16)**	**(205)**

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

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

(EUR millions)	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Deferred tax assets	4,010	3,678	3,158
Deferred tax liabilities	(6,935)	(6,742)	(6,649)
Net deferred tax asset/(liability)	**(2,925)**	**(3,064)**	**(3,491)**

28.3 Breakdown of the difference between statutory and effective tax rates

The effective tax rate is as follows:

(EUR millions)	2023	2022	2021
Profit before tax	21,588	20,076	17,170
Of which: Joint ventures and associates subject to corporate income tax	-	-	12
Taxable profit before tax	**21,588**	**20,076**	**17,158**
Total tax expense	(5,742)	(5,394)	(4,558)
Effective tax rate	**26.6%**	**26.9%**	**26.6%**

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)	2023	2022	2021
French statutory tax rate	**25.8**	**25.8**	**28.4**
Changes in tax rates	-	-	0.5
Differences in tax rates for foreign companies	(2.0)	(1.3)	(3.0)
Tax losses and tax loss carryforwards, and other changes in deferred tax	0.3	0.2	(3.2)
Differences between consolidated and taxable income, and income taxable at reduced rates	0.5	0.2	2.3
Tax on distribution [(a)]	2.1	2.1	1.6
Effective tax rate of the Group	**26.6**	**26.9**	**26.6**

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

The Group's effective tax rate was 26.6% in 2023, compared with 26.9% in 2022 and 26.6% in 2021. As of December 31, 2023, the effective tax rate was down 0.3 points from December 31, 2022.

The international tax reform drawn up by the OECD, known as Pillar Two, aimed in particular at establishing a minimum tax rate of 15%, will take effect in France starting in fiscal year 2024.

The Group has launched a project to measure the impact of this reform and to coordinate the processes necessary to ensure compliance with its obligations. In light of the current state of regulations in the countries in which the Group is located, and subject to future regulatory specifications, the financial consequences mainly concern countries in the Middle East, and are not significant.

28.4 Sources of deferred tax

In the income statement (a)

(EUR millions)	2023	2022	2021
Valuation of brands	(40)	(47)	350
Other revaluation adjustments	29	(51)	245
Gains and losses on available for sale financial assets	(30)	56	(125)
Gains and losses on hedges of future foreign currency cash flows	-	6	(9)
Provisions for contingencies and losses	107	18	121
Intra-Group margin included in inventories	118	268	120
Other consolidation adjustments	184	267	157
Losses carried forward	10	18	(30)
Total	**378**	**534**	**826**

(a) Income/(Expenses).

Change in deferred tax recognized in equity (a)

(EUR millions)	2023	2022	2021
Fair value adjustment of vineyard land	(11)	18	(12)
Gains and losses on available for sale financial assets	(129)	158	(274)
Gains and losses on hedges of future foreign currency cash flows	(16)	(85)	160
Gains and losses on employee benefit commitments	(7)	(80)	(58)
Total	**(163)**	**11**	**(184)**

(a) Gains/(Losses).

In the balance sheet (a)

(EUR millions)	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Valuation of brands	(5,256)	(5,252)	(5,052)
Fair value adjustment of vineyard land	(588)	(578)	(595)
Other revaluation adjustments	(381)	(415)	(439)
Gains and losses on available for sale financial assets	(470)	(311)	(537)
Gains and losses on hedges of future foreign currency cash flows	(19)	(2)	77
Provisions for contingencies and losses	948	882	945
Intra-Group margin included in inventories	1,320	1,209	936
Other consolidation adjustments	1,367	1,250	1,052
Losses carried forward	155	153	122
Total	**(2,925)**	**(3,064)**	**(3,491)**

(a) Asset/(Liability).

28.5 Losses carried forward

As of December 31, 2023, unused tax loss carryforwards and tax credits for which no assets were recognized (deferred tax assets or receivables) represented potential tax savings of 770 million euros.

28.6 Tax consolidation

- France's tax consolidation system allows virtually all of the Group's French companies to combine their taxable profits to calculate the overall tax expense, for which only the consolidating parent company is liable.

  Financière Agache and its French subsidiaries in which it has an ownership interest of more than 95%, including Christian Dior, are 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 266 million euros in 2023 (compared with 66 million euros in 2022 and 91 million euros in 2021).
- The other tax consolidation systems in place, notably in the United States, generated current tax savings of 80 million euros in 2023 (54 million euros in 2022 and 36 million euros in 2021).

Note 29. Earnings per share

	2023	2022	2021
Net profit, Group share *(EUR millions)*	**6,885**	**6,299**	**4,906**
Impact of dilutive instruments on subsidiaries *(EUR millions)*	(2)	(4)	(2)
Net profit, diluted Group share *(EUR millions)*	**6,882**	**6,295**	**4,904**
Average number of shares outstanding during the fiscal year	3,358,449	3,331,780	3,177,961
Average number of Financière Agache treasury shares held during the fiscal year	-	-	(3,619)
Average number of shares on which the calculation before dilution is based	**3,358,449**	**3,331,780**	**3,174,342**
Basic Group share of net earnings per share *(EUR)*	**2,049.92**	**1,890.69**	**1,545.47**
Average number of shares outstanding on which the above calculation is based	3,358,449	3,331,780	3,174,342
Dilutive effect of stock option, bonus share and performance share plans	-	-	-
Average number of shares outstanding after dilution	**3,358,449**	**3,331,780**	**3,174,342**
Diluted Group share of net earnings per share *(EUR)*	**2,049.23**	**1,889.37**	**1,544.78**

All of the instruments that may dilute earnings per share were taken into consideration when determining the dilutive effect.

On March 16, 2022, the number of shares outstanding of Financière Agache SA was increased by 129,787 new shares in consideration for the contribution of LVMH SE shares by Agache SE.

On September 23, 2022, Financière Agache SA carried out an exceptional distribution of the Company's 3,619 treasury shares.

No other events occurred between December 31, 2023 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)	2023	2022	2021
Service cost	122	136	130
Net interest cost	23	15	15
Actuarial gains and losses	1	(3)	-
Changes in plans	4	8	(1)
Total expense for the fiscal year for defined-benefit plans	**150**	**157**	**145**

The French retirement reform passed in April 2023 has a negligible impact on the Group's benefit commitments.

30.2 Net recognized commitment

(EUR millions)	Notes	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Benefits covered by plan assets		2,185	2,205	2,656
Benefits not covered by plan assets		380	362	472
Defined-benefit obligation		**2,566**	**2,567**	**3,128**
Market value of plan assets		**(2,006)**	**(2,005)**	**(2,299)**
Net recognized commitment		**560**	**562**	**829**
Of which: Non-current provisions	20	*609*	*622*	*915*
Current provisions	20	*17*	*17*	*17*
Other assets		*(68)*	*(77)*	*(103)*
Total		**559**	**562**	**829**

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, 2022	**2,567**	**(2,005)**	**562**
Service cost	122	-	122
Net interest cost	95	(72)	23
Payments to recipients	(194)	164	(30)
Contributions to plan assets	-	(92)	(92)
Employee contributions	15	(15)	-
Changes in scope and reclassifications	4	-	4
Changes in plans	4	-	4
Actuarial gains and losses, of which:	(22)	(7)	(29)
– *Experience adjustments* [(a)]	*50*	*(7)*	*43*
– *Changes in demographic assumptions* [(a)]	*(9)*	-	*(9)*
– *Changes in financial assumptions* [(a)]	*(63)*	-	*(63)*
Translation adjustment	(25)	20	(5)
As of December 31, 2023	**2,566**	**(2,006)**	**559**

(a) (Gains)/Losses.

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

(EUR millions)	2022	2021	2020	2019
Experience adjustments on the defined-benefit obligation	49	(64)	(12)	31
Experience adjustments on the market value of plan assets	428	(112)	(67)	(82)
Actuarial gains and losses resulting from experience adjustments [(a)]	**477**	**(176)**	**(79)**	**(51)**

(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, 2023					December 31, 2022					December 31, 2021				
	France	United States	United Kingdom	Japan	Switzerland	France	United States	United Kingdom	Japan	Switzerland	France	United States	United Kingdom	Japan	Switzerland
Discount rate [(a)]	3.27	5.17	4.77	1.83	1.85	3.38	5.18	4.78	1.27	1.50	0.70	2.89	1.74	1.00	0.06
Future salary increase rate	3.00	4.48	N/A	2.12	2.28	3.00	4.52	N/A	2.10	2.12	1.96	3.59	N/A	2.07	1.75

(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 6.2%.

A 1.5-point increase in the discount rate would result in a 215 million euro reduction in the amount of the defined-benefit obligation as of December 31, 2023; a 1.5-point decrease in the discount rate would result in a 235 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, 2023	Dec. 31, 2022	Dec. 31, 2021
Supplementary pensions	2,047	2,102	2,601
Retirement bonuses and similar benefits	353	308	351
Medical costs of retirees	106	100	133
Length-of-service bonuses and other	60	57	43
Defined-benefit obligation	**2,566**	**2,567**	**3,128**

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

(EUR millions)	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
France	606	577	746
Europe (excl. France)	639	568	647
United States	1,123	1,183	1,514
Japan	133	148	164
Asia (excl. Japan)	54	49	49
Other countries	11	42	8
Defined-benefit obligation	**2,566**	**2,567**	**3,128**

The main components of the Group's net commitment for retirement and other defined-benefit obligations as of December 31, 2023 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, 2023	Dec. 31, 2022	Dec. 31, 2021
Shares	23	26	30
Bonds:			
– Private issues	32	34	28
– Public issues	10	12	13
Cash, investment funds, real estate and other assets	35	28	29
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 2024 by paying in approximately 98 million euros.

Note 31. Off-balance sheet commitments

31.1 Purchase commitments

(EUR millions)	Dec. 31, 2023	Dec. 31, 2021	Dec. 31, 2020
Grapes, wines and eaux-de-vie	3,463	3,138	2,843
Other purchase commitments for raw materials	803	810	759
Industrial and commercial fixed assets	1,432	1,185	715
Investments in joint venture shares and non-current available for sale financial assets [(a)]	750	699	633

(a) See also Note 2.

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, 2023, 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	907	2,195	361	3,463
Other purchase commitments for raw materials	369	433	-	803
Industrial and commercial fixed assets	591	704	137	1,432
Investments in joint venture shares and non-current available for sale financial assets	750	-	-	750

31.2 Collateral and other guarantees

As of December 31, 2023, these commitments broke down as follows:

(EUR millions)	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Securities and deposits	645	418	415
Other guarantees	327	328	162
Guarantees given	**972**	**746**	**577**
Guarantees received	**(42)**	**(53)**	**(65)**

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	524	80	41	645
Other guarantees	128	150	49	327
Guarantees given	**652**	**231**	**89**	**972**
Guarantees received	**(19)**	**(20)**	**(3)**	**(42)**

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 Financière Agache group with Agache and its subsidiaries

The Financière Agache group is consolidated in the accounts of Agache SCA.

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

Conversely, Agache leases office space from the Financière Agache group, and the Financière Agache group also provides Agache with various forms of administrative assistance.

Transactions between the Financière Agache group and Agache and its subsidiaries (excluding the Financière Agache group) may be summarized as follows:

(EUR millions)	**2023**	**2022**	**2021**
– Interest billed by Agache and its subsidiaries to the Financière Agache group [a]	-	(6)	(3)
Balance of loans granted to the Financière Agache group and accrued interest not yet due [b]	-	-	(779)
– Tax consolidation expense [a]	(91)	(57)	(62)
Balance of tax consolidation accounts [b]	(15)	(16)	(34)
– Other amounts billed by Agache and its subsidiaries to the Financière Agache group [a]	(7)	(5)	(5)
Amount payable outstanding as of December 31 [b]	(1)	(1)	1
– Interest billed by the Financière Agache group to Agache and its subsidiaries [a]	13	5	1
Balance of loans granted by the Financière Agache group and accrued interest not yet due [b]	305	106	1,372
– Other amounts billed by the Financière Agache group to Agache and its subsidiaries [a]	11	8	16
Amount receivable outstanding as of December 31 [b]	4	2	3

(a) Income/(Expense).
(b) Asset/(Liability).

33.2 Relations of the Financière Agache 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 11% of shared costs in 2023 (12% in 2022 and 13% in 2021), 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 30 million euros for 2023 (21 million euros in 2022 and 19 million euros in 2021).

33.3 Relations with the Fondation Louis Vuitton

In 2014, the Fondation Louis Vuitton opened a modern and contemporary art museum in Paris. The LVMH group finances the Fondation as part of its corporate giving initiatives. Its net contributions to this project are included in "Property, plant and equipment" and are depreciated from the time the museum opened (2014) over the remaining duration of the public property use agreement awarded by the City of Paris.

33.4 Executive bodies

The total compensation paid to the members of the Board of Directors in respect of their functions within the Group breaks down as follows:

(EUR millions)	**2023**	**2022**	**2021**
Gross compensation, employer social security contributions and benefits in kind	6	6	3
Post-employment benefits	-	-	-
Other long-term benefits	-	-	-
End-of-contract bonuses	-	-	-
Cost of bonus share and similar plans	2	1	3
Total	**8**	**7**	**6**

The commitment recognized as of December 31, 2023 for post-employment benefits net of related plan assets equated to a net asset of 1 million euros (compared with a net commitment of 6 million euros as of December 31, 2022 and of 12.5 million euros as of December 31, 2021).

Note 34. Subsequent events

No significant subsequent events occurred between December 31, 2023 and April 5, 2024, the date at which the financial statements were approved for publication by the Board of Directors.

7. Consolidated companies

Company	Registered office	Ownership interest
Financière Agache SA	Paris, France	Parent company
Christian Dior SE and its subsidiaries	Paris, France	96%
LVMH SE and its subsidiaries	Paris, France	46%
Hermiole SAS	Paris, France	100%
Coromandel SAS	Paris, France	100%
Montaigne Services SNC	Paris, France	100%
Semyrh SAS	Paris, France	100%
Poseidon Financial Sponsor SAS	Paris, France	99%
Poseidon Entrepreneurs Financial Sponsor SAS	Paris, France	91%
Poseidon Asia Financial Sponsor SAS	Paris, France	99%
Escorial Development SA and its subsidiaries	Luxembourg	100%
Agache Développement SA	Paris, France	100%
Hochambeau SAS	Paris, France	100%
Aglaé Ventures SAS	Paris, France	98%
Aglaé Services LLC	Delaware, USA	100%
Aglaé Ventures II SAS	Paris, France	99%
Aglaé Ventures US	Paris, France	99%
Aglaé Ventures US II	Paris, France	99%
Aglaé Management SAS	Paris, France	100%
Aglaé Ventures III	Paris, France	99%
Aglaé Ventures Growth	Paris, France	100%
Transept SAS	Paris, France	100%
Markas Holding BV	Baarn, Netherlands	100%
Westley International SA and its subsidiaries	Luxembourg	100%
Chrysothémis SAS	Paris, France	100%

8. Companies not included in the scope of consolidation

Company	Registered office	Ownership interest
Mongibaud SAS	Paris, France	100%
Semyrh-Europe	Luxembourg	100%
Vilmeur SAS	Paris, France	100%
Sévrilux SNC	Paris, France	100%
Aglaé Ventures W3 SLP	Paris, France	100%
CD Investissements	Paris, France	96%
Société d'Exploitation Hôtelière de Saint-Tropez	Paris, France	46%
Société Nouvelle de Libraire et de l'Edition	Paris, France	46%
Samos 1850	Paris, France	46%
BRN Invest NV	Baarn, Netherlands	46%
Toiltech	Paris, France	42%
Sephora Macau Limited	Macao, China	46%
Sofpar 116	Paris, France	46%
Sofpar 125	Paris, France	46%
Sofpar 126	Paris, France	46%
Sofpar 127	Paris, France	46%
Sofpar 128	Bourg-de-Péage, France	46%
Sofpar 132	Paris, France	46%
Nona Source	Paris, France	46%
Sofpar 135	Paris, France	46%
Sofpar 136	Paris, France	46%
Sofpar 137	Paris, France	46%
Sofpar 138	Paris, France	46%
Sofpar 139	Paris, France	46%
Sofpar 141	Paris, France	46%
Sofpar 142	Paris, France	46%
Sofpar 144	Paris, France	46%
Heristoria	Paris, France	46%
Moët Hennessy Wines & Spirits	Paris, France	46%
LVMH Holdings Inc.	New York, USA	46%
Prolepsis Investment Ltd	London, United Kingdom	46%
Innovación en Marcas de Prestigio SA	Mexico City, Mexico	30%
MS 33 Expansion	Paris, France	46%
Shinsegae International Co. Ltd LLC	Paris, France	23%

Company	Registered office	Ownership interest
Crystal Pumpkin	Florence, Italy	46%
Groupement Forestier des Bois de la Celle	Cognac, France	30%
Augesco	Paris, France	23%
Folio St. Barths	New York, USA	46%
Editions Croque Futur	Paris, France	18%
LVMH Luxury Ventures Advisors	Paris, France	46%
Sofpar 154	Paris, France	46%
Sofpar 156	Paris, France	46%
Sofpar 157	Paris, France	46%
Sofpar 158	Paris, France	46%
Sofpar 159	Paris, France	46%
Sofpar 160	Paris, France	46%
Sofpar 161	Paris, France	46%
Sofpar 162	Paris, France	46%
Sofpar 163	Paris, France	46%
Sofpar 164	Paris, France	46%
Sofpar 165	Paris, France	46%
Biocréation Cosmetic	Saintigny, France	28%
Blu Himalaya SL	Bétera, Spain	25%
Verdeveleno SL	Bétera, Spain	25%
Tracking Leather SL	Bétera, Spain	25%
Samarinda Trading SL	Bétera, Spain	25%
Verdeveleno Italia SRL	Santa Croce sull'Arno, Italy	25%
Verlos Pte Ltd	Singapore	25%
Pt Verlos Indonesia Leather	Bali, Indonesia	46%
Heng Long Italy	Pieve a Nievole, Italy	46%
Renato Menegatti Srl	Villaverla, Italy	46%
Zhongshan Orest Industries	Zhongshan, China	46%
MGV International	Hong Kong, China	46%
Oriots Finance SAS	Paris, France	46%
Financière Abysse SAS	Paris, France	46%
Hamard Vitau SAS	Paris, France	46%
Atelier Bleu Platine SARL	Paris, France	46%
Alain Foubert SAS	Paris, France	46%
JAO – Joaillerie Assistée par Ordinateur	Paris, France	35%

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 Financière Agache SA

I. Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Financière Agache SA for the fiscal year ended December 31, 2023.

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, 2023 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 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, 2023 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. 821-53 and R. 821-180 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, 2023, the value of the Group's fixed assets totaled 90.1 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 1.16 and 5 to the consolidated financial statements.

Our response

The Group tests these assets for impairment, as described in Notes 1.16 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;
- reconciling 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, 2023, the gross value of inventories and work in progress and the total amount of impairment of inventories and work in progress came to 26,567 million euros and 3,175 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 1.18 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 1.6 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 1.21 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 (1,504 million euros and 1,397 million euros, respectively, as of December 31, 2023), 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 Board of Directors' report on Group management.

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 Group's 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.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Financière Agache SA by the shareholders at your Shareholders' Meetings held on June 27, 1997 (for Mazars) and April 27, 2022 (for Deloitte & Associés)

As of December 31, 2023, Mazars was in the twenty-seventh consecutive year of its engagement (including twenty-five years since the Company's securities were admitted to trading on a regulated market) and Deloitte & Associés was in its second consecutive year.

V. 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 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.

VI. 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. 821-55 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. The Statutory Auditor also:

- 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 Audit Committee

We submit a report to the 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 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 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. 821-27 to L. 821-34 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 Audit Committee.

Courbevoie and Paris-La Défense, April 9, 2024

French original signed by

The Statutory Auditors

Mazars		Deloitte & Associés
Isabelle Sapet Partner	Guillaume Machin Partner	Guillaume Troussicot 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.

Annual financial statements

1. Income statement

Income/(Expenses) *(EUR millions)*	Notes	**2023**	**2022**
Financial income from subsidiaries and investments		2,548.5	2,426.0
Investment portfolio: Impairment and provisions		(36.3)	26.2
Gains and losses on disposal		(0.1)	183.5
Other		(4.3)	(7.0)
Income from managing subsidiaries and investments	4.1	**2,507.8**	**2,628.8**
Income from managing investments	4.2	133.9	(113.6)
Income from/(cost of) net financial debt	4.3	(29.9)	(15.4)
Foreign exchange gains and losses	4.4	(0.6)	2.9
Other financial income and expenses		-	-
NET FINANCIAL INCOME/(EXPENSE)	4	**2,611.3**	**2,502.7**
Other revenue	5	0.1	0.1
Personnel costs		(0.1)	(0.3)
Other net management charges	6	(3.0)	(3.2)
OPERATING PROFIT/(LOSS)		**(3.0)**	**(3.5)**
RECURRING PROFIT BEFORE TAX		**2,608.3**	**2,499.3**
NET EXCEPTIONAL INCOME/(EXPENSE)		**0.1**	**0.0**
Income tax income/(expense)	7	(57.3)	(44.4)
NET PROFIT		**2,551.0**	**2,454.9**

2. Balance sheet

Assets

(EUR millions)	Notes			12/31/2023	12/31/2022
		Gross	**Depreciation, amortization and impairment**	**Net**	**Net**
Intangible assets		0.2	0.2	-	-
Property, plant and equipment		0.6	0.3	0.3	0.4
Intangible assets and property, plant and equipment	8	**0.8**	**0.5**	**0.3**	**0.4**
Equity investments	9	25,202.4	132.3	25,070.2	24,236.8
Receivables from equity investments	10	618.0	-	618.0	305.9
Other non-current financial assets	11	856.9	-	856.9	405.0
Non-current financial assets		**26,677.3**	**132.3**	**26,545.1**	**24,947.7**
NON-CURRENT ASSETS		**26,678.1**	**132.7**	**26,545.4**	**24,948.1**
Receivables	12	1.5	-	1.5	3.3
Short-term investments	17.6	1,916.1	377.1	1,539.0	1,475.4
Cash and cash equivalents		115.2	0.0	115.2	45.1
CURRENT ASSETS		**2,032.8**	**377.1**	**1,655.7**	**1,523.8**
Prepayments and accrued income		8.1	-	8.1	4.0
TOTAL ASSETS		**28,719.0**	**509.8**	**28,209.3**	**26,475.8**

Liabilities and equity

(EUR millions)	Notes	12/31/2023	12/31/2022
		Before appropriation	**Before appropriation**
Share capital (fully paid up)		3,126.7	53.7
Share premium account		6,882.8	6,882.8
Reserves and revaluation adjustments		433.6	433.3
Retained earnings		14,134.5	15,693.3
Net profit for the fiscal year		2,551.0	2,454.9
Interim dividend		-	(403.0)
EQUITY	13	**27,128.7**	**25,115.0**
PROVISIONS FOR CONTINGENCIES AND LOSSES	14	**8.2**	**8.5**
Borrowings	15	1,057.6	1,347.5
Other debt	16	14.2	4.3
OTHER LIABILITIES		**1,071.8**	**1,351.9**
Accruals and deferred income		0.6	0.5
TOTAL LIABILITIES AND EQUITY		**28,209.3**	**26,475.8**

3. Cash flow statement

(EUR millions)		2023	2022
I. OPERATING ACTIVITIES			
Net profit		2,551.0	2,454.9
Net depreciation, amortization, impairment and provisions		(2.7)	(14.3)
Net short-term provisions		46.6	220.3
Net gain/(loss) on disposals		(0.0)	(183.5)
Cash from operations before changes in working capital		**2,595.0**	**2,477.3**
Change in current assets		(2.3)	5.0
Change in short-term investments		(77.6)	(446.7)
Change in current liabilities		10.0	(28.1)
Change in working capital		**(69.9)**	**(469.7)**
Net cash from operating activities	**I**	**2,525.1**	**2,007.6**
II. INVESTING ACTIVITIES			
Proceeds from sale of fixed assets		0.2	70.6
Purchase of property, plant and equipment		-	-
Acquisitions of equity investments		(863.9)	(658.3)
Change in other non-current financial assets		(764.0)	1,523.4
Net cash from/(used in) investing activities	**II**	**(1,627.7)**	**935.7**
III. FINANCING ACTIVITIES			
Contribution to equity (dividends paid)		-	0.8
Capital increase		-	-
Change in borrowings		(289.9)	(1,711.1)
Change in receivables from the Group		-	-
Change in payables to the Group		-	(482.2)
Net cash from/(used in) financing activities	**III**	**(289.9)**	**(2,192.6)**
IV. DIVIDENDS PAID DURING THE FISCAL YEAR	**IV**	**(537.4)**	**(893.3)**
V. CASH INFLOW	**V**	**-**	**2.9**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**I + II + III + IV + V**	**70.2**	**(139.8)**
Cash and cash equivalents at beginning of fiscal year		**45.0**	**184.8**
Cash and cash equivalents at end of fiscal year		**115.1**	**45.0**

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.

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

Note 1. Business activity and key events during the period

Financière Agache SA, a subsidiary of Agache SCA, directly controls Christian Dior SE and indirectly (via Christian Dior SE) controls LVMH Moët Hennessy Louis Vuitton SE. The Company also holds a diversified portfolio of financial investments.

Financial income from subsidiaries and investments totaled 2,548.5 million euros as of December 31, 2023, compared with 2,426.0 million euros as of December 31, 2022.

Net financial income totaled 2,611.3 million euros as of December 31, 2023, compared with 2,502.7 million euros as of December 31, 2022.

Net profit was 2,551.0 million euros as of December 31, 2023, compared with 2,454.9 million euros as of December 31, 2022.

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 (amended by Regulation 2016-07 dated November 4, 2016) and Regulation 2015-05 dated July 2, 2015 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 cost of net financial debt relating, in essence, to the holding of these investments; and other items mainly related to managing investments and foreign exchange gains and losses. 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, gains or losses arising on the disposal of securities, and management charges.

"Operating profit/(loss)" includes other income and net management charges.

"Net exceptional income/(expense)" 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 Property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives provided below.

The estimated useful lives are as follows:

- buildings: 20 to 50 years;
- facilities, fixtures and fittings: 4 to 10 years.

2.3 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, an impairment loss 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 adjusted 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 adjusted net asset value of the companies concerned, market comparables and/or discounted forecast cash flows.

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)".

Loans, deposits and other long-term receivables are measured at their face value. Where applicable, these items are reviewed for impairment and provisions are recognized to write them down to their net realizable value at the fiscal year-end.

2.4 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.

2.5 Short-term investments

Short-term investments are recorded at acquisition cost. Impairment is recorded within "Net financial income/(expense)" if their acquisition cost is higher than their market value determined as follows:

- listed securities: average share price during the last month of the fiscal year, translated, where applicable, at fiscal year-end exchange rates;
- other securities: estimated realizable value or liquidation value, translated, where applicable, at fiscal year-end exchange rates.

This calculation is performed on a line-by-line basis, without offsetting any unrecognized capital gains and losses.

Gains or losses on sales of short-term investments are recognized in "Net financial income/(expense)" and calculated using the FIFO method.

2.6 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.

2.7 Provisions for contingencies and losses

When closing out its interim and annual financial statements, the Company establishes a provision for definite and likely contingencies and losses, observing the principle of prudence.

2.8 Income from equity investments

Amounts distributed by subsidiaries and other investments are recognized as of the date that they accrue to the shareholders or partners.

2.9 Foreign currency transactions

During the period, foreign currency transactions are translated into euros using the exchange rates prevailing on the transaction dates.

Payables, receivables, and cash and cash equivalents in foreign currencies are revalued on the balance sheet at fiscal year-end exchange rates.

Equity investments and other long-term investments in foreign currencies are recorded in the balance sheet at the price at which they were acquired.

Short-term investments in foreign currencies, if they are not part of an overall foreign exchange position, are recorded in the balance sheet at the price at which they were acquired (or, where applicable, at the date at which the corresponding overall foreign exchange position was closed out).

The difference resulting from the revaluation of payables and receivables at the fiscal year-end is recorded under "Translation adjustment". Provisions are recorded for unrealized foreign exchange losses.

The difference resulting from the revaluation of cash and cash equivalents at the fiscal year-end is recorded under "Net financial income/(expense)".

If they are part of an overall foreign exchange position, payables, receivables, short-term investments, and cash and cash equivalents in foreign currencies are revalued on the balance sheet at fiscal year-end exchange rates.

Gains or losses on transactions regarded as elements of the same overall foreign exchange position by currency (realized or resulting from the revaluation of positions at the period-end) are recorded in the income statement as a net amount.

2.10 Net financial income/(expense)

Due to its type of activity, the Company records sales of securities according to the following principles:

- gains or losses on sales of equity investments *(titres de participation)* are calculated according to the weighted average cost method;
- gains or losses on sales of short-term investments *(valeurs mobilières de placement)* are calculated using the FIFO method.

2.11 Gains and losses on options and forward contracts

a) On hedges

Gains and losses are recorded in the income statement and matched against the income and expenses arising from the hedged item.

b) On other transactions

A provision for contingencies is recorded if the market value of the instrument results in the calculation of an unrealized loss for the Company compared to the initial value of the instrument. Unrealized gains are not recognized.

Note 3. Subsequent events

As of 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 period ended December 31, 2023.

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)	**2023**	**2022**
Dividends received from French companies	2,548.5	2,426.0
Financial income from subsidiaries and investments	**2,548.5**	**2,426.0**
Changes in impairment	(36.3)	25.9
Changes in provisions for contingencies and losses	(0.0)	0.3
Impairment and provisions related to subsidiaries and investments	**(36.3)**	**26.2**
Gains and losses on disposal	(0.1)	183.5
Other	**(4.3)**	**(7.0)**
Income from managing subsidiaries and investments	**2,507.8**	**2,628.8**

See also Note 14 concerning the change in impairment and provisions.

4.2 Income from managing investments

Income from managing investments breaks down as follows:

(EUR millions)	**2023**	**2022**
Income	30.1	58.6
Changes in impairment	(8.0)	(241.5)
Gains and losses on disposal	126.4	73.4
Other income/(expenses)	(14.6)	(4.1)
Income from managing investments	**133.9**	**(113.6)**

Gains and losses on disposal may be subject, for limited amounts, to contractual adjustments.

See also Note 14 concerning the change in impairment and provisions.

4.3 Cost of net financial debt

The cost of net financial debt is an expense that breaks down as follows:

(EUR millions)	**2023**	**2022**
Interest on borrowings	(56.1)	(29.3)
Financial income and revenue	1.5	2.1
Proceeds/(cost) of non-Group net financial debt	**(54.6)**	**(27.2)**
Intra-Group interest expense	-	(4.5)
Intra-Group interest income	24.7	16.2
Proceeds/(cost) of intra-Group net financial debt	**24.7**	**11.8**
Proceeds/(cost) of net financial debt	**(29.9)**	**(15.4)**

4.4 Foreign exchange gains and losses

Foreign exchange gains and losses comprise the following items:

(EUR millions)	**2023**	**2022**
Foreign exchange gains	-	4.1
Foreign exchange losses	2.0	-
Changes in provisions for unrealized foreign exchange losses	(2.4)	(0.4)
Other	(0.2)	(0.8)
Foreign exchange gains and losses	**(0.6)**	**2.9**

See also Note 14 concerning changes in provisions.

Note 5. Other revenue

Other income consists of rental income.

Note 6. Other net management charges

Other net management charges are mainly comprised of support services and fees.

Note 7. Income taxes

7.1 Breakdown of corporate income tax

Corporate income tax breaks down as follows:

(EUR millions)	Pre-tax	Tax (expense)/ income	Post-tax
Recurring profit	2,608.3	(57.3)	2,550.9
Net exceptional income/(expense)	0.1	-	0.1
	2,608.4	**(57.3)**	**2,551.0**

7.2 Tax position

Since 2004, Financière Agache SA has been a member of the tax consolidation group of which Agache SCA is the consolidating parent company.

Financière Agache 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. Intangible assets and property, plant and equipment

(EUR millions)	
Carrying amount of fixed assets as of December 31, 2022	**0.4**
Increases	-
Disposals and retirements	(0.0)
Net change in depreciation/amortization	(0.0)
Carrying amount of fixed assets as of December 31, 2023	**0.3**

Note 9. Equity investments

(EUR millions)	12/31/2023	12/31/2022
Gross amount of equity investments	25,202.4	24,338.7
Impairment expense	(132.3)	(101.9)
Carrying amount of equity investments	**25,070.2**	**24,236.8**

The change in the gross amount of equity investments mainly resulted from the acquisition of LVMH shares and subscriptions to capital increases in subsidiaries, for 155 million euros.

The methods used to calculate the impairment of equity investments are described in Note 2.3.

The change in impairment of the investment portfolio is broken down in Note 14.

The “Subsidiaries and equity investments” table is presented in Note 17.5.

Note 10. Receivables from equity investments

(EUR millions)	December 31, 2023			Gross amounts by maturity		Of which: Related companies
	Gross	Impairment	Net	Up to 1 year	More than 1 year	
	618.0	-	618.0	2.7	615.4	*618.0*
Total	**618.0**	**-**	**618.0**	**2.7**	**615.4**	***618.0***

These receivables comprise advances granted to Group companies under bilateral medium-term agreements.

Note 11. Other non-current financial assets

(EUR millions)	12/31/2023	12/31/2022
Long-term investments	856.5	405.0
Loans	0.4	0.0
Impairment expense	-	-
Carrying amount of other non-current financial assets	**856.9**	**405.0**

The change in the gross value of other non-current financial assets mainly arose from an investment in Birkenstock.

The methods used to calculate the impairment of other non-current financial assets are described in Note 2.3.

The change in impairment of the investment portfolio is broken down in Note 14.

Note 12. Receivables

Receivables break down as follows:

(EUR millions)	12/31/2023			12/31/2022
	Gross	Impairment	Net	Net
Receivables from related companies	0.9	-	0.9	0.9
Of which: Tax consolidation current accounts	-	-	-	-
Of which: Financial receivables	*0.0*	-	*0.0*	-
Of which: Other current accounts	*0.9*	-	*0.9*	*0.9*
Other receivables	0.6	-	0.6	2.4
Total	**1.5**	**-**	**1.5**	**3.3**

All these receivables mature within one year.

Note 13. Equity

13.1 Share capital

On April 27, 2023, the shareholders at the Shareholders' Meeting voted to increase the share capital by 3,072,980,835 euros, bringing it to 3,126,716,019 euros, by raising the par value of each of its 3,358,449 shares from 16 euros to 931 euros per share, equating to a par value increase of 915 euros per share.

This capital increase was carried out by incorporating 3,072,980,835 euros appropriated from retained earnings.

As of December 31, 2023, the share capital consisted of 3,358,449 fully paid-up shares, each with a par value of 931 euros per share, including 3,225,043 shares with double voting rights.

13.2 Change in equity

(EUR millions)	
Equity as of 12/31/2022 (prior to appropriation of net profit)	**25,115.0**
Capital increase	3,073.0
Additions to the legal reserve	0.3
Net profit for the period ended 12/31/2023	2,551.0
Appropriation of retained earnings	(3,073.3)
Final dividend paid for the fiscal year ended 12/31/2022	(537.4)
Equity as of 12/31/2023 (prior to appropriation of net profit)	**27,128.7**

The appropriation of net profit for fiscal year 2022 was approved at the Ordinary Shareholders' Meeting of April 27, 2023.

Note 14. Changes in impairment and provisions

Changes in asset impairment and provisions for contingencies and losses during the fiscal year break down as follows:

(EUR millions)	12/31/2022	Increases	Decreases	12/31/2023
Equity investments	101.9	35.5	5.2	132.3
Short-term investments	363.2	81.0	67.1	377.1
Asset impairment	**465.1**	**116.5**	**72.3**	**509.3**
Subsidiaries	0.0	0.0	0.0	0.0
Provisions for foreign exchange losses	1.2	3.6	1.2	3.6
Other provisions for contingencies	7.3	-	2.7	4.6
Provisions for contingencies and losses	**8.5**	**3.6**	**3.9**	**8.2**
Total	**473.6**	**120.1**	**76.1**	**517.6**

Changes in impairment of equity investments and provisions for contingencies related to subsidiaries mainly reflect changes in the net assets of the subsidiaries concerned.

Note 15. Gross borrowings

15.1 Gross borrowings

Gross borrowings break down as follows:

(EUR millions)	**12/31/2023**	**12/31/2022**
Bonds	60.0	60.0
Bank loans and borrowings	0.0	363.0
Miscellaneous loans and borrowings	997.5	924.5
Gross borrowings	**1,057.6**	**1,347.5**

Miscellaneous loans and borrowings include short-term negotiable debt securities outstanding (NEU CP and other euro-denominated commercial paper).

As is normal practice for credit facilities, Financière Agache SA has signed commitments to maintain a minimum level of ownership interest and voting rights for some of its subsidiaries.

15.2 Bonds

(EUR millions)	**Nominal interest rate**	**Issue price** *(as % of the par value)*	**Maturity**	**Par value as of December 31, 2023**	**Accrued interest**	**Total**
EUR 60,000,000 – 2021	0.861%	100.000%	2028	60	0.0	60.0
Total				**60**	**0.0**	**60.0**

15.3 Breakdown of gross borrowings by payment date

The breakdown of gross borrowings by type and payment date, and the related accrued expenses, are shown in the table below:

(EUR millions)	**Total**	**Amount**			***Of which: Accrued expenses***
		Up to 1 year	**From 1 to 5 years**	**More than 5 years**	
Bonds	60.0	0.0	-	60.0	*0.0*
Bank loans and borrowings	0.0	0.0	-	-	-
Miscellaneous loans and borrowings	997.5	997.5	0.0	-	*0.0*
Gross borrowings	**1,057.6**	**997.5**	**0.0**	**60.0**	***0.0***

15.4 Guarantees and collateral

As of December 31, 2023, financial debt was not subject to any guarantees or collateral.

Note 16. Other debt and other liabilities

(EUR millions)	Total	Amount			*Of which: Accrued expenses*	*Of which: Related companies*
		Up to 1 year	From 1 to 5 years	More than 5 years		
Trade accounts payable	0.6	0.6	-	-	*0.4*	-
Tax and social security liabilities	0.1	0.1	-	-	*0.1*	-
Other debt	13.5	13.5	-	-	-	*12.9*
Deferred income	0.3	0.3	-	-	-	*0.3*
Foreign currency translation gains	0.3	0.3	-	-	-	-
Other debt and other liabilities	**14.8**	**14.8**	**-**	**-**	***0.5***	***13.3***

Note 17. Other information

17.1 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 material amounts or under conditions other than normal market conditions.

17.2 Financial commitments

Investment commitments granted

As of December 31, 2023, the amount that Financière Agache SA had committed to invest in funds came to 390.1 million euros.

Forward commitments

As part of its financing policy, Financière Agache SA uses foreign currency forwards to hedge against the euro. As of December 31, 2023, open hedging transactions were as follows:

Type of hedge *(EUR millions)*	**Type of item hedged**	**Currency**	**Nominal amount** (a)	**Market value** (b)
Forward exchange contract	Investments	GBP	10.0	0.1
Forward exchange contract	Investments	GBP	33.8	0.3
Forward exchange contract	Investments	HKD	25.8	0.1
Forward exchange contract	Investments	CHF	167.1	(3.5)
Forward exchange contract	Investments	USD	(25.9)	0.2

(a) Sale/(Purchase).
(b) Gain/(Loss).

Commitments received

Financière Agache SA has access to confirmed credit lines entered into with banks, of which the undrawn amount available totaled 3,210.0 million euros as of December 31, 2023.

17.3 Employees

The average workforce over the period consisted of one management-level employee.

17.4 Identity of the consolidating parent company

Company name	SIREN	Registered office
Agache	314,685,454	41 avenue Montaigne 75008 Paris (France)

17.5 Subsidiaries and equity investments

(EUR millions unless otherwise indicated)	Carrying amount of shares held		Loans and advances provided by the Company and not yet repaid	Amount of deposits and sureties granted by the Company	Dividends received by the Company during the fiscal year
	Gross	Net			
Information on subsidiaries and equity investments					
1. Subsidiaries (more than 50% held)					
– French subsidiaries	16,436.0	16,407.0	184.9	-	2,166.1
– Foreign subsidiaries	494.8	391.6	135.9	-	-
2. Equity investments (between 10% and 50% held)					
– French equity investments	200.4	200.4	-	-	-
– Foreign equity investments	117.1	117.1	-	-	-
Total	**17,248.4**	**17,116.1**	**320.7**	**-**	**2,166.1**

Since it is less than 10%, the 5.9% stake directly held in LVMH, with a carrying amount of 8,156.4 million euros, is not included in this table.

17.6 Securities

(EUR millions)	Carrying amount as of 12/31/2023
Shares	994.7
Bonds	0.5
Investment funds	543.7
Short-term investments	**1,539.0**

5. Company results and other significant components over the last five fiscal years

(EUR millions, except earnings per share, expressed in euros)	2019	2020	2021	2022	2023
1. Share capital					
Share capital	50.8	50.8	51.7	53.7	3,126.7
Number of ordinary shares outstanding	3,173,352	3,173,352	3,228,662	3,358,449	3,358,449
Maximum number of future shares to be created 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	666.6	11,508.9	1,711.8	2,705.2	2,652.3
Income taxes	25.4	20.7	44.3	44.4	57.3
Profit after taxes, depreciation, amortization, impairment and movements in provisions	662.7	11,476.8	1,620.6	2,454.9	2,551.0
Profit distributed as dividends [(a)]	166.6	63.5	690.5	940.4	990.7
3. Earnings per share *(EUR)*					
Earnings per share before taxes and before depreciation, amortization, impairment and movements in provisions	210.1	3,626.7	530.2	805.5	789.7
Earnings per share after taxes, depreciation, amortization, impairment and movements in provisions	208.8	3,616.6	501.9	731.0	759.6
Gross dividend distributed per share [(b)]	52.5	20.0	208.0	280.0	295.0
4. Employees					
Average number of employees	0	0	1	1	1
Total payroll	0.0	0.0	0.0	0.1	0.1
Amounts paid in respect of employee benefits	0.0	0.0	0.0	0.0	0.0

(a) Amount of the distribution resulting from the resolution of the Shareholders' Meeting, before the impact of Financière Agache treasury shares held as of the distribution date. For fiscal year 2023, amount proposed at the Shareholders' Meeting of April 18, 2024.
(b) Excluding the impact of tax regulations applicable to recipients.

6. Statutory Auditors' report on the parent company financial statements

To the Shareholders' Meeting of Financière Agache SA

I. Opinion

In compliance with the engagement entrusted to us by the Shareholders' Meeting, we have audited the accompanying parent company financial statements of Financière Agache SA for the fiscal year ended December 31, 2023.

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, 2023 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 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 parent company 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, 2023 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. 821-53 and R. 821-180 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement which, in our professional judgment, were of most significance in our audit of the parent company financial statements for the fiscal year, as well as how we addressed those risks.

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.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the Management Report.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Financière Agache SA by the shareholders at your Shareholders' Meetings held on June 27, 1997 (for Mazars) and April 27, 2022 (for Deloitte & Associés)

As of December 31, 2023, Mazars was in the twenty-seventh consecutive year of its engagement (including twenty-five years since the Company's securities were admitted to trading on a regulated market) and Deloitte & Associés was in its second year.

V. 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 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.

VI. 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. 821-55 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.

The Statutory Auditor also:

- 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 Audit Committee

We submit a report to the 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 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 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. 821-27 to L. 821-34 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 Audit Committee.

Courbevoie and Paris-La Défense, April 9, 2024

French original signed by

The Statutory Auditors

Mazars		Deloitte & Associés
Isabelle Sapet Partner	Guillaume Machin Partner	Guillaume Troussicot Partner

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.

7. Statutory Auditors' special report on related-party agreements

To the Shareholders' Meeting of Financière Agache SA,

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.

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.

Courbevoie and Paris-La Défense, April 9, 2024

French original signed by

The Statutory Auditors

Mazars		Deloitte & Associés
Isabelle Sapet Partner	Guillaume Machin Partner	Guillaume Troussicot Partner

This is a free translation into English of a 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.

Design and production: Agence Marc Praquin

FINANCIERE AGACHE

11, rue François 1er – Paris 8e