LVMH

Shareholders' Meeting of April 21, 2022
Answers to written questions

<u>Written questions submitted by the French Sustainable Investment Forum (FIR) nonprofit</u>

Environnement

1 Are you expressly committed to aligning your income and investments (capex, opex, R&D, mergers and acquisitions, etc.) with the Paris Agreement's goal of limiting global warming to 1.5°C? How do you ensure that the income and investments concerned are in line with this target? (Please describe the methods used.) What are the main action plans (and any associated investment amounts) put in place to meet this target in the short, medium and long term?

In 2021, LVMH raised its carbon trajectory target to make it in line with the Paris Agreement. Validated by the Science Based Targets initiative (SBTi) at the end of the year, it is based on the Group's LIFE 360 targets for reducing Scope 1 and 2 emissions (halving greenhouse gas emissions from energy consumption at its sites and stores by 2026 [baseline: 2019]) and Scope 3 emissions (reducing emissions generated by raw materials, purchases, transport, waste, product use and end of life by 55% per unit of added value by 2030).

We have put in place means-based objectives, together with action plans to achieve them, including the following:

- The target of achieving 100% renewable or low-carbon energy on-site and in-store by 2026, a goal that draws on action plans to purchase green energy for each of the Group's main geographic areas
- Plans for a program to support green e-commerce
- Changes in the respective proportions of road, sea and air freight, with ad hoc coordination systems made available to the Maisons
- Implementation of the circular economy strategy, leading to structural reductions in greenhouse gas emissions

Investment (capex) and expenditure (opex) are influenced by climate priorities in line with the Paris Agreement in three ways:

- In 2016, LVMH was the first luxury company to set up an internal carbon fund. The Group applies an internal carbon price to every metric ton of CO2 emitted annually. The resulting amount must then be invested in capex to reduce greenhouse gas emissions from directly operated sites (Scopes 1 and 2), generate renewable energy and meter energy consumption; and in opex, for example to hire an energy manager and purchase renewable energy

certificates (RECs) for electricity, biogas and biodiesel. Nearly 52 million euros has been invested over five years, helping avoid more than 15,000 metric tons of CO2 equivalent in emissions
- Since 2018, the process used by LVMH senior management when signing off investments by the Maisons has included three environmental criteria: expected energy consumption of the equipment/building, contribution to the Carbon Fund and installation of LED lighting
- The new scientific research program announced by the Group in 2021 has been structured in alignment with the LIFE 360 targets

Lastly, in 2021 the Group identified the proportion of its eligible activities (capex) that qualify as contributing to climate change adaptation and mitigation objectives, which came to 14.5 million euros. The Group is gearing up to identify aligned activities in 2022. Detailed technical criteria associated with each project help ensure that finance departments are involved in meeting climate priorities through each specific project.

2 What proportion of your business (expressed in terms of revenue, net banking income, etc.) is directly dependent on biodiversity? What is your expenditure on promoting biodiversity?

There is a high level of interdependence between LVMH's activities and nature, especially in the Wines and Spirits, Perfumes and Cosmetics and Fashion and Leather Goods businesses.
This is why the Biodiversity action plan – an offshoot of LVMH's LIFE 360 environmental program – is so ambitious. It aims to limit negative impacts just as much as to maximize positive ones. It is backed by a program to implement traceability technologies and systems, certify supply chains based on stringent biodiversity criteria, roll out regenerative farming practices and protect ecosystems. Associated expenditure is included in production, operating, management and investment expenditure.
At the same time, through partnerships like that with UNESCO's Man and the Biosphere program, LVMH is helping protect biodiversity beyond its value chains: the Group and its Maisons spend about 25 million euros on such initiatives.

3 Please list the strategic natural resources required for your business activities and/or those of your customers (water, energy, materials, etc.). How do you assess and calculate the impact of the increasing scarcity of these resources in your business models? What actions have you taken to mitigate sourcing issues and seize opportunities to develop "circular business models"? What are your goals in this area?

The products made by the LVMH group's Maisons require a combination of expert skills, craftsmanship and precious raw materials. Our businesses' strategic natural resources for the fiscal year were as follows:
- Wines and Spirits: grapes, barley, rye, glass (packaging), water and energy (distillation)
- Fashion and Leather Goods: leather, cotton, wool, water and energy (textile manufacturing and finishing, tanning, etc.)
- Perfumes and Cosmetics: flowers, plants with active compounds, etc...

Measurement can serve as a powerful lever for identifying priorities, targets and actions. However, measuring impacts on biodiversity is a complex matter. LVMH has implemented two measurement tools: the Global Biodiversity Score and a life cycle analysis featuring geolocalized biodiversity indicators – an innovative, groundbreaking method that is not yet widely used – which will be expanded upon in collaboration with experts. LVMH's commitments and actions are in keeping with

the reference framework drawn up by Science Based Targets for Nature, which aims to align companies' actions with international biodiversity protection goals.
An additional global risk analysis – focused primarily on risks associated with the Group's supply chain – has also been carried out with the assistance of Verisk Maplecroft, an external service provider specialized in analyzing political, economic, social and environmental risks. The indicators taken into account with respect to the environment cover air quality, waste management, water stress, water quality, deforestation, climate change, drought risk and greenhouse gas emissions.
As part of our LIFE 360 environmental strategy, LVMH is pursuing a Biodiversity strategy that, in addition to measuring our impact, focuses on two priorities:

- Avoiding and reducing, with the target of having 100% of our strategic raw materials certified by 2026 and of achieving zero net deforestation by 2026 and zero gross deforestation by 2030.
- Regenerating and preserving, with the target of having 5 million hectares covered by a program to roll out regenerative farming practices throughout LVMH's supply chains and to preserve and restore ecosystems beyond our value chain.

The LIFE 360 environmental strategy also contains a Circular Design component, which is a key driver in reducing not only our carbon footprint but also the Group's biodiversity footprint, in particular by reducing and optimizing our use of natural resources. It includes the target of having 100% of our products be sustainably designed by 2030, with three categories of criteria: certification of raw materials, traceability and end-of-life management. The Group has also set a target of having recycled raw materials make up 70% of packaging by 2030 (versus 41% in 2021), and of rolling out new circular design services (such as the Nona Source platform launched in 2021, which lets the Group's Maisons sell unused fabric and leather to young brands and designers at very competitive prices, helping ensure that materials are used and reused).

Social

4. For what proportion of your company officers and employees (broken down by type) are environmental and social (E&S) criteria taken into account when determining their variable compensation (bonuses, long-term compensation, incentives, etc.)?
   What governance bodies are responsible for choosing and approving these E&S criteria?
   How do they ensure that these criteria are relevant, sufficiently motivating and correlated with targets that must be met to successfully execute the Group's environmental and social strategy?
   (Please specify the non-financial criteria used for company officers and employees.)

Compensation paid to the Chairman and Chief Executive Officer and the Group Managing Director includes a variable annual component based on the achievement of quantifiable and qualitative targets. Qualitative criteria – which can be strategic, managerial, organizational or operational in nature – are focused on corporate social responsibility and sustainable development in particular. Specific qualitative criteria have been set, but their details are not made public for confidentiality reasons. The method used for assessing performance is reviewed by the Nominations & Compensation Committee.

A total of 1,205 people qualify for long-term compensation, including company officers. The vesting of bonus shares under the October 2021 plan is subject to (i) the recipient's continued service at that date and (ii) performance conditions being met. As regards performance, vesting is dependent on financial criteria for 90% of the provisional allotment and non-financial criteria for the remaining 10%. The criteria used relate to corporate social responsibility and, more specifically, the LIFE 360 program adopted by the Group in 2021.

LIFE 360 includes specific targets for circular design, traceability, biodiversity, reduction of greenhouse gas emissions and stakeholder mobilization. These targets are to be met by 2030, with formal milestones along the way and annual monitoring. An ad hoc committee consisting of the Chairmen of each of the Board of Directors' three committees (the Performance Audit Committee, the Nominations & Compensation Committee and the Ethics & Sustainable Development Committee) will meet in January 2024 to assess the Group's specific progress towards meeting the 2023, 2026 and 2030 targets and, consequently, to determine the percentage of shares to be vested on the basis of non-financial criteria.

The holding company incentive agreement signed on June 30, 2021 also demonstrates the Group's commitment to protecting the environment, with one of its five criteria relating to limiting energy consumption.

Many of the Group's Maisons have entered into incentive agreements that take into account social and environmental criteria, even though there is no legal requirement to do so. For example, MHCS's two incentive agreements (Reims and Épernay) include both a sustainable development indicator (energy and waste sorting) and a workforce-related indicator (work-related accident frequency rate).

Meanwhile, Hennessy's incentive agreement includes three workforce-related and social indicators, which between them account for 37.5% of the total amount distributed:

- An accident-related indicator weighted equally between the frequency rate and the severity rate
- An indicator measuring the reduction in electricity consumption
- An indicator measuring the reduction in food waste

Moreover, to further strengthen employee engagement, the agreement includes a one-point social bonus that is unlocked when all indicators exceed their target levels.

One of Make Up For Ever's four indicators reflects environmental and workforce-related criteria (paper consumption) and accounts for 20% of the total amount paid out.

At Guerlain, incentives are split into two components: (i) an incentive linked to the company's results (net sales and operating profit) ranging from 3% to 10% of total payroll, and (ii) a "sustainable development" incentive of 200-300 euros per person based on the findings of ISO 14001 audits (the ISO 14001 standard is based on the principle of continuously improving environmental performance by limiting the impact of the company's activities).

One of the five indicators in Parfums Christian Dior's incentive agreement has to do with the environment, relating to the recovery of branded waste – i.e. the recyclable portion of production waste.

5. What lessons have you learned from the new working arrangements put in place within the company in response to the Covid-19 pandemic (remote working, greater use of digital communications, increased flexibility, etc.) in terms of their impact on working conditions? How are these new arrangements now factored into your human resources strategy? What employee dialogue has there been in this area (agreements, shared discussions on the future of work, etc.) across your various business lines and geographies?

Crisis management units were put in place across the Group from the onset of the public health crisis. These units helped us adapt daily to changes in the law and public health restrictions in each country. At the same time, employees were kept informed of all initiatives and anything affecting their work. The Maisons proactively engaged in constructive dialogue with elected employee representatives to draw up protocols for suspending and, later, gradually resuming operations, with a particular focus on employee health and safety.

Many Maisons offered employee medical assistance programs to help employees navigate the situation. In countries with more limited access to healthcare, Maisons took out additional insurance, in particular to cover the costs of employees who contracted Covid-19.

The Group encouraged widespread adoption of remote working for those employees for whom it was possible, in accordance with government recommendations, pursuant in particular to agreements and charters put in place. Employees whose roles could not be performed remotely and whose workplaces were closed as a result of government restrictions continued to be paid.

In July 2020, following the first lockdown, the Group took the initiative to launch a worldwide survey called the LVMH Global People Survey, giving staff all over the world an opportunity to voice their opinions about how LVMH and its Maisons were handling the crisis.

For the full resumption of business operations in 2021, remote working was the option preferred by LVMH, where compatible with the employee's role (25% of the workforce is eligible). Remote working was facilitated by providing office equipment, technical infrastructure, encouragement by local management, and advice on protective measures, ergonomics and time management. Lastly, to ensure that on-site employees could continue working under the best possible conditions, LVMH provided all staff with hand sanitizer, face masks and protective equipment such as Plexiglas shields.

The LVMH group also extended its support and openness to employee needs over the longer term by launching a support fund for all its employees worldwide on June 8, 2021. The LVMH Heart Fund helps employees suddenly faced with adverse circumstances or a serious personal situation by providing them with emergency financial aid as well as dedicated social and psychological support. With initial funding of 30 million euros, it can provide psychological and financial support for employees who apply. In 2021, the LVMH Heart Fund received a total of more than 1,300 requests for psychological, social or financial support across five continents.

Lastly, LVMH has expanded its actions to protect all of its employees. On April 28, 2021, the Executive Committee signed LVMH's new Health and Safety Charter. It serves as the basis for a comprehensive approach across all the LVMH group's operations with the aim of achieving a "zero accident" culture. The Presidents of all Maisons were also invited to sign the charter.

6. 6 - To help assess progress from one year to the next, we'd like to once again ask a question raised in 2021, answers to which were not considered adequate.
Do you have a definition of what constitutes a "fair wage" that goes beyond the local statutory minimum wage? If so, what is it? How does your company ensure that its employees – and its suppliers' employees – receive a fair wage?

The LVMH Code of Conduct specifies that the Group takes care to ensure that its operations respect human rights and encourage continuous improvements in working, social and public health conditions, all of which are essential to the development and protection of human rights.

In 2021, a working group drawn from the Human Resources Department and the Operations & Supply Chain Department was formed to draw up a fair wage policy consistent with the LVMH group's human values and business priorities, for application both internally and by the Group's subcontractors and suppliers. This working group drew on the expertise of the Fair Wage Network, a leading organization in this area. The LVMH group's Fair Wage policy, which is more ambitious than a simple "minimum wage" policy, was signed off in January 2022. Its principles have been incorporated into the Supplier Code of Conduct, which has been reworked in 2022 and is in the process of being signed off. LVMH has also made the decision to join the Fair Wage Network.

LVMH has opted to manage its human resources on a decentralized basis to ensure that appropriate and rigorous systems are put in place wherever the Group operates, particularly as regards compensation. The Fair Wage principles will be applied locally, in keeping with this approach.

International surveys reflecting the specific characteristics of the Group's diverse business lines and sectors are carried out annually to ensure that pay is set at appropriate levels. Employees' variable compensation gives them a stake in the company's performance. Furthermore, Group employees in France are eligible for profit-sharing and incentive programs, which totaled 266 million euros in 2021. The Group also devotes special attention to providing its employees with healthcare, provident insurance and medical coverage commensurate with the protection offered in high-income countries.

7 In France, excluding investments in shares in your company, what proportion of employee savings plans offered to your employees is certified as being responsible (under SRI, Greenfin, CIES or Finansol labels)? How do you explain your continued investment in non-responsible funds when there is no difference in the returns available and Paris is one of the leading markets in this field?
In the other countries where you operate, do savings plans available to your employees (whether for pensions or other purposes) also take into account ESG criteria?
How do the Board of Directors and/or the Supervisory Board encourage employees to invest in these types of employee savings plans?

In France, for example at the holding company, the company savings plan and group savings plans reference the Amundi Equilibre Global Solidaire ESR socially responsible fund, which is a diversified balanced fund (45% invested in international equities, 45% in fixed-income products and 10% in socially responsible companies). The fund is classified as an Article 8 Fund under the Sustainable Finance Disclosure Regulation (SFDR), which mean environmental, social and governance (ESG) criteria play a part in the fund manager's decisions, though they are not necessarily a decisive factor in those decisions.

Governance

8 Do you publish a charter detailing your commitments as regards corporate tax responsibility? If so, how does corporate tax responsibility figure into your overall approach to corporate social responsibility? Does the Board review and approve this charter? Do you report annually on the application of the principles set out in this charter by way of a corporate tax responsibility report? Does this report provide a country-by-country breakdown of taxes paid?

The LVMH group does not publish a charter setting out its commitments as regards corporate tax responsibility.
However, the Group's consolidated tax rate is quite close to the rate in force in France, among the highest of any OECD country, reflecting the lack of tax optimization practices.
Furthermore, the Group has opted to enter into a "tax partnership" with the French tax authorities with effect from 2022, thus demonstrating its long-term commitment to fostering a transparent relationship of trust with the authorities.
In accordance with its tax obligations, the LVMH group complies with country-by-country reporting (CBCR) requirements. These filings are made in accordance with the regulations in force and involve information being shared between the different tax authorities. With the OECD's draft international tax reforms ("Pillar One" and "Pillar Two") not yet stabilized, the Group has no plans to make this

information public at this stage. At this time of considerable tax uncertainty, notably in relation to taxation rights being shared between countries (higher returns in countries with market economies, value creation in international transactions, etc.), the LVMH group believes it is still too early to make such information public.

9 Do you publish a responsible lobbying charter?
Are you a member of any industry groups that defend certain positions that are controversial from a public interest perspective? If so, what steps are you taking to encourage those groups to change their positions?
What consolidated resources (i.e. human and financial resources across your entire geographic scope) do you allocate to the representation of interests?

Out of a willingness to discuss and cooperate with authorities and decision-makers, LVMH contributes to public debate in countries where to do so is authorized and relevant. The Group's involvement in the public sphere always abides by applicable laws and regulations.

While the Group does not have a charter specifically devoted to responsible lobbying, the LVMH Code of Conduct formally lays down a set of fundamental principles that guide the conduct of the Group's business, including in relation to responsible lobbying. In addition to the Code of Conduct, the Group has internal guidelines intended to be used as a reference guide regarding business ethics. The Group is thus committed to engaging fairly in the public sphere, combating corruption in all its forms, preventing and managing conflicts of interests and, more generally, promoting integrity in the conduct of its business.

The General Secretary and the Corporate Affairs Department, which report to Group Executive Management, ensure that public affairs and the Group's interests are represented, primarily among industry federations. LVMH is registered as an interest representative where its activities so require. It is included in both the European Union's Transparency Register and the database maintained by France's High Authority for Transparency in Public Life (HATVP).

Disclosures in this regard concern actions and expenditure that may qualify as lobbying, of which LVMH makes limited use and in which it engages in accordance with the criteria laid down by the competent authorities.

10 The French law on duty of care requires companies to draw up a vigilance plan in conjunction with their stakeholders, including in particular representatives of management and labor. Moreover, one of the measures in this plan consists of a whistleblowing procedure and a mechanism for gathering reports concerning the existence and materialization of risks, established in consultation with employee representative organizations since trade unions have local knowledge and can alert the company and escalate valuable information to help it exercise its duty of care.
How does the Group involve representatives of management and labor – at both the local and the global level – in the various stages of drawing up, evaluating and implementing its vigilance plan? What resources does the Group provide to help them fulfill this role? How are representatives of management and labor involved in reporting on the actual implementation of this vigilance plan?

The LVMH group strives to have a positive impact on the communities, regions and countries where it operates and to minimize the potential adverse impacts of its activities, as well as those of its suppliers and subcontractors, for stakeholders and the environment.

In accordance with applicable regulations, the vigilance plan is consolidated at Group level and includes, in particular, a mapping of risks as well as a whistleblowing procedure and a mechanism for gathering reports concerning the existence and materialization of risks. This whistleblowing system is centralized and can be accessed by all employees and external stakeholders at https://alertline.lvmh.com. It was presented and submitted for discussion to employee representatives.

Written questions submitted by People for the Ethical Treatment of Animals (PETA)

Only months ago, a PETA Asia investigation into two Indonesian slaughterhouses that supply LVMH revealed workers bashing snakes in the head with hammers, suspending them in the air, pumping them full of water, and cutting off their skin, likely while they were still conscious.
We are pleased to see LVMH embracing innovative, animal-free materials, such as the Biopolioli corn leather used to make a Louis Vuitton shoe. This needs to be the rule, not the exception, if the company is to appeal to today's smart, young, compassionate consumers. When will LVMH take seriously its need to evolve to stay relevant by using only sustainable, luxurious vegan materials that don't involve the torture and slaughter of exotic animals?

Our position on these issues has not changed since the last question raised by PETA on this topic, which was asked at the 2019 Shareholders' Meeting.

At LVMH, we strongly believe that natural raw materials are a precious resource. They are at the core of our Maisons' exceptional, sustainable products.

We are firmly committed to freedom of choice, as much for our customers as for our Maisons. That means our Maisons can freely select which materials they use in their design process according to their own specific needs, but they must do so while strictly and scrupulously complying with our Animal-Based Raw Materials Sourcing Charter, which sets out our long-term commitments in three areas: traceable supply chains, animal welfare and respect for local populations, the environment and biodiversity. In 2019, our charter set the target of achieving 100% traceability for these raw materials by 2025. Now, under LIFE 360, this 100% traceability target has been expanded to cover all our strategic supply chains by 2026.

We are also continuing to review the full range of alternative solutions, including plant-based leathers. To this end, we're working with a wide range of startups such as Mylo, MycoWorks and Desserto, which won the LVMH Innovation Award in 2020 for its cactus-based leather. To scale up in this area, one of the programs being developed by our research center – whose launch was announced a year ago – is fully devoted to fundamental research on alternative materials using sources and techniques ranging from plants to biomass and from biomimetics to lab cultures.

Written questions submitted by CANDRIAM

Question 1: Combined CEO & Chairman

Considering the a) combined position of CEO and chairman, b) your Lead Independent Director having served for more than 12 years on your board and c) a full board independence below 40 % (calculation based on the AFEP-MEDEF code defining independence classification), how does LVMH plan to improve to give shareholders the needed assurance that insiders and executive owners are unable to exercise undue control over the board's activities and decisions? Please detail your answer for each of the three specified concerns a), b), c).

As explained in the Universal Registration Document, LVMH's Board of Directors has determined that the fact that Charles de Croisset, Yves-Thibault de Silguy and Hubert Védrine have served on the Board of Directors for more than 12 years does not affect their independence.
Consequently, eight of the Board's 14 members (excluding Directors representing the employees) can be deemed independent. With independent members thus making up a majority of the Board of Directors, shareholders can have the utmost confidence in the Board's governance.

Question 2: High Dissent Vote

Could LVMH explain how past years' dissent votes (more than 15 of voting shareholding not supporting the resolution) on Items 4, 6, 11, 13, 14, 16 and 17 (related party transaction, appointment of Nicolas Bazire, remuneration policy and report for the executive corporate officers, CEO and Vice-CEO) have been analysed internally and in particular detail the efforts made to address expressed concerns?

LVMH endeavors to explain the resolutions that are submitted to a vote by the shareholders and respects every shareholder's choice, regardless of how they vote; however, the majority rule applies in commercial companies, which are run on a democratic basis.

Question 3: Appointment of Censor

At LVMH, we note that the company's bylaws provide that advisory board members are invited to the board meetings to ask for consultation on certain matter although the scope of such matters are not clearly defined. We consider censor positions to carry a significant amount of influence that in some cases pose more risk than benefits but we note LVMH has chosen to appoint regularly censors while no rationale has been provided over the years that would demonstrate the actual need for such positions. Does LVMH plan to update its bylaw to specify any counter-balancing mechanisms for their potential influence over the board such as specifying and limiting the matters on which the censors can be consulted and the procedure that is followed when such persons are invited to the board? If not, why?

The Advisory Board members, of whom there are currently two, do not constitute a risk of undue influence on the Board. They are invited to Board meetings but only in an advisory capacity. Their role is to advise the Board – and, if requested, the Chairman – on matters for which they are particularly qualified. These areas of expertise are, for Lord Powell of Bayswater, trends in international economic relations and, for Yann Arthus-Bertrand, the environment and global warming.

Question 4: Compensation

4 a. What are the reasons behind the company's choice of not disclosing the threshold, target and maximum levels of each performance metric (financial and non-financial) attached to the variable remuneration?
4 b. More specifically regarding qualitative criteria of a strategic, organizational, operational and managerial nature, LVMH answered last year to an AGM's question more details could not be given for confidentiality reasons vis-à-vis competitors, but when referring to ex-post information on the target and achievement levels, how can this justification remain valid for every involved criterion?
4 c. Focusing on long term incentives, does the company plan to disclose the nature of the criteria, the vesting conditions of the awards and the performance period during which the assessment is made? If not, please explain the reason why.
4 d. More generally, how does LVMH plan to improve its transparency to allow investors to assess whether or not the interest of executives is aligned with those of stakeholders?

The Universal Registration Document (URD) provides shareholders with information on the types of quantifiable and qualitative criteria used to determine variable compensation for the senior executive officers. The details on the quantifiable criteria, which have a weighting of 60% and two-thirds, respectively, for the Chairman and Chief Executive Officer and the Group Managing Director are provided on page 189 of the URD and the qualitative criteria used for 2021 are mentioned on pages 200 and 202. The disclosure on the senior executive officers' compensation for 2022, which is available on the Company's website as it is every year, specifies that the qualitative criteria include the implementation of the LIFE 360 program adopted by the Group in 2021. Like many other issuers, for business confidentiality reasons the Company does not wish to be more specific about strategic and managerial criteria of the current year.
Long-term compensation for senior executive officers consists exclusively of bonus performance shares. Under the terms of the last plan set up by the Company, in October 2021, shares will vest in 2024 in the following proportions: 90% of the allotted shares will vest if LVMH's consolidated financial statements for each of fiscal years 2022 and 2023 show a positive year-on-year change in profit from recurring operations, operating free cash flow or current operating margin; and 10% of the allotted shares will vest if the non-financial condition relating to the Group's social and environmental responsibility is met in 2023 (cf. URD page 149). As such, the senior executive officers' interests are aligned with shareholders'.

Written questions submitted by DWS

Environment:

Climate change is one of the greatest environmental challenges, accelerating the rise in the global mean temperature and affecting most other attributes of climate. Corporations and investors, as owners and lenders, have a key role to play towards the need for emissions to be reduced in the mutual goal of coping with the impacts of global warming. The changes so far have already had an impact on multiple sectors and the effects are expected to be amplified as the continued rise in greenhouse gas emissions results in further changes to the climate. Besides the challenges arising from global warming and climate change, the topics of water consumption and pollution as well as the topic of waste management increasingly gain importance for all stakeholders.

Regarding waste LVMH uses the CEDRE platform for managing and accounting for waste recycling. However, the disclosure on hazardous/toxic waste disposal is currently at a minimum level.

Question 1: When will LVMH improve its transparency on waste-related topics and disclose toxic or hazardous waste disposal by type and region?

LVMH discloses annually the quantity of hazardous waste produced per LVMH group of activities: cf p.83 of the LVMH 2021 Universal Registration document https://r.lvmh-static.com/uploads/2022/03/lvmh-deu-2021_va.pdf

In 2021, LVMH Maisons have produced 8,025 tons of hazardous wastes, mainly in Europe where are located LVMH Maisons' manufactures and mainly sludges from wastewater treatment plants (tannery, cosmetics manufactures…).

Question 2: Are you planning to commit to public disclosure of hazardous waste management and if so, when?

As mentioned p.83 of the LVMH 2021 Universal Registration document https://r.lvmh-static.com/uploads/2022/03/lvmh-deu-2021_va.pdf , the Maisons are working to reduce and recycle production waste, end-of-life products and unsold products as part of their environmental management systems. 70% of our manufactures are now ISO 14001 certified (cf p.84: https://r.lvmh-static.com/uploads/2022/03/lvmh-deu-2021_va.pdf). As regards waste circularity, in 2021, 91% of waste was recovered (93% in 2020), including hazardous wastes.

Beyond ISO 14001 certification, other best practices are also implemented. In France, the Perfumes and Cosmetics Maisons, as well as Sephora since 2010 and Louis Vuitton since 2011, have used the CEDRE (Centre Environnemental de Déconditionnement, Recyclage Ecologique) recovery and recycling facility to handle all the waste generated by the manufacturing, packaging, distribution, and sale of cosmetic products (cf p.83: https://r.lvmh-static.com/uploads/2022/03/lvmh-deu-2021_va.pdf). CEDRE accepts several types of articles: obsolete packaging, obsolete alcohol-based products, advertising materials, store testers, and empty packaging returned to stores by customers. In 2014, the service was expanded to accept textiles. In 2021, around 3,717 metric tons of waste were processed (2,920 metric tons in 2020). The various materials (glass, cardboard, wood, metal, plastic, alcohol, and cellophane) are resold to a network of specialized recyclers.

Regarding water usage and water pollution, the Group's scope 3 water consumption activities were measured at 126 million cubic meters of water, where the majority amount of water (75%) is withdrawn from water stress areas. Furthermore, LVMH relies only on third party certification for the reduction in water/biodiversity footprint, whereas no data is available to assess the reduction initiatives.

As far as a target is concerned, LVMH is planning to reduce 55% of the scope 3 water footprint per unit of added value by 2030. However, LVMH has not disclosed its current status and absolute target in this regard.

Question 3: When are you planning to provide more transparency on exposure to high-water stressed regions as well as on water withdrawn (sources) and water consumed from high-water stress regions specifically?

LVMH has implemented a water footprint of its whole supply chain using the AWARE methodology. Results are available p.90 and p.91 of the LVMH 2021 URD: https://r.lvmh-static.com/uploads/2022/03/lvmh-deu-2021_va.pdf . This analysis was based on measurements of each geographic area's sensitivity, obtained by comparing water consumption to available resources at the local level. Four vineyards whose water consumption is significant relative to the Group as a whole are located in areas where water stress is close to 100%:

- The Domaine Chandon Argentina vineyards (Agrelo and Terrazas), which represent 67% of the Group's agricultural water requirements and 65% of the Group's environmental footprint for Scopes 1 and 2.
- The Domaine Chandon California and Newton vineyards, which represent 8% of the Group's agricultural water requirements and 7% of the Group's environmental footprint for Scopes 1 and 2.

As part of the calculation of the environmental footprint o LVMH's value chain in 2020, water consumption related to the Group's Scope 3 activities was measured at 126 million cubic meters of water, more than 95% of which was used for the production of raw materials. The water footprint will be updated in 2022.
LVMH has also set a public target that all strategic raw materials will be sourced from regions with a 0 desertification risk by 2030.

Question 4: Are you planning to publish company emissions to water in relation to PAI 8 (tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average)?

For LVMH owned operations, the COD (Chemical Oxygen Demand) is the only significant, relevant indicator related to preventing water pollution by Wines and Spirits, Fashion and Leather Goods, and Perfumes and Cosmetics operations contributing to eutrophication. The Group's other activities have only a very limited impact on water quality.

Figures are publicly available in the LVMH 2021 UDR p.90: https://r.lvmh-static.com/uploads/2022/03/lvmh-deu-2021_va.pdf The 2021 COD discharge after treatment is 1,394 tons.

Governance:

Having a majority of independent members serving on boards and committees, as well as respective independent chairs, is especially important for us to establish an appropriate culture and to ensure objective- driven decision-making and challenging discussions. In this regard, we have noticed that the overall level of board independence is below 50%. As well, we have seen an independent level in the audit, remuneration and nomination committee of only 50%. Unfortunately, we did not see a positive change over our continuous and regular engagements in the last years.

Questions 5: When can we expect a change in the level independence of the overall board as well as of all three aforementioned committees?

The Board of Directors evaluates the independence of all its members who do not have executive responsibilities within the Group on an annual basis. This year, it concluded that eight out of 14 members (i.e. excluding the Directors representing the employees) are independent. Following a review of their professional and personal situations with reference to verifiable information, it was determined that, among these eight members, the Directors having served on the Board for more than 10 years (the tenure limit selected by DWS), could nevertheless qualify as independent.

LVMH therefore considers that the four members of the Performance Audit Committee and the four members of the Nominations & Compensation Committee are independent.

We acknowledge differing board structures. However, we regard a clearly separated balance of powers through a distinction of control (supervisory board) and management (executive board) as superior. For monistic board structures, this must be reflected in a separation of CEO and chairperson as well as strong, committed and independent non-executive directors. Where one person assumes a combined CEO/chair role, a qualified and strong lead independent director (LID) has to ensure the proper work of the board and the communication with investors.

In this context, we welcome that LVMH has a LID in place. However, due to our independence criteria, we cannot consider the current LID as independent anymore as he exceeds our independence criteria with regard to the tenure limit of 10 years.

Question 6 : Are you planning to separate the roles of CEO and chairman of the board in the future to follow a dualistic board structure?

In light of the effectiveness and performance of the Group's organization over these last 30 years, the Board decided early this year not to separate the roles of Chairman of the Board of Directors and Chief Executive Officer.

Question 7: In case there are no changes to the role of the CEO and chairman of the board planned, can we expect a near-term change in the role of the LID which is then in line with our independence criteria?

The Charter of the Board of Directors gives the Lead Director an important role in ensuring that satisfactory governance arrangements are in place for the Company's administrative and management bodies. There are no plans to make changes to this role.

Directors should not have an excessive amount of mandates to ensure that they are committed and not overloaded with tasks. DWS considers directors overboarded if they hold more than two external non-executive mandates in case the candidate assumes any executive role (three overall maximum) or more than five mandates (including the nominated position) in total, in case the candidate assumes non-executive roles only. DWS counts an executive position of CEO and also any positions of chair of the board as well as chair of an audit committee as double seats. Due to their extended responsibilities, we attribute an additional mandate to the members in question.

In case of LVMH, we see that due to our counting of mandates, several directors are considered as overboarded.

Question 8: Can we expect any near-time changes with regards to the number of mandates of the individual directors?

The Company does not feel that it is necessary to go beyond the requirements of French law and the Afep-Medef Code.

Question 9: Does LVMH have an internal threshold of number of mandates in place?
Not applicable (please see the answer to Question 8).

Question 10: How do you assess the time commitments of the individual directors and the corresponding mandates?

Each year, the Board of Directors reviews the attendance and individual contributions of all its members.

Executive pay is one of the most important aspects of good corporate governance as it is one of the signals for a well-operated and supervised business. Our expectation is that the board ensures full transparency, clear and plausible key performance indicators for investors, the structure of the incentives encourages the achievement of corporate financial, social and environmental objectives, and the amount ultimately granted is in line with performance. With regard to sustainability, DWS expects investee companies to integrate material ESG factors into their daily business and strategy as well as to establish and disclose a clear link between their stated ESG targets/extra-financial KPIs and their remuneration systems.

Question 11: How is the executive compensation linked to a sustainable long-term development and does it reflect material environmental and social matters?

The Chief Executive Officer's compensation and that of the Group Managing Director include an ESG component as part of both annual variable compensation and the long-term portion of this compensation.

1/ The amount of annual variable compensation depends on the Group's financial and non-financial performance. Financial performance is weighted at 60% for the Chief Executive Officer and at two-thirds for the Group Managing Director, with non-financial performance consequently weighted at 40% and one-third, respectively.

Non-financial performance is assessed in relation to criteria set at the start of each year by the Board of Directors. These criteria primarily concern social responsibility and sustainable development, and for 2022 include the continuing implementation of the LIFE 360 program adopted by the Group.

2/ The long-term portion corresponds to bonus performance share awards. The vesting of shares granted under the October 2021 plan is subject to financial (90% weighting) and non-financial (10% weighting) performance conditions being met. The non-financial performance conditions reflect the objectives of the LIFE 360 program.

Question 12: When does LVMH plan to disclose specific ESG criteria linked to remuneration as well as to individual key performance indicators and corresponding percentage of variable pay linked to compensation for short-term and long-term?

As indicated in the answer to Question 11, some of the non-financial performance conditions set by the Board of Directors are tied to the results of the LIFE 360 program adopted in 2021. Other conditions relating to strategic, managerial or organizational aspects cannot be specifically disclosed for confidentiality reasons in view of their competitive sensitivity.

In order to evaluate governance for the firm, it is important to understand the number of meetings being conducted and how many of the members are present for the meetings. The board of directors' Ethics & Sustainable Development Committee is responsible for the implementation of ESG in business. Hence, it is necessary to disclose the individual board attendance of the meetings.

Question 13: Could you please disclose the number of board and committee meetings as well as the corresponding individual attendance rate in the next reporting cycle?

Each year in its Universal Registration Document, LVMH provides information on the number of meetings held by the Board and its committees and the attendance rates for members (for 2021, see page 164 for the Board and pages 178, 180 and 181 for the three committees.