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

5. Environment and sustainability

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

1. General environmental policy

In 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 have been 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:

- to make 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;
- to exchange 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, 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 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 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".

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.

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

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 per square meter. 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** *(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.