

LVMH MOET HENNESSY LOUIS VUITTON SE ANNUAL MEETING OF SHAREHOLDERS
APRIL 21, 2022
QUESTIONS FROM DWS INVESTMENT GMBH

Dear Members of the Board,

As one of the largest asset managers in Europe, in the past year, DWS Group GmbH & Co. KGaA became a signatory of the Net Zero Asset Managers initiative. The Net Zero Asset Managers initiative is committed to supporting the goal of net zero greenhouse gas (GHG) emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investments aligned with net zero emissions by 2050 or sooner. As a responsible investor in LVMH, it is our fiduciary duty to express our expectations on sustainability in the best interest of our clients. Our commitment to sound corporate governance and responsible environmental and social practices among our investees is not only a crucial element of our responsibilities but also forms an integral part of our investment process. Thus, we make this statement not just as a shareholder but also as a supporter of the Climate Action 100+ and the Net Zero Asset Managers initiatives with the aim to enhance the governance of climate change risk and opportunities, curb emissions and strengthen climate-related financial disclosures. Our active ownership approach revolves around carefully monitoring our investees and engaging with them with the aim of improving their financial and non-financial performance, building a sound understanding of their business and a constructive dialogue on their sustainable development.

We appreciate the constructive dialogue we had to date and would like to ask you a couple of questions ahead of your annual meeting of shareholders this year. Thank you for your consideration and answers in advance. Please note that we will be also sharing our questions on our www.dws.com website on the day of the meeting.

Environment:

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

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

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

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

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

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

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

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

Governance:

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

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

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

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

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

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

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

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

- Question 8:** Can we expect any near-time changes with regards to the number of mandates of the individual directors?
- Question 9:** Does LVMH have an internal threshold of number of mandates in place?
- Question 10:** How do you assess the time commitments of the individual directors and the corresponding mandates?

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

- Question 11:** How is the executive compensation linked to a sustainable long-term development and does it reflect material environmental and social matters?
- Question 12:** When does LVMH plan to disclose specific ESG criteria linked to remuneration as well as to individual key performance indicators and corresponding percentage of variable pay linked to compensation for short-term and long-term?

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

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

To conclude, we would like to thank all members of the board and all the LVMH employees cordially on their commitment and dedication in the past year but also in these difficult times amidst the COVID-19 crisis.

Thank you!