

INSPIRE MEANINGFUL BEAUTY

SEPHORA



2023
Global Impact and Progress Report

For any information on the Report, please refer to
globalcommunication@sephora.fr.
Specific methodological guidelines on the KPIs reported
in the document are available on request from
the above-mentioned email address

Contents

To our beauty community	3
About this report	4

1. Leading with Purpose

Our global footprint	6
Our impacts	9
Our commitments	14

2. Ensuring a beautiful tomorrow

Safety and transparency	17
Inspiring more responsible beauty	18
Committed beauty	19
Towards more conscious sourcing	20

3. Sephora Red Heart

<i>Championing a world of inspiration and inclusion</i>	22
Building a diverse workforce	23
Grounded in inclusion	26
Community engagement	28

4. Sephora Green Heart

<i>A shared responsibility</i>	32
Caring for the climate	33
Reduce, Reuse & Recycle	38
Promoting innovative circular solutions	39
 Annex	 40
Methodological notes	41
Table of references	42
Footnotes	43

To our beauty community

The launch of our first Sephora Global Impact and Progress Report marks an important milestone for all of us at Sephora.

Being the worldwide leader and the only Prestige beauty retailer that is global also brings great responsibility. True to our Purpose to champion a world of inspiration and inclusion where everyone can celebrate their beauty, Sephora is committed to making a positive difference for our 52,000 colleagues, our 66 million active loyal customers and communities hosting us worldwide, and to inspire positive change for our industry.

For the first time, we articulate Sephora’s commitments through the deliberate actions that we have committed ourselves to, for contributing to pivotal social and environmental results.

This report traces Sephora’s journey through our social and environmental efforts and celebrates the successes we have achieved since the 2000s. As Sephora’s global footprint expands, we are acutely aware of the influence and responsibility we have within the beauty industry. Now, more than at any time in our history, our Purposeful vision ensures that Sephora contributes to more meaningful beauty and sustainable development — where we leverage all opportunities to enhance our operations and collaborate with our partners on long term solutions.

Spanning across our network of 34 markets worldwide, of our 3,000 stores, our distribution centres and headquarters, this report is a manifesto of Sephora’s ambition to foster meaningful beauty and sustainable development, which we aim to achieve through the implementation of our Global Red Heart and Green Heart Roadmaps. We consider these ambitions and targets – fuelled by the LVMH Group’s social and environmental commitments – as a challenging and powerful journey for Sephora.

This is a first edition, but also a promise for an unwavering commitment to enhanced reporting and greater transparency detailing our impact and results.

We trust that the content of this report will amplify conversations and reflections about the influential role Sephora plays within its global beauty community.

Guillaume Motte
Sephora President
and CEO

Deborah Yeh
Sephora Global
Chief Purpose Officer



« **Sephora contributes to more meaningful beauty and sustainable development.** »

About **this report**

This is the first edition of Sephora’s Global Impact and Progress Report, showcasing our efforts to monitor, progress and disclose our social and environmental performance over time.

It outlines Sephora’s commitments and key achievements through global, regional and local initiatives - identified through the “Zoom In” sections in the text and social and environmental performance data.

The Annex specifies methodological notes and additional details on covered KPIs.

We hold ourselves accountable to increase the measurability of our impacts and drive our social and environmental commitments towards progress, in a coherent way with other business metrics.



The words we use in the report

Beauty Advisors
Sephora’s employees working in stores, who are trained to help customers discover our Beauty Selection.

Purpose
It is why we exist, it is what we bring to our community, and it empowers all of us to participate in beauty.

Underserved/underrepresented communities
Groups of people who are not adequately served by Sephora and/or the beauty industry, given their population size, reach and cultural standing within a specific region or market.

Leading with Purpose

With 52,000 passionate employees operating in 34 markets¹, Sephora connects customers and beauty brands within the world's most passionate beauty community

3,000

Points of Sale²
through our global
omnichannel network

1.8 billion

visits/year to our
stores, e-commerce
and digital platforms

66 M

Active loyal
members

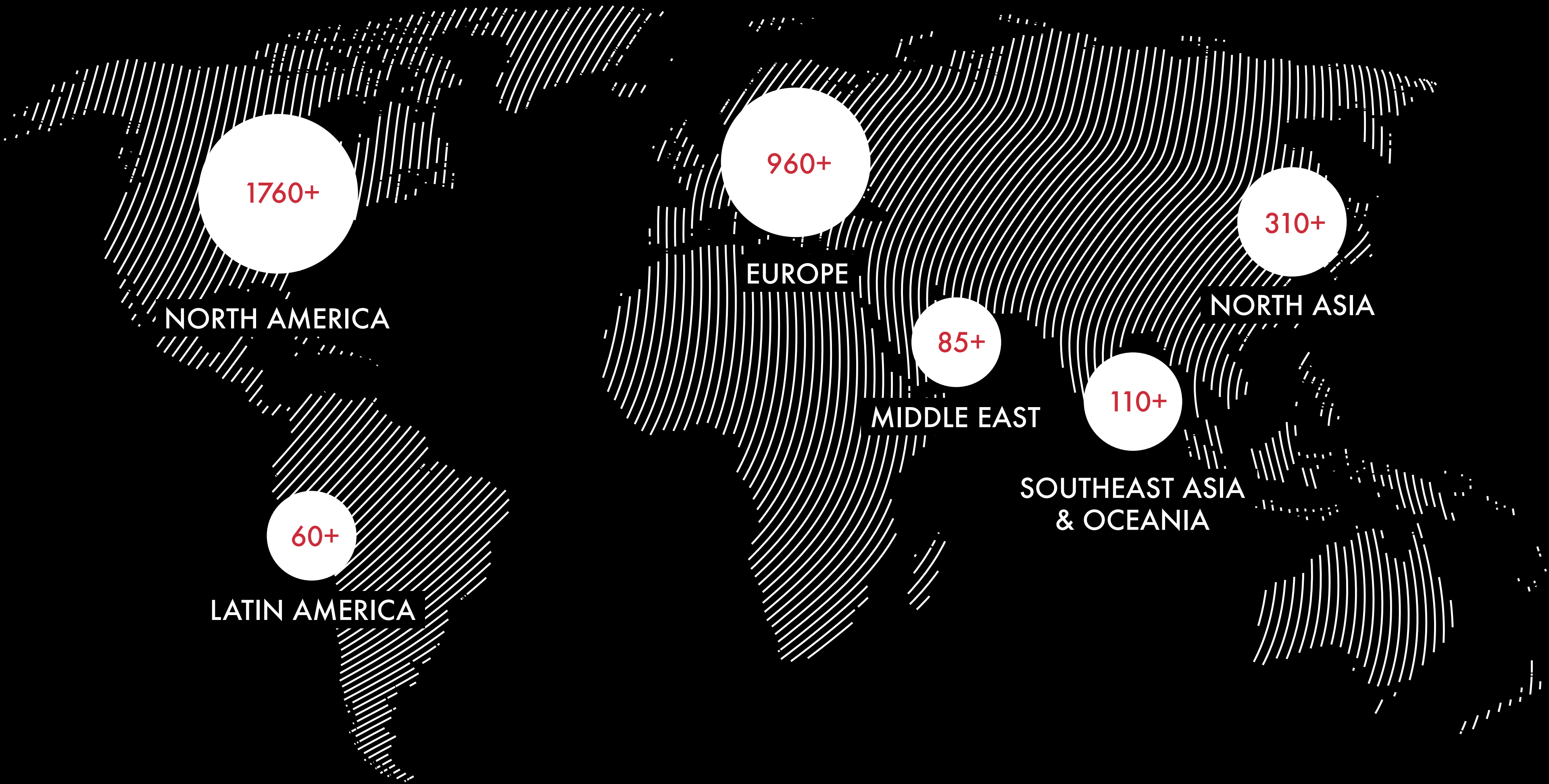


Our global footprint

Sephora serves a highly engaged community of hundreds of millions of beauty followers across its global omnichannel network.

Since its inception in 1969 in Limoges, France, and as part of the LVMH Group since 1997, Sephora has been disrupting the Prestige beauty retail industry.

Sephora's Points of Sale worldwide



Our Purpose

Our Purpose is the North Star for all our actions and it is what Sephora looks like when we are at our best

Sephora's founder Dominique Mandonnaud said: "We believe in a beauty without dictates and without judgement. We believe in a world where everyone is free to discover and express all facets of their beauty".

Today, we embrace this principle to shape our enduring Purpose³.

We believe beauty can be a force for positivity with the power to uplift and transform. It lives in all of us. It connects us to each other. It is why we work at Sephora.

We are a company that inspires, a true beauty wonderland. A company that stands for inclusion for beauty in every form. A company that embraces the pure joy and unfiltered form of beauty.

Our Purpose is who we are, who we have been, and what we bring to the world every day.

It is what we look like at our best.

It is in how we uplift our partners, and champion their success.

It is in how our people find meaning and belonging in their work and each other.

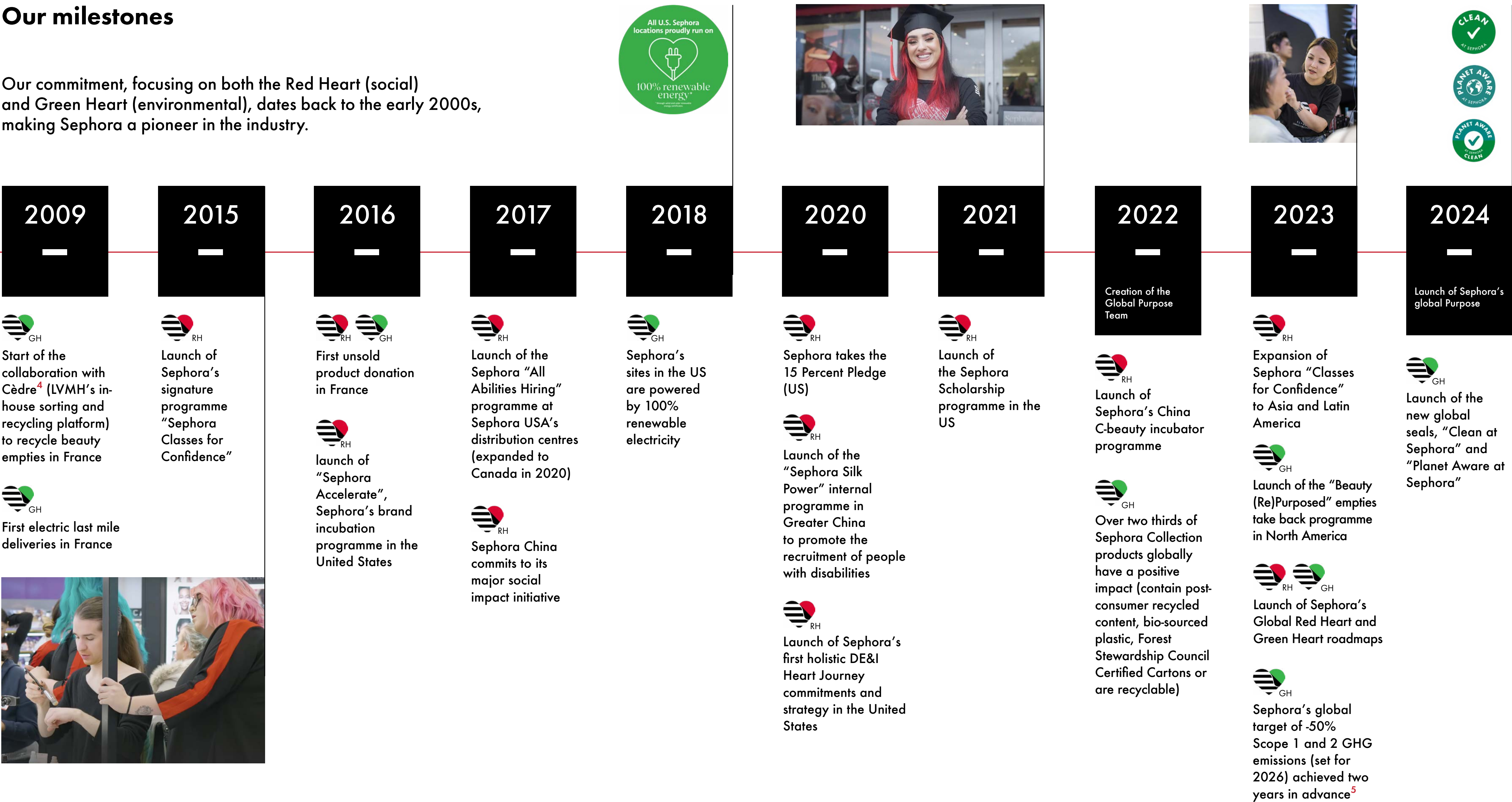
It is in how we inspire our clients to dream and discover beauty together.



We champion
a world of
inspiration and inclusion
where everyone
can celebrate
their beauty

Our milestones

Our commitment, focusing on both the Red Heart (social) and Green Heart (environmental), dates back to the early 2000s, making Sephora a pioneer in the industry.



Our impacts

Sephora's strategic and operational directions are shaped by stakeholder expectations and key trends in the national and international context. These include evolving regulations, disclosure requirements and advancements in sustainable development, which influence Sephora's Red Heart and Green Heart roadmaps and actions.

The following social and environmental megatrends have concrete impacts transversally on the retail sector and specifically on the beauty industry.

From a social perspective

Multidimensionality of Beauty

Consumers want to feel represented in the products they buy. Inclusiveness and equality of treatment are crucial both internally and externally, as DE&I is seen as a competitive advantage.

Fair Treatment of Workers

This encompasses fair wages and decent working conditions, aligned with fundamental human and labour rights, for both direct employees and workers in the value chain.

Employee Training and Development

Opportunities for upskilling and reskilling are essential in adapting to the evolving labour market influenced by innovation and technology.

Employee Retention Strategies

The impact of phenomena like the recent "great resignation" highlights the importance of employee retention, attraction and selection plans. Corporate culture and values are key to increasing employee satisfaction and employment quality.

From an environmental perspective

Plastics, Packaging and Waste

Increasing regulations⁶ push companies towards the adoption of more virtuous circular business models. These also include specific restrictions on raw materials (e.g., microbeads) that will impact the cosmetics industry by imposing a shift from a manufacturing and production point of view.

Product Transparency

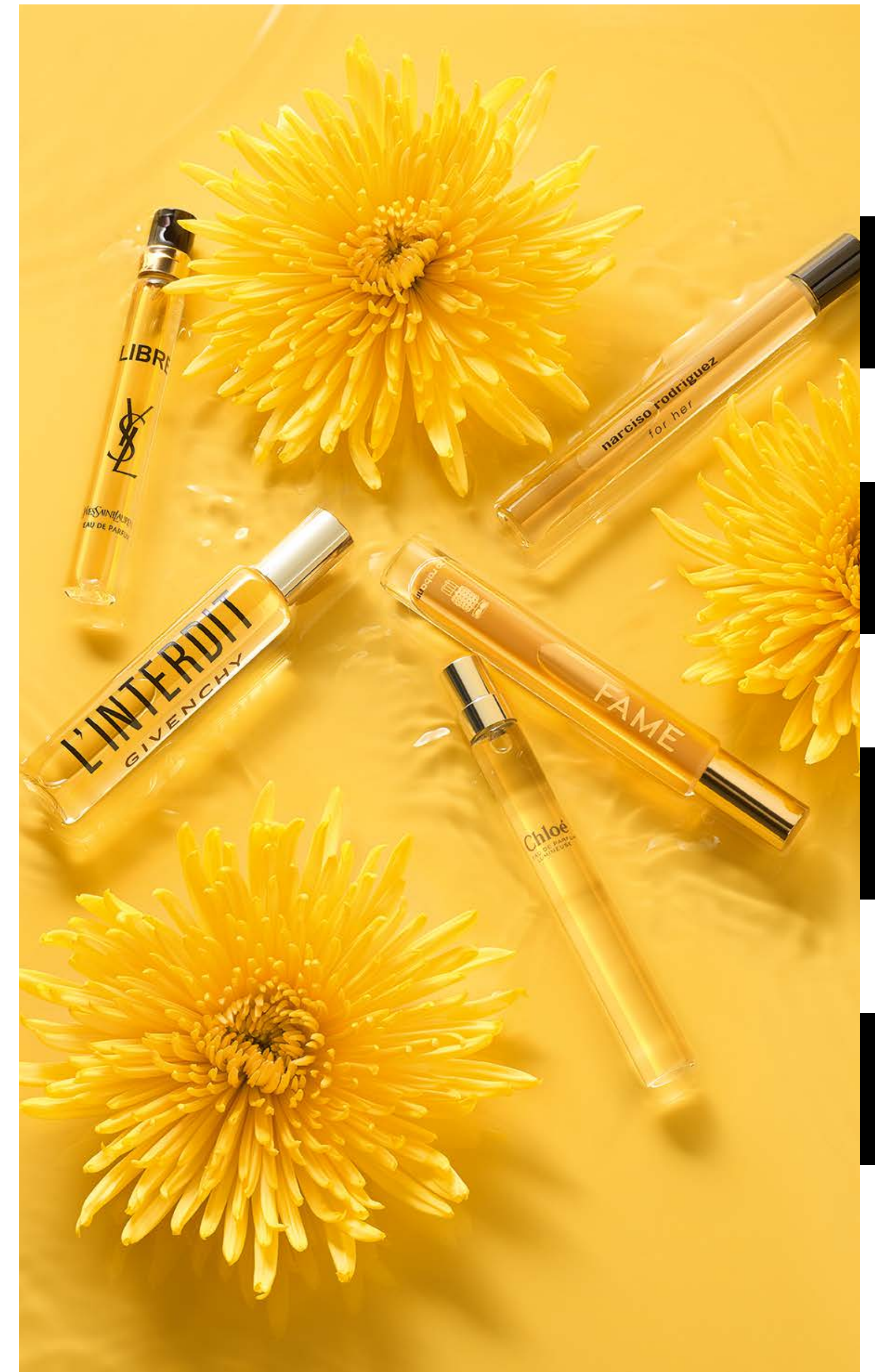
Customers demand more information on ingredient sources and raw materials⁷, with a focus on both harmful chemicals (e.g., PFAs) and environmental impacts.

Climate Change





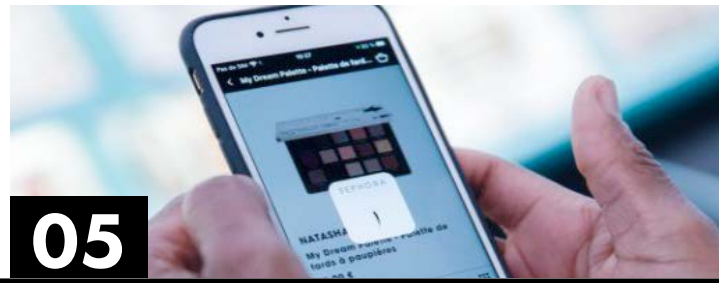
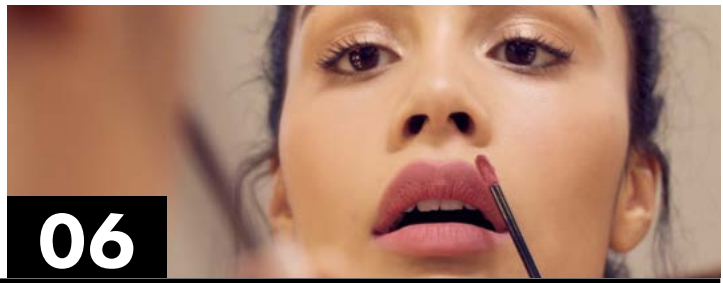









The 2015 Paris Agreement⁸ set targets to limit temperature rise. Current scenarios show shortfalls in meeting these goals. For the beauty industry, significant CO₂ emissions come from product use and end-of-life.

Ecosystem Dependency

Over half of global GDP depends on natural ecosystems⁹. The beauty industry's reliance on natural ingredients underscores the importance of preventing biodiversity loss and resource scarcity due to ecosystem exploitation.



Sephora’s ability to influence and impact throughout the value chain

					
 					
Product selection	Supply planning	Logistics & distribution	Elevated store experience	E-commerce	Product use & End-of-Life
<ul style="list-style-type: none">> Access opportunities to enter the beauty industry for diverse brand founders> Advocate for positive-impact solutions (Sephora’s global seals)	<ul style="list-style-type: none">> Balance between supply planning efficiency and better sustainability> Evaluation of suppliers’ environmental and social compliance	<ul style="list-style-type: none">> Transport optimization> Airfreight reduction> Green deliveries to stores	<ul style="list-style-type: none">> A place for inclusion: Classes for Confidence and Safe Spaces> Energy efficiency measures, consumption monitoring, and switch to renewables	<ul style="list-style-type: none">> Weight optimization for e-commerce parcels> Transition to alternative materials for packaging (e.g., FSC-certified paper and cardboard)	<ul style="list-style-type: none">> Product donations and partnership with brands for charity campaigns> Greater transparency on product-related information> Take-back schemes for beauty empties in stores
					
 Sephora Collection <ul style="list-style-type: none">> Accessible and inclusive prestige beauty experience> Progressive transition to more responsible sourcing> Internal quality checks to ensure compliance with social and environmental requirements					

Materiality at Sephora

The previously mentioned social and environmental megatrends served as a starting point for conducting Sephora’s first global materiality analysis.

This analysis aims to identify the social and environmental topics most significant for our business and key stakeholders, considering their actual or potential, positive or negative impacts on the economy, environment and people.

The evaluation takes into consideration both direct operations and impacts that may occur in the scope of business relationships along the value chain.

The results of the 2023 materiality assessment¹⁰ show 11 material topics for Sephora and its stakeholders, out of the 22 that have been rated.

Among the Red Heart material topics, “Respectful working environment and employee engagement” and “Gender equality” have been evaluated as the most relevant for the stakeholders and for Sephora respectively. Green Heart topics show instead a strong focus on the shift towards systems and initiatives inspired by circular economy principles, clean products and customers’ environmental awareness.

The results thus further confirm Sephora’s priorities both in the social and environmental fields.

Information on the assessment methodology and the topics’ definitions can be found in the final Annex.

▲ Red Heart

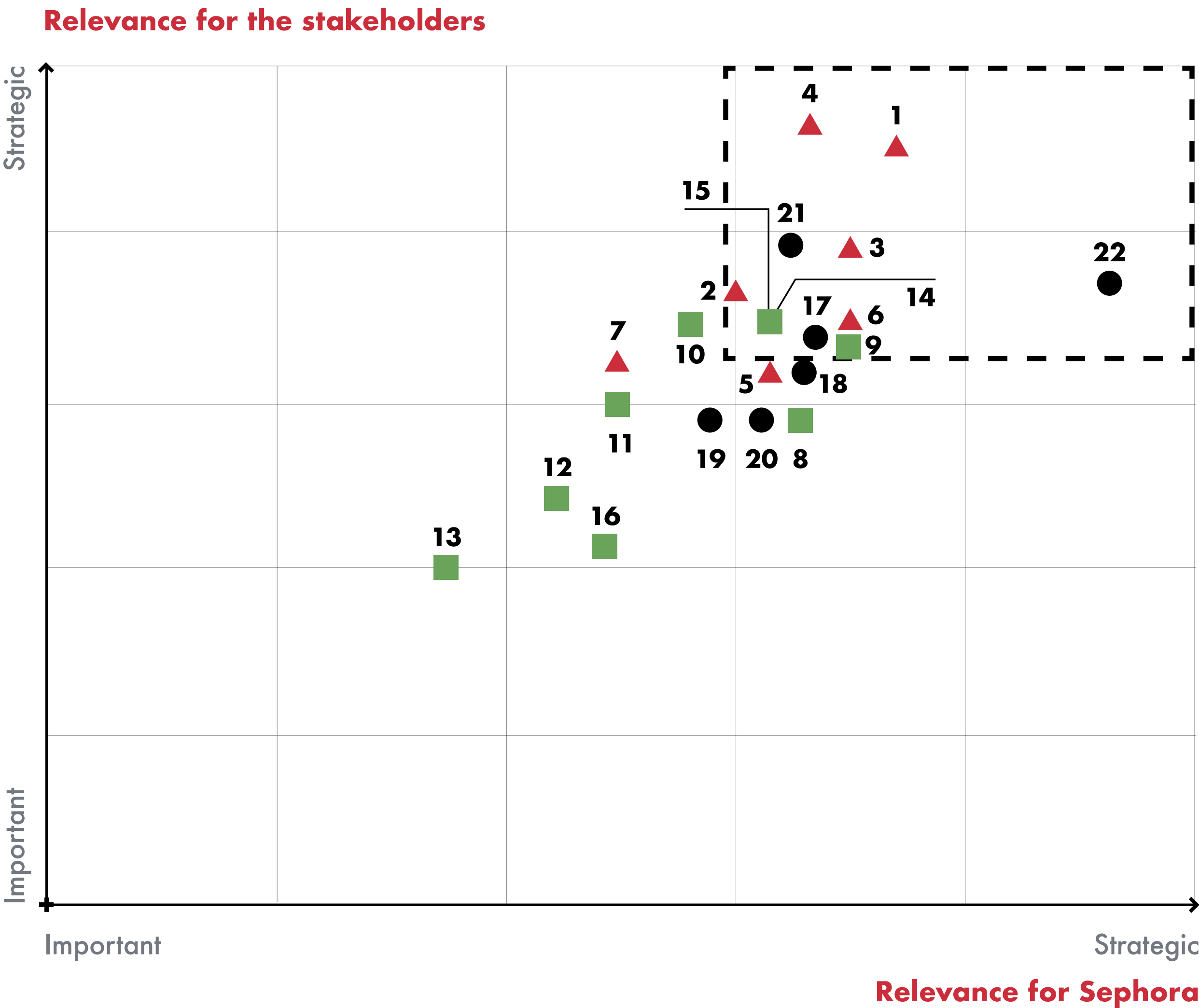
- 1 Gender equality
- 2 People with disabilities
- 3 Other underrepresented communities
- 4 Respectful working environment and employee engagement
- 5 Training & development
- 6 Talents attraction, selection, and retention
- 7 Community engagement

■ Green Heart

- 8 Energy efficiency and consumption
- 9 Reduce, Reuse & Recycle
- 10 Waste pollution
- 11 Sustainable raw materials
- 12 Natural ingredients
- 13 Biodiversity
- 14 Clean products
- 15 Customers’ environmental awareness
- 16 Financial impacts of climate change

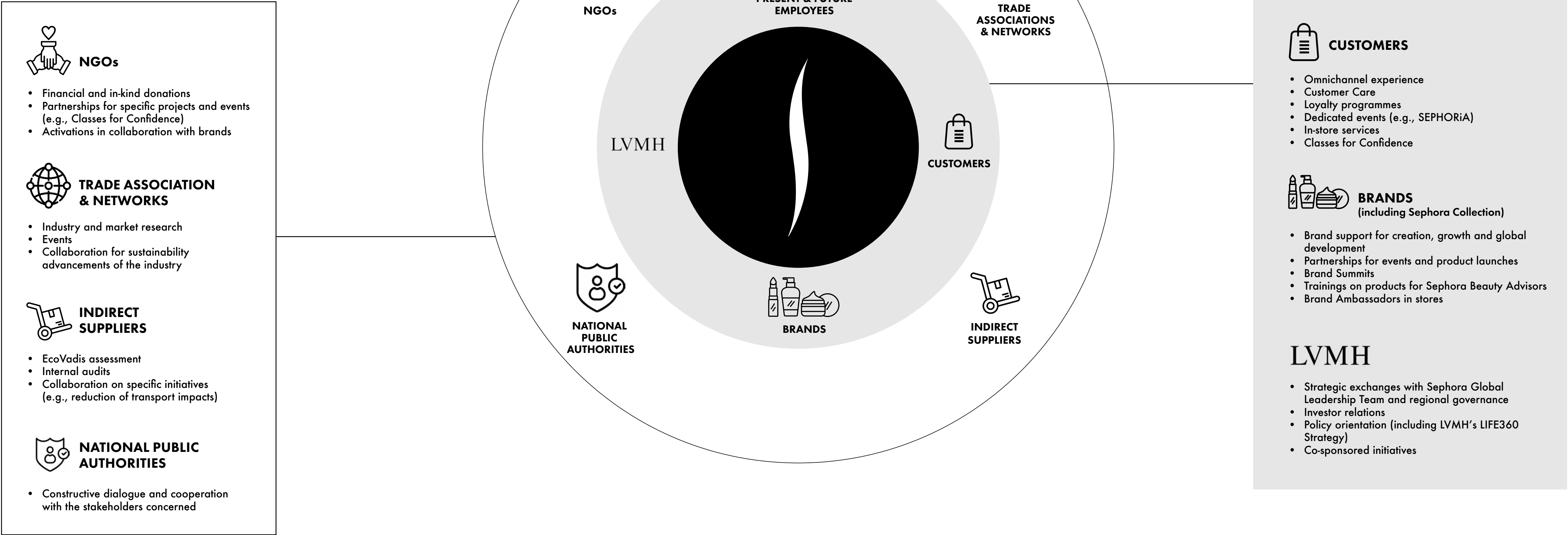
● Other topics

- 17 Fundamental human & labour rights in the supply chain
- 18 Stakeholder engagement
- 19 Innovation & technology
- 20 Responsible sourcing
- 21 Transparency & information availability
- 22 Brand reputation



Our key stakeholders

We nurture the relationships we have built with our internal and external key stakeholders through dedicated dialogue channels and frequent interactions. These connections provide us with valuable insights into their present and future expectations.



Positively influencing the retail and beauty industries

Sephora plays an active role, both globally and locally, in several industry associations with a strong focus on sustainability and promoting safer and more innovative ingredients in beauty products.



In 2015, Sephora North America has helped develop the Beauty and Personal Care (BPC) Product Safety Rating System, a science-based scorecard with 32 KPIs, in collaboration with industry leaders and the **Environmental Defense Fund**. The collaboration with EDF has also extended in 2019 for the development of Sephora’s US Public Chemical Policy. Since 2022, the partnership is also active at the global level.



Sephora USA is among the members of the **Retail Industry Leaders Association** (RILA), the US trade association for the retail industry. RILA was one of the partner organisations that contributed to bringing to life “The Racial Bias in Retail Study” commissioned by Sephora, the first research study on the topic in the US.



The **Valuable 500** is a global movement that is dedicated to making disability inclusion a greater part of the business leadership agenda. Sephora joined the movement in 2021 by committing to strengthen its initiatives in favour of the inclusion of people with disabilities.



The “**Fédération des Entreprises de la Beauté**” is the French trade association for the cosmetics industry. Sephora has partnered with this association on projects related to sustainable industry development, including defining eco-design guidelines for Point of Sales’ (POS) materials in selective retailing¹¹.



Since partnering with **Novi Connect**¹² in 2018 in North America, and expanding to global partnering in 2022, Sephora has supported brands in complying with Sephora’s ingredient policies and environmental seals to find more sustainable options for formulas and packaging.



In 2018, Sephora joined **Change Chemistry** (formerly GC3, the Green Chemistry and Commerce Council), a collaboration of more than 110 members across multi-industry value chains that aim to make safer and more sustainable chemistry widely available in the marketplace by driving new collaborations, strategies, and policies that systematically change chemistry. Sephora Global is active in their Retailer Leadership Council working group, an active learning community that collaborates to promote safer and more sustainable chemicals, materials and products across retail value and supply chains.



ChemFORWARD, a science-based, non-profit organisation dedicated to creating broad access to chemical hazard data and illuminating safer alternatives, has worked with Sephora North America since 2018. In 2022, Sephora joined ChemFORWARD’s “Know Better Do Better Collaborative” with other industry leaders.



With **Open to All**, a non-profit nondiscrimination programme, Sephora USA co-created the Mitigate Racial Bias in Retail Charter and brought together over 80 retailers - including LVMH and some of its Maisons - to sign and pledge to ensure a more welcoming retail environment for all by establishing processes and practices that can help mitigate racial biases in the shopping experience.



Sephora is a member of the **National Retail Federation** (NRF), the world’s largest retail trade association.




The **EcoBeautyScore** (EBS) Consortium, founded in 2022, includes 71 industry players developing a common environmental impact assessment and scoring system for cosmetic products. LVMH has been part of the consortium since its inception.

Our commitments

In 2023, Sephora developed its first Red Heart and Green Heart strategic roadmaps, setting global aspirations for the medium and longer term.















 Sephora's global **Red Heart** roadmap is built on three pillars:

- **From the inside** – elevating women, people with disabilities, and other underrepresented communities within our workforce.
- **In our culture** – finding ways for employees to be actively engaged in our Purpose.
- **With our communities** – building inclusive retail experiences that welcome everyone to the world of selective beauty and give back to our local societies.

 Sephora's global **Green Heart** roadmap is structured around three key pillars aiming to generate a positive impact throughout our value chain:

- **Clients** – reinforce our trusted relationship through greater education and transparency, all while motivating more sustainable habits.
- **Brands** – highlight and incentivise more sustainable brands and products, attracting emerging more sustainable players and empowering established brands.
- **Retailing operations** – build more sustainable retailing practices and operations across our stores and e-commerce, fostering employee engagement and awareness.



Roadmap	Topic	Goal/KPI	Target	2023 Global Achievements
 Red Heart	Gender Representation	<ul style="list-style-type: none"> > Women in Group Key Positions (GKP)¹³ roles > Women in GKP succession plans 	60% by 2023 100% by 2026	 63%  71%
	People with disabilities	<ul style="list-style-type: none"> > People with disabilities employed by Sephora 	2% by 2025	 2.7%
	Under-Represented Communities	<ul style="list-style-type: none"> > Target disadvantaged populations in each of our top 10 markets 	Specific under-represented populations are targeted at market level (including LGBTQI+, race & ethnicity, people 55+ y.o)	Progress is not calculated at a global level, depends on the specificities of the Regions and of their markets
	Local Communities	<ul style="list-style-type: none"> > Scale Classes for Confidence 	4,000+ attendees by 2026	 1,038
	Employee Engagement	<ul style="list-style-type: none"> > Social and environmental activations 	10% employees involved in volunteerism or other engagement by 2026	 10%
 Green Heart	Energy & Emissions	<ul style="list-style-type: none"> > Scope 1 & 2 (direct operations) > Renewable electricity > Energy metering solutions in stores > Full LED stores > Zero “Bad stores” (electricity consumption) 	-50% by 2026 (vs 2019 baseline) 100% renewable or low-carbon energy by 2026 100% stores equipped with an energy metering solution 100% full LED stores by 2026 0 stores with an electricity consumption intensity > 500 kWh/m² in 2023	 -55% ¹⁴  85% renewable electricity  66%  94%  8% >500 kWh/m²
	Waste	<ul style="list-style-type: none"> > Reduction in plastic & paper waste 	2-4k tons estimated reduction by 2026	
	Biodiversity	<ul style="list-style-type: none"> > Retail fibre (paper) is responsibly sourced/certified to prevent deforestation 	100% by 2026	 97% FSC or PEFC paper, cardboard & wood

Ensuring a beautiful tomorrow

With our curation of more than 500 brands we offer the most unique and diverse range of Prestige beauty products, tailored to our customers' needs from fragrance to make-up, haircare, skincare and beyond

Our brands' portfolio features

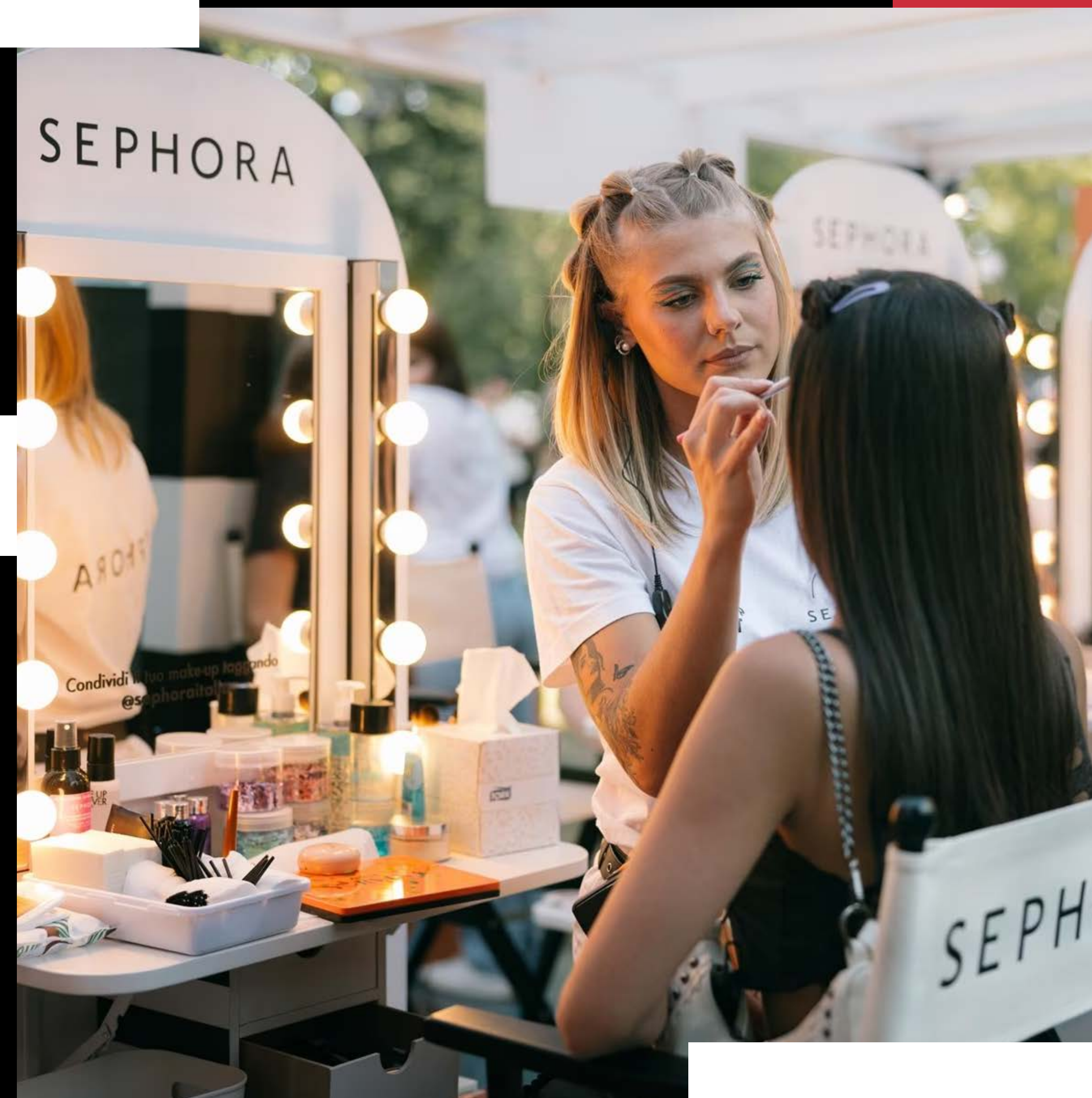
THIRD PARTY BRANDS

- Exclusive - Partner only with Sephora as their sole physical retail distribution point.
- Limited - Partner with Sephora, together with a limited number of non-Sephora distribution points.
- Broad - Widely available brands.

PRIVATE LABEL

Sephora Collection

- Our own label, offering make-up, skincare, body, hair, and accessories.



Safety and transparency

Our vision and commitment to high-quality beauty products includes protecting the beauty of our customers. This responsibility emphasises product safety and sustainability.

Sephora Collection products adhere to standards for quality, traceability and safety.

This is reflected in Sephora Collection's rigorous selection of cosmetics ingredients and packaging materials, in line with robust LVMH guidelines, built on the most demanding industry standards.

In the United States, Sephora publishes its **Public Chemicals Policy**¹⁵ annually and related annual reports, providing guidance and training to its suppliers on reducing chemicals of concern and in identifying safer alternatives. Our expanded high-priority chemicals list, updated in 2023, includes chemicals in packaging, specifications for fragrance products, and addresses product safety, environmental justice and ingredients in BIPOC brands¹⁶.



Inspiring more responsible beauty

Sephora launched its “Clean at Sephora” programme in 2018 in the US, followed in 2020 by Europe’s “Good for” programme.

Building on these initiatives, we have unveiled our new global seals in March 2024, “**Clean at Sephora**” and “**Planet Aware at Sephora**”. These new seals are the result of two years of robust work led by our teams across all Regions, supported by environmental and scientific experts, to develop a common point of view, shared frameworks, and speak a common language when it comes to more sustainable beauty at Sephora. They mark a significant step forward in our mission to give more transparency to customers. Our new seals are indeed unified across Regions and apply at the brand level.

Through this global launch, we have the ambition to **influence the cosmetics industry** and encourage brands to make more responsible choices, notably in the conception of their products through

formulas, ingredient sourcing and packaging as well as in their corporate commitments by helping our brand partners build their journey to comply with our standards.

Our new global seals



✦ Clean at Sephora

It offers brands with formulas that go beyond regulatory standards to avoid certain ingredients without sacrificing on effectiveness. At launch, 133 brands worldwide have met the “Clean at Sephora” ingredients list.



✦ Planet Aware at Sephora

It introduces brands that have met specific criteria for ingredient sourcing and formulation, packaging, corporate commitments, and consumer transparency. “Planet Aware at Sephora” brands must comply with a minimum of 32 mandatory criteria across these four key sustainability-related pillars. For each pillar, criteria will guide brands by providing a pathway of best practices to move from incremental to transformational changes. At launch, 40 brands worldwide have met these criteria.



Clean & Planet Aware at Sephora

It introduces brands that have met both sets of criteria. At launch, 39 brands worldwide have met these combined criteria.

These seals will be available in stores and online starting April 2024 in North America and Europe; they will be rolled out across the Middle East, South-East Asia, and Latin America by the end of 2024, ending with China in 2025.

Focus

In North America, our “10 Sustainability Guides” provide brands with eco-design practices for packaging, safer ingredient alternatives, raw material sourcing, supplier responsibility, renewable energy, store materials, climate impact and recycling instructions. Further guidelines will also be added in 2024.

To support the transition towards greater product sustainability, a new sustainability education series has been launched in summer 2024.

It will arm brands at all points in their sustainability journey with helpful insights to inspire more sustainable business practices. Because, when we harness our collective power, we drive an even greater positive impact together.



Committed beauty

Our commitment to meaningful beauty means ensuring beauty is accessible to everyone and in a way in which they can recognise themselves.

We strive to offer an inclusive shopping experience, both in-store and online, with a product assortment that reflects our diverse clients' needs in an accessible and welcoming environment.

Zoom in



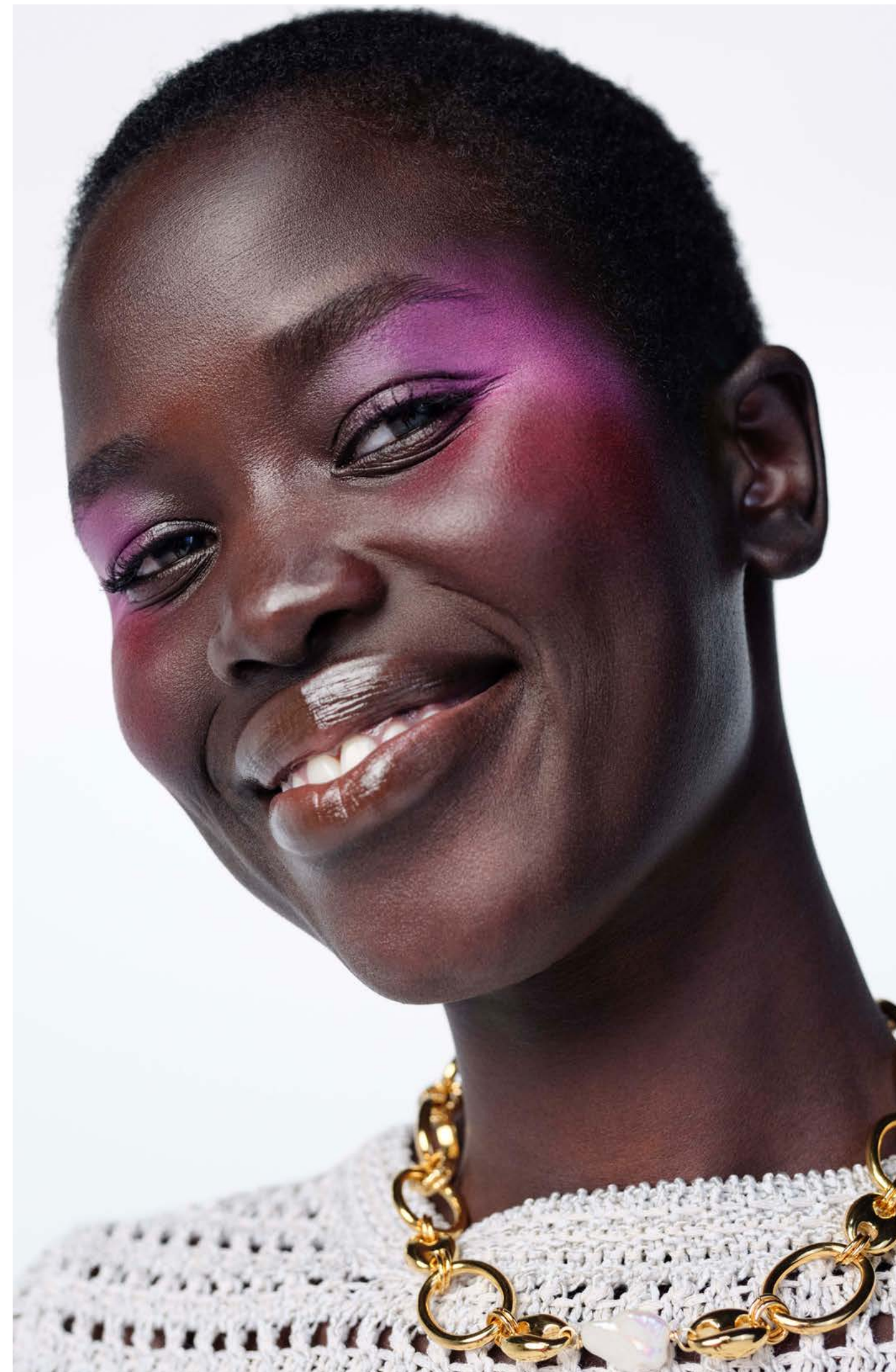
Fifteen Percent Pledge¹⁷

In June 2020, Sephora became the first major retailer to take the Fifteen Percent Pledge, dedicating at least 15% of its assortment to Black-owned brands in the United States. Today, we have more than doubled our overall assortment of Black-owned brands, including achieving 15% in the hair category. Currently, 28 Black-owned brands are carried at Sephora US, up from just 8 in 2020.



Sephora China's C-beauty brands incubator programme

In 2022, Sephora China announced the launch of its first ever incubator programme for supporting premium Chinese beauty brands. The programme is aimed at increasing the diversity of brands within the beauty industry. For this reason, Sephora China supports the selected C-beauty brands not only from a commercial and expansion point of view, but also in developing their international vision.



Zoom in



The programme provides instruction, mentorship and access to funding, supporting each founder's development through a collaborative approach.

Initially focused on women entrepreneurs from the US, Canada, Mexico and Brazil, the programme addressed two main issues:

- Equal access to funding, connections and business instruction for women.
- The under-representation of female founders in the beauty industry, despite the majority of customers being women.

Sephora Accelerate

Launched in the United States in 2016, Sephora Accelerate is a brand incubation programme dedicated to building a community of innovative and inspirational beauty brand founders. Founders are selected based on their passion for their business, their ability to innovate, and interest in their brand or product.

In 2021, the programme shifted its focus to BIPOC founders who participate in a six-month training journey to gain the skills needed to build and sustain successful businesses, with ongoing support from Sephora. Sephora provides them with digital and in-person resources, with a direct connection to our community and its ecosystem. Since 2021, 33 entrepreneurs have graduated from the programme, and more than half of the Accelerate brands from the 2021–2023 cohorts have been launched at Sephora.

Towards more conscious sourcing

Our relationships with brands and indirect suppliers are anchored in responsibility, fairness and integrity. During the selection phase, we screen potential suppliers for their ethical, social and environmental performance before choosing to work with them.

Sephora communicates the **LVMH Supplier Code of Conduct**¹⁸ to all suppliers, with a focus on labour standards, social responsibility, environmental protection and business ethics.

To ensure compliance, Sephora conducts audits of its suppliers and subcontractors, focusing on continuous improvement.

In the case of non-compliance, Sephora provides support through corrective action plans and follow-up audits.

For indirect suppliers, audits are conducted via the EcoVadis assessment¹⁹, which monitors their social, environmental and ethical performance over time.

Focus



The EcoVadis assessment of strategic indirect purchases

Since the adoption of the EcoVadis evaluation system almost six years ago, indirect suppliers representing 95% of our strategic purchases are now engaged in the evaluation. Selection criteria include the supplier's impact on our business and market complexity. Locally, dedicated training sessions support suppliers in improving their EcoVadis scores.

Raw materials consumption

In 2023, we purchased and consumed **5,011 tonnes** of raw materials²⁰.

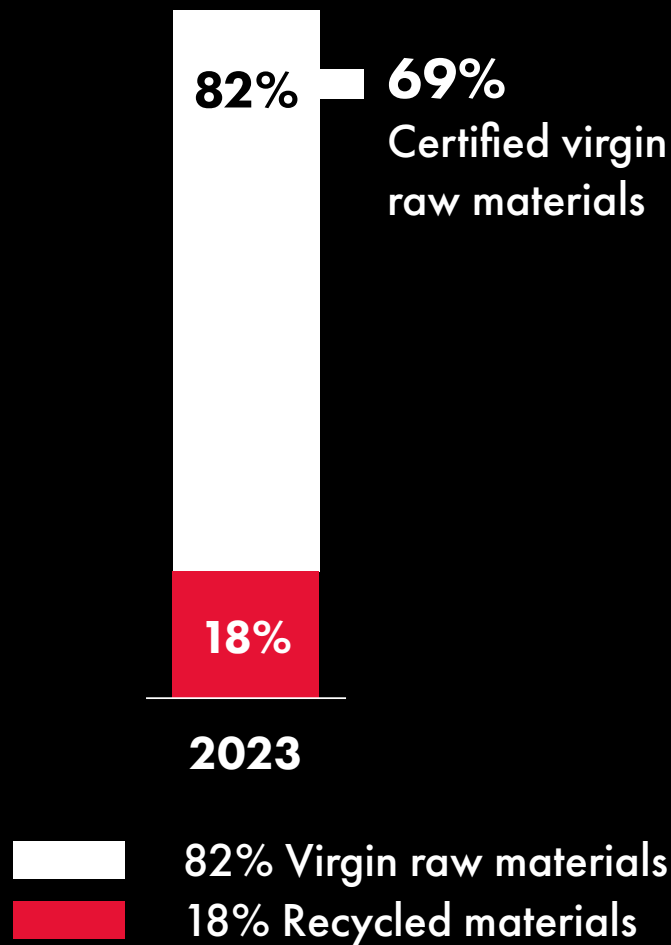
The main usage (79%) is for packaging directed to customers. Of this, 29% were plastics and 62% paper/cardboard (81.3% is certified FSC, and specifically 19.2% FSC-mix).

Among consumed quantities, Sephora Collection ingredients count 89% of palm oil derivatives certified RSPO Mass Balance or Segregated. Cane sugar ethanol is used in minor proportions.

Other raw materials purchases relate to:

- **Small accessories** (e.g., pouches), for which 60% of used cotton is recycled.²¹
- **Packaging** for logistics in 2023 primarily included wood (cedar).
- **Visual merchandising** in stores (POSM) comprised wood (8% PEFC-certified), metals, plastics (including polyester fibre) and paper/cardboard (83% is FSC-certified).
- **Uniforms** for our Beauty Advisors are mainly in polyester fibre, and a small amount of cotton is also used (95% GOTS certified).

Raw materials used in 2023, by type



Sephora Red Heart



At Sephora, our people are our greatest strength. Their commitment and passion inspire us and drive us forward.

87%
of employees
identify as women

2.7%
employees with
disabilities

€10.4 M
donated to communities
in need



Championing a world of inspiration and inclusion

We are dedicated to upholding inclusive behaviours across our organisation. And we believe that true beauty is the authentic nature in each one of us.

In alignment with the LVMH Code of Conduct, we have identified 12 DE&I commitments.



Sephora’s DE&I commitments

- 1. Provide a fulfilling and safe environment for our people and customers.
- 2. Work responsibly and supportively towards our customers, colleagues, environment, and shareholders.

Employees

- 3. Recruit diverse talents, tailored to local contexts.
- 4. Train all employees on DE&I.
- 5. Integrate DE&I throughout the employee lifecycle.
- 6. Create sharing spaces for DE&I discussions and act on feedback.
- 7. Build an inclusive organisation with clear governance.
- 8. Celebrate DE&I globally.

Customers

- 9. Ensure an inclusive shopping experience online and in-store.
- 10. Communicate our stance against social injustice and for ecosystem empowerment.
- 11. Celebrate DE&I with worldwide events and actions.

Ecosystems

- 12. Give back and enable our employees and clients to do the same.

Focus

Sephora’s recognised leadership in DE&I

In 2023, Sephora was recognised for excellence in Corporate Social Responsibility, notably for leadership in Diversity, Equity, and Inclusion during LVMH’s Voices of Inclusion week.



Building a diverse workforce

In 2023, our global community represented more than 187 nationalities and grew to 52,000 + direct employees²².

Among these, 87% identify as women, and 54% are under 30 years old. The Americas host the largest portion of our workforce (59% of the global population).

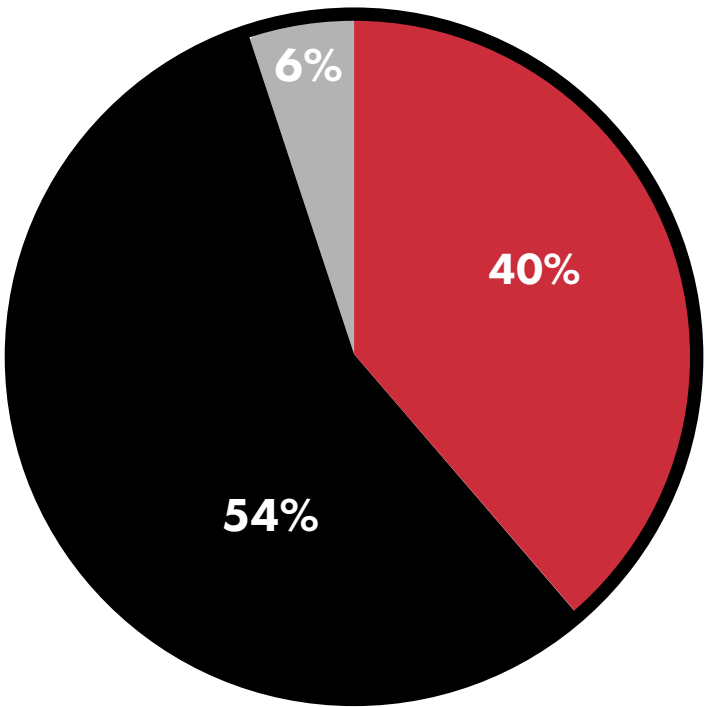
A significant 84% of our employees operates in retail.

Our workforce includes four employee categories: Executives and managers (both at HQs and in the retail network), administrative and retail employees, technicians and supervisors, and production workers (at Sephora USA’s distribution centres).

In Europe, 100% of employees are covered by collective bargaining agreements, and 98% benefit from staff representation.

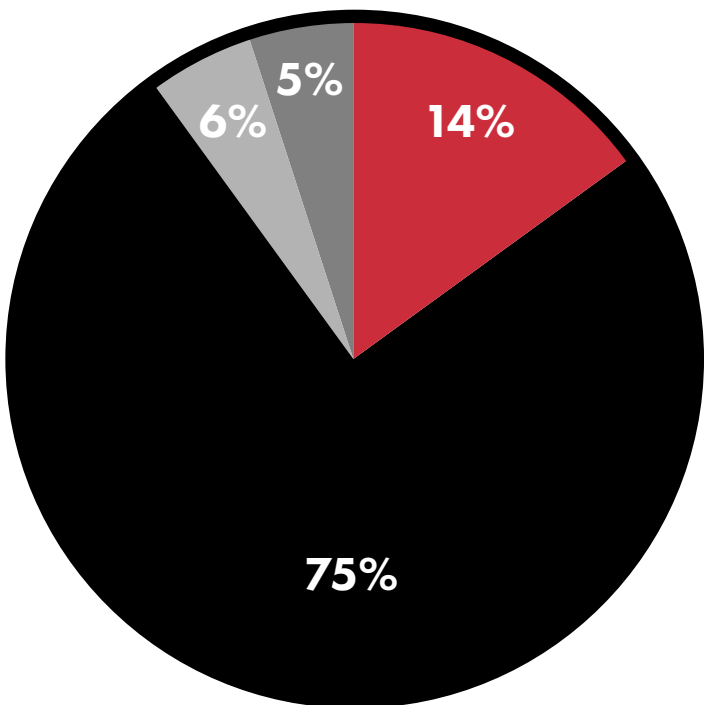


Employees by age range



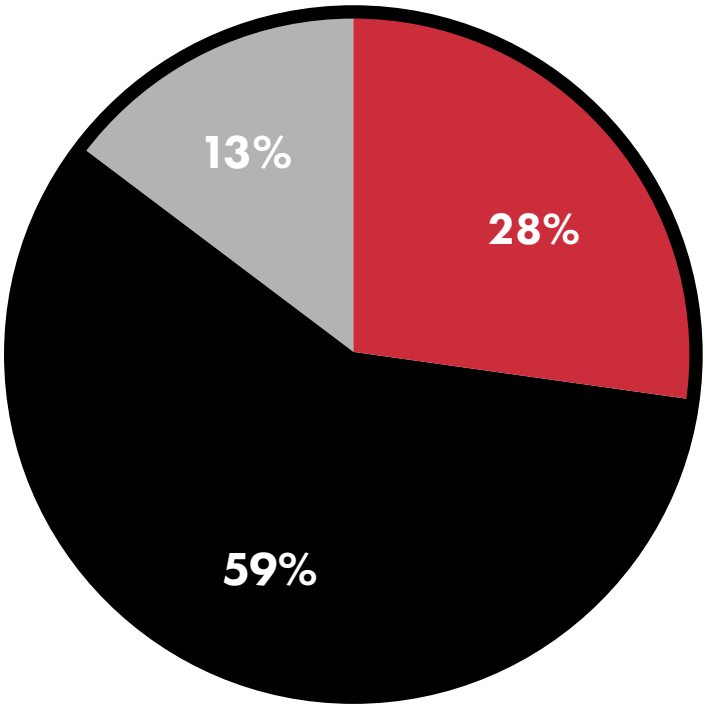
40% <30 years old
54% 30 – 49 years old
6% >50 years old

Employees by category



14% Executives and managers
75% Administrative and sales employees
6% Technicians and supervisors
5% Production workers

Employees by geographies



28% EME
59% AMERICAS
13% ASIA

Zoom in



Internships and work-study programmes in France

We are committed to playing a role in skills development by offering a wide range of internship and work-study opportunities at our head offices in Neuilly-sur-Seine (Paris) and Saran.

Annual work-study programmes and 6-month internships are offered in each of our departments and the Campus team guarantees dedicated support throughout the experience, via an induction programme, individual monitoring sessions and unique events.

For the participants it is a unique occasion to develop their own network, counting on a community of 190+ interns and work-study students in our two head offices.

Focus



Bias-free job posting – there’s an app for that!

In 2023, Sephora Canada adopted a tool designed to eliminate gender and age biases in job postings, sourcing emails, and employer brand content.

Women at all levels

Today, a strong female representation is reached at all levels of our organisation, including in the highest governance body with 8 out of 10 members of Sephora Global Leadership Team who identify as women. Women lead the North America, EME and Asia Regions and our Sephora Collection brand.

63%
women holding GKP roles.

71%
women candidates in GKP succession plans.

80%
women among Executives and Managers.

89%
women in Store Manager roles²³.



Zoom in



International Women’s Day at Sephora

Together we empower, thrive and shine – on International Women’s Day and every day. In 2023, we honoured female storytellers globally through a dedicated campaign, highlighting stories from female brand founders, partners, employees, and Beauty Advisors, who – across all levels – represent Sephora’s collective power and illustrate its long-standing commitment to embracing equity.

Employees connected and learned through story exchanges, particularly with senior leaders and managers²⁴.

Disability with Ability

Aligned with the LVMH 2025 CSR Roadmap, our goal was to hire 2% of employees with disabilities by 2025. We achieved this target in 2023, with 2.67% of our workforce comprising employees with disabilities.

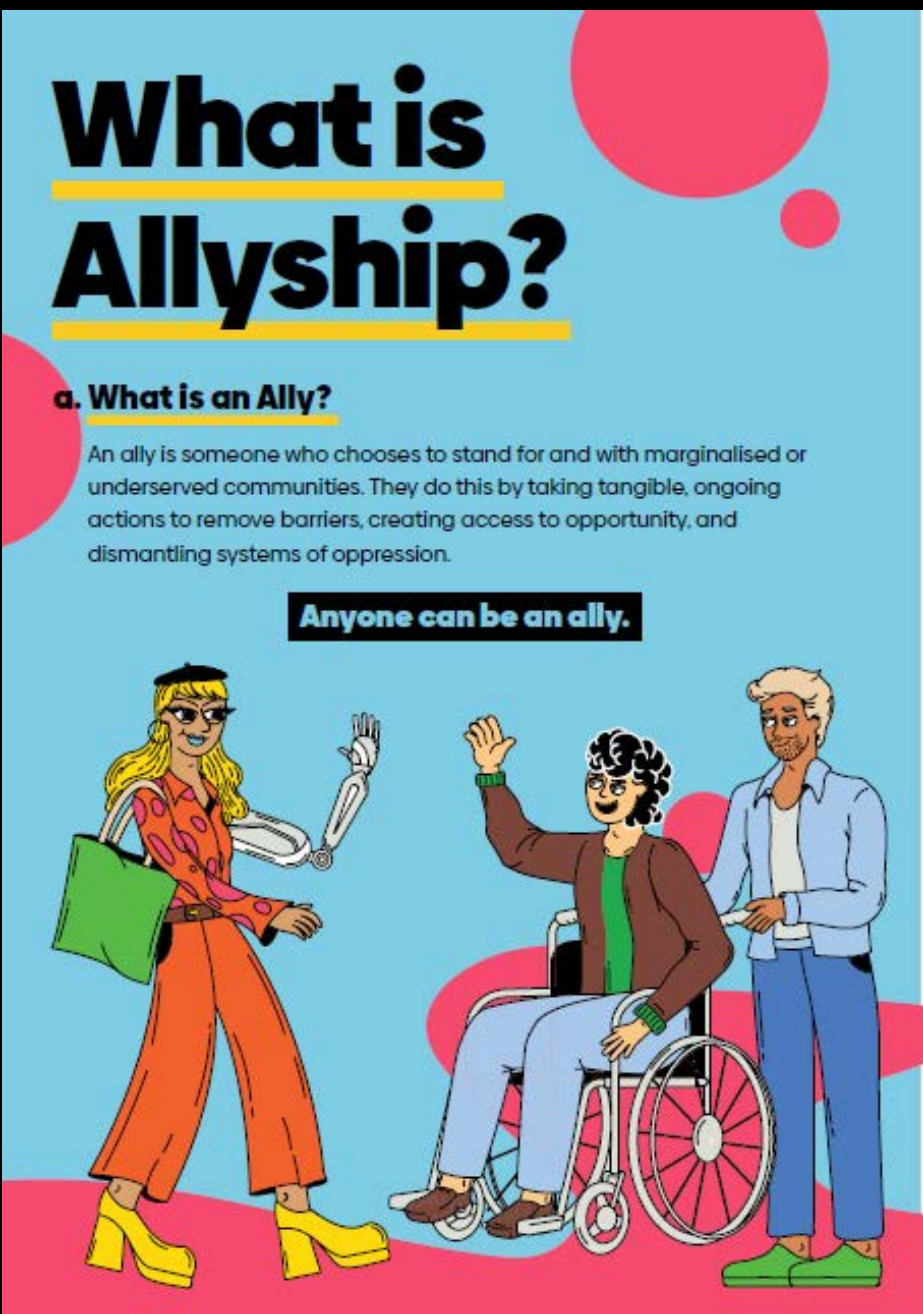
We encourage open communication about disabilities, whether temporary or permanent, visible or invisible, fostering an environment where everyone can reveal their uniqueness. Our Disability Disclosure Guide provides clarity and resources, including dedicated LVMH internal platforms²⁵.

Zoom in

Sephora Asia Disability Allyship Guide

Creating an authentic and inclusive workplace is more than just ticking a box: we want every employee to feel seen, heard, valued, recognised and appreciated, differences notwithstanding. Anyone can be an ally and this is why Sephora Asia has created its Disability Allyship Guide. The Guide explains the meaning of disability in all its forms and what disability allyship includes and why it is necessary.

- Acknowledge and respect for individual experiences and abilities;
- Listening and learning to expand awareness;
- Leveraging own influence to promote accessibility and inclusion;
- Yielding the floor to People with Disabilities, asking for guidance to eliminate barriers.



Zoom in



All Abilities, All Aboard!

Since 2017, Sephora USA’s “All Abilities Hiring” initiative has provided a nine-week training programme for people with disabilities, leading to full-time positions in our distribution centres. By 2023, more than 270 employees with disabilities were hired.

The programme expanded to Canada in 2020, resulting in 97 new hires and further enhancing job descriptions, onboarding practices and accommodations. Future plans include expanding the programme to corporate offices and stores and developing disability-inclusion training.

Sephora Job Shadowing programme in Singapore

Launched in 2022 with MINDS Towner Gardens School, this programme allows students with special

needs to experience working at Sephora stores. In 2023, the programme also included a nine-month period in the tech team. In 2024, further opportunities will be given to students with declared disabilities to experience work in our stores.

Sephora Silk Power Programme in Greater China

This programme promotes the recruitment of people with disabilities. The first part of the programme, named “Explore & Nurture” kicked off in 2020. The second phase, named “Cultivate & Motivate” followed in 2023 and will run until 2025. In 2023, three employees with disabilities were hired, and 30 people received training subsidies.

A dedicated work-study programme in France

Sephora France has signed the AGEFIPH agreement and is committed to recruiting, supporting and developing people with disabilities. As part of this commitment, we work with LB Développement, an organisation specialising in the training and recruitment of disabled workers. Every year, we recruit and train 10 students per semester for a dedicated work-study programme. This initiative allows them to obtain a level 4 RNCP-accredited qualification as BA. In collaboration with ARPEJEH, an association committed to the employment of young people with disabilities, equal opportunities and diversity, we work with the young people supported by ARPEJEH to raise their awareness of the various jobs available at Sephora and help them to start thinking of their future career.

The BIPOC community in North America

Launched in 2021 in the US and expanded to Canada in 2023, the **Sephora Talent Incubator Programme** supports underrepresented talents of colour. The goal is for 50% of the cohort to be from these communities.

So far, some 200 mentees have completed the programme, with over 50% promoted to the next managerial level. The programme includes mentoring, group coaching and individual coaching sessions, and plans to expand to additional locations and create an alumni group for ongoing collaboration.

In 2021, Sephora also launched its Sephora Scholarship programme in the US, designed to empower talents of colour pursuing a licensed career in beauty through tuition support for esthetician or cosmetology school, a paid internship at a Sephora store, and professional training. Since its launch, the programme has supported more than 200 Scholars (126 in 2023).



Grounded in inclusion

In 2021 we launched the **Global Engagement and Belonging Survey**, an annual initiative to ensure participation from all Sephora markets and employees at stores, headquarters and distribution centres.

Through this survey, we aim to understand the strengths and areas for improvement in the employee journey, creating a better, stronger and more empowering work experience.

The 2023 Global Engagement Survey included 40 questions about Sephora's DE&I strategy and actions, covering aspects such as authenticity, inclusive leadership, equal opportunities and safety to address incidents of bias and discrimination.

That same year, the survey achieved a 90% participation rate, a 5% increase from 2022, representing over 35,500 employees worldwide.

ERGs at Sephora

ERGs are a powerful tool for addressing employees' expectations and social causes. ERGs have been launched in several markets with executive sponsorship.

These groups, open to all HQ employees, have a governance structure with a lead team organising initiatives and an extended team supporting their efforts.

In France, three groups were formed in early 2023: **"Pride at Sephora"**, **"EllesVMHxSephora"** and **"Sephora Planet"**. In Italy, Poland and Spain, any employee can join the **Sephora Stands Committee**, contributing to social and environmental initiatives. The primary goal is to raise awareness on relevant issues, foster constructive dialogue and drive change through the realisation of concrete initiatives, including clean-up days and charity sales.

Launched in 2018 at Sephora USA, **"In-Communities"** consist of passionate employees who build connections, advocate for their communities and drive organisational change. These nine ERGs are managed through the "My Sephora Inclusion" platform. In 2023, Sephora Canada launched five In-Communities to support Black, Indigenous, LGBTQI+, East Asian and South Asian employees. In 2023, 10% of the total workforce participated in ERG-led activities and other social and environmental initiatives, including volunteerism.



**EMPOWERED
WOMEN EMPOWER
WOMEN**
ELLESVMH
LVMH X SEPHORA



SEPHORA PLANET



SEPHORA FRANCE

Zoom in



Inclusion Week was a hit!

Although inclusion is a year-round commitment, we honour it with a week-long celebration each year. This year, it took place at our Paris headquarters and was full of action-packed events:

- An awareness breakfast by the Pride at Sephora ERG, with quizzes and ally recruitment.
- An event by EllesVMHxSephora and EllesVMH, hosting a roundtable on deconstructing bias with three female leaders from the Group's Maisons.
- An awareness event on disabilities, in partnership with "Café Joyeux".

These events combined training sessions and direct engagement, fully organised by 23 employees, showcasing bottom-up innovation. Almost 650 attendees participated, with 30 new recruits to our Pride at Sephora and EllesVMHxSephora ERGs. We will extend this to other markets next year.



Learning & Development

Creating a culture of continuous learning is a key priority for Sephora's future development.



In October, Sephora organised its first Global Sephora Learning Week, aimed at fostering functional capabilities and strengthening soft skills. Each day focused on a specific topic: Digital & Data, Well-being at Work, Career Journey and Communication Skills. Classes were conducted as conferences, workshops and e-learning modules, with global, regional and local activations, featuring both internal and external speakers.

We have consistently promoted foundational DE&I training covering topics such as DE&I Fundamentals, unconscious bias, anti-racism and de-escalation. In 2023, 41% of employees globally completed DE&I trainings. In the US, DE&I training is also provided to enhance client experience, focusing on overcoming racism and fostering disability inclusion in retail.

Sephora's first global leadership training programme, launched in 2015, is a cornerstone of our executive leadership development, focusing on three core concepts: leading self, getting results through others and getting results with others. The programme aims to foster a collaborative "Winning Together" culture through coaching, leadership awareness and building a strong global executive network. Since its inception, nearly 500 Sephora Alumni have joined this network, with an additional 110 new members welcomed in the 2023 edition.

SEPHORA WINNING TOGETHER2

Focus

Sephora University, our in-house training institution, was established 15 years ago to support the development of our retail population. It enhances skills in client experience management, product understanding and soft skills like peer-to-peer coaching and store management.

Training paths include:

- **Sephora PRO Team Programme:** Dedicated to Sephora's elite make-up artists, offering multiple levels of training to develop artistry skills in retail.
- **Sephora Beauty Masters Programme:** For Beauty Advisors, focusing on skill development across different product axes.
- **Sephora Floor Leaders Programme:** For Store Managers and Directors, aimed at leading teams to success and becoming role models.
- **Sephora Digital Champion Programme:** Enhances Beauty Advisors' digital and technical skills on social media.
- **Sephora Train The Trainer Programme:** Expands the skillsets of Sephora trainers.



- **Sephora Virtual Retail Coaching:** Provides in-store coaching expertise, open to the training community and retail directors.
- **Sephora Paid Makeup Services:** A craft skill that distinguishes Sephora in terms of knowledge and expertise offered to consumers.

Since 2023, **Sephora University EME has been Qualiopi certified.**

At the regional level, we offer additional retail training to improve artistry skills and client experience, aiming for a higher service quality.

Health & Safety at Work

Sephora is developing a Global Health & Safety strategy for stores, offices and distribution centres to anticipate health and safety risks and work-related hazards, thereby preventing incidents. Currently, **100% of the workforce has access to professional healthcare services.** In 2023, 24% of the total workforce received training in risk prevention and first aid²⁶.



Community Engagement

Giving back to the community

Sephora's teams are deeply engaged in giving back across all our markets, partnering with local and international NGOs.

In 2023, we donated **€10.4 million to communities in need, benefiting an estimated 31,835 individuals**. Specifically, in North America, Sephora has supported 1,623 communities and charities during the year.

Material donations include charity sales to employees and unsold product donations to local NGOs.

Both actions are active in France - as well as the "Arrondi Solidaire" (client donations at checkout) -, and a specific donation framework is also foreseen for Sephora Collection products.

In North America, the Sephora "Giving Programme" includes donation-matching, volunteer rewards, a seeding campaign, product donations and financial grants to key community partners. Key moments supported by this initiative are National Volunteering Month, National Nonprofit Day and Giving Tuesday, where employees actively give back to their communities. All activations are managed through the Benevity platform, accessible to all employees.



Zoom in



Flash the QRcode to discover the videos of the campaign

"mAl colpevoli": Sephora Italy's awareness campaign against gender-based violence

On the occasion of the International Day for the Elimination of Violence Against Women, in November 2023, Sephora Italy shed light on the phenomenon of victim blaming through the awareness campaign "mAl colpevoli" (translated "Never guilty") in collaboration with Pangea ETS Foundation, a local NGO dedicated to listening, welcoming and accompanying women experiencing discrimination and violence. We used generative Artificial Intelligence to process and narrate three stories of violence from the perspective of victims. The aim was to entrust an abstract interlocutor, devoid of personal opinion, with portraying the sociocultural landscape in which these narratives develop, highlighting the extent to which it remains deeply influenced by prejudices and discriminatory gender stereotypes. The AI-generated stories have been transformed into a series of monologues performed by real voices. Through the initiative, Sephora Italy also supported the partner NGO with a donation to its anti-violence network.

Zoom in

World Mental Health Day and Partnership with Rare Beauty by Selena Gomez

In October 2023, Sephora and Rare Beauty launched the Make a Rare Impact campaign, a partnership in recognition of World Mental Health Day. Sephora donated up to 100%²⁷ of Rare Beauty product sales made on October 10th to the Rare Impact Fund for the advancement of

programmes reducing the stigma associated with mental health and expanding access to mental health services and education for young people around the world. The initiative spanned across 28 markets²⁸, with funds donated²⁷ to local organisations supported by the Rare Impact Fund.



Sephora Classes for Confidence

In 2015, Sephora launched its signature social impact programme, Sephora Classes for Confidence, in the United States. This programme celebrates diversity and inclusion in beauty through its **free in-person and online beauty classes** given by our own Beauty Advisors and Make-up masters.

Through these classes organised in partnership with local NGOs, we aim to empower individuals facing major life transitions and challenges, such as re-entering the workforce, facing illness, or exploring their gender expression. The private setting provides a supportive environment where attendees can learn diverse make-up and beauty techniques to inspire self-confidence and fearlessness.

Some of the classes we held in 2023:

- **France:** 20 classes were organised for 25 women over 45 years old who are unemployed or starting entrepreneurial projects. Participants enjoyed make-up classes, HR coaching and image coaching sessions with support from the non-profit and Sephora employees.

- **Poland and Italy:** Classes were held during Pride Month for the LGBTQIA+ community, benefiting over 80 participants.
- **Greece:** An inspirational speech and three beauty classes in three cities for women who are breast cancer patients, with one session held in a hospital to facilitate participation.
- **Brazil:** Classes were held for Afro-Brazilian women and for transgender women in partnership with two local NGOs empowering a total of 24 women.
- **Malaysia:** A pilot class for 10 domestic violence survivors focused on workforce readiness, including a make-up class and a professional photoshoot.
- **China:** The first two classes were held in Shanghai for women with disabilities.
- **Singapore:** In the new Raffles City Store, Sephora Singapore hosted its first two classes in partnership with a local NGO, dedicated to skills-training, job-bridging, and supporting programmes for women aged 20 – 60 years reentering

the workforce and becoming financially independent. The classes welcomed 16 attendees over the course of two days to learn tips, tricks and the basics of makeup from our Beauty Advisors.



Since the launch of the programme:

Expanded to
23
markets

Around
127,000
participants
(1,038 in 2023)

Over
2,900
classes
(126 in 2023)

Around
5,000
employees engaged
to make a difference
in their communities
(250 in 2023)

More than
500
partner NGOs helping
identify those com-
munities in need and
providing further skill
development for them

Over
250
facilitators globally
in 2023

Allies for
the LGBTQIA+
community

In 2023, during Pride Month, Sephora stores in France, Spain, Portugal and Poland launched the “Sephora Safe Spaces” initiative. These are inclusive spaces, where the LGBTQIA+ community and their allies are able to create their looks in a serene and supportive atmosphere. Visitors are welcomed to get free makeup looks as well as makeup removal, knowing that some may face stigma outside of a protected environment.

This initiative is a testimonial of the importance of our ERGs in driving change ; having Safe Spaces was an idea that was proposed by a member of the “Pride at Sephora” ERG in France.

“One of our ERG members reminded us that many refrain from getting their make-up done for Pride Month celebrations in fear of coming across people in their neighbourhood while wearing make-up. This got us thinking that Sephora can do something about it”

Lead member of the
“Pride at Sephora” ERG

For 2024, Sephora is aiming to roll out this initiative worldwide to continue expanding its reach and commitment towards the LGBTQIA+ community.

Celebrations also included employees marching in parades across all regions – from Sao Paulo to Australia, Hong Kong and Bangkok – as well as dedicated “Sephora Classes for Confidence”. Additional activities were offered for employees, such as webinars on transphobia, panel discussions and fireside chats on allyship, and collaborations on educational toolkits, to continue supporting LGBTQIA+ inclusion.

All this was realised in collaboration with local NGOs.



Sephora Green Heart



Our mission is to create and advocate for the future of more sustainable beauty, alongside our community of consumers and brands

85%

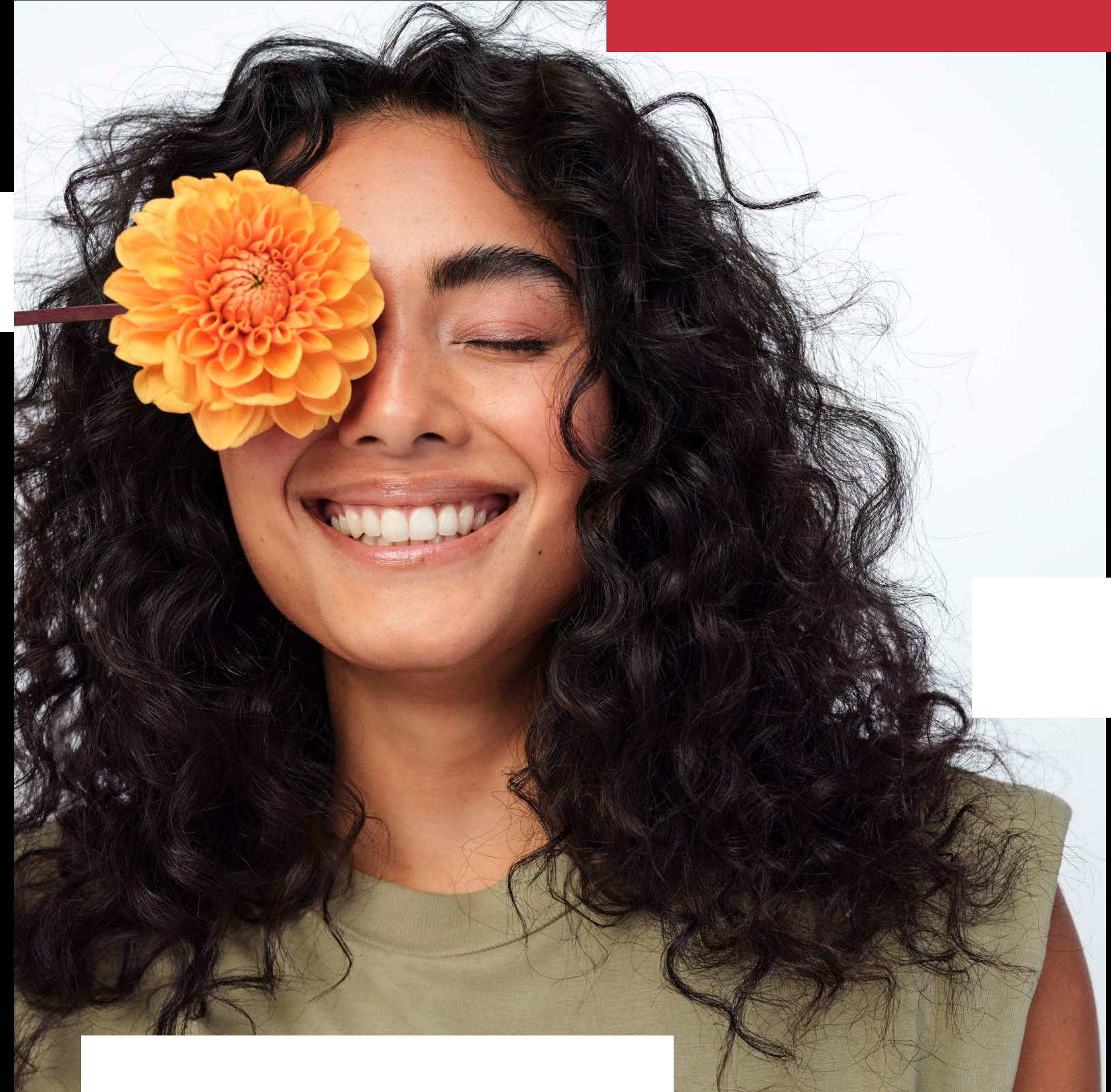
of global electricity consumption from renewable sources (direct sourcing and RECs purchases)

55%

reduction of scope 1 and 2 CO₂ emissions compared to the 2019 baseline¹⁴

56%

of our stores have take-back schemes for beauty empties



A shared Responsibility

To limit negative environmental impacts and maximise positive actions in mitigating climate change, LVMH's LIFE360 strategic programme sets measurable targets for all Maisons. In line with this, we have developed the Sephora Global Green Heart Roadmap.

We are dedicated to achieving the best possible outcomes in each strategic pillar, believing that shared responsibility for positive actions should be embraced by everyone in the Company. Employee engagement and awareness

are crucial; we have started to provide access to different sources (conferences, e-learning, interactive workshops) of environmental training, which will continue to expand in the coming years to cover all employees in offices, stores and distribution centres.

In 2023, we had a capital expense of **€1.7 million** to support the energy transition in our Regions. Core areas of investment include: LED lighting, energy efficiency measures in stores, the implementation of energy monitoring systems, and the purchase of Renewable Energy Certificates (RECs).



Caring for the Climate

The majority of Sephora’s carbon footprint comes from products, specifically the Greenhouse Gas (GHG) emissions generated by their manufacturing (formulation and packaging) and use (such as the electricity consumed for electric devices usage).

Even though GHG emissions from our direct operations (Scope 1 and Scope 2) account for only 5% of our corporate carbon footprint, we are committed to reducing these impacts by implementing energy-saving solutions, such as more efficient lighting in stores and other facilities worldwide.

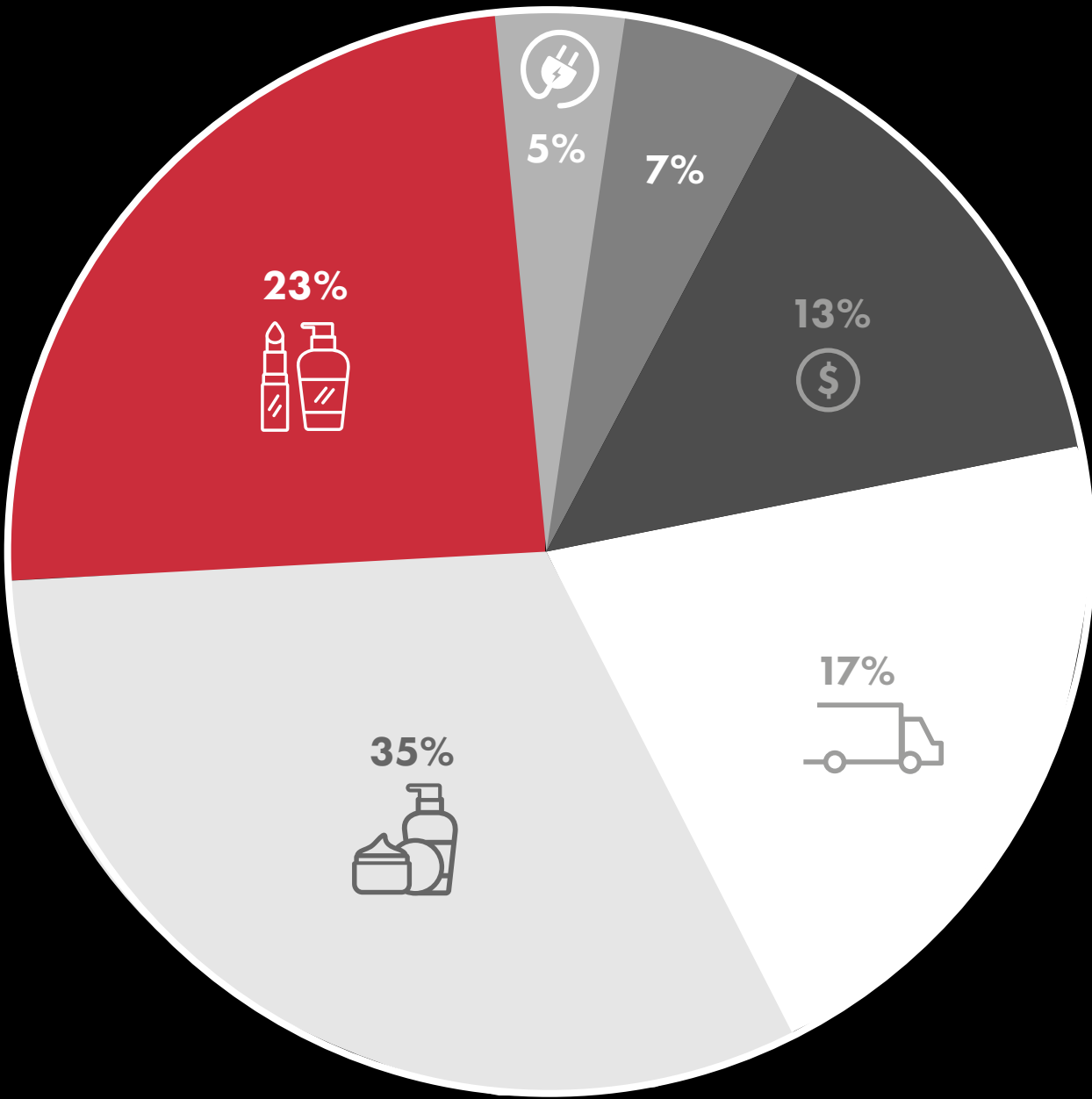
Zoom in 

The renovation of Sephora’s Champs Élysées flagship store

In 2023, Sephora made the first total renovation of its iconic flagship store since it opened its doors in 1996. The 1,200 sqm Champs-Élysées store renovation is part of our sustainable development strategy, which seeks to reduce the energy consumption of the sales area by 50%. To achieve this, we have integrated the latest LED technologies into the store, reduced the number of screens, installed a large, transparent, luminous sliding door at the entrance to reduce heat loss, and made greater use of both natural light and brighter materials to reduce the need for artificial lighting. The brightness of the ceiling lights will be adjusted according to outside light levels, with less intensity in winter.



100% breakdown of Sephora’s 2023 corporate carbon footprint by activity



- 23% Products manufacturing, services & merchandising
- 35% Products use
- 17% Transportation
- 13% Capital goods
- 7% Others
- 5% Operations (Scope 1 & 2)

Energy consumption & efficiency measures

Regionally, energy-efficiency plans are implemented in line with the Sephora Green Heart roadmap and LVMH LIFE360 targets.

Specifically, the plans focus on five key areas:

- Investments in high-performance energy metering tools for new openings, renovations and energy-intensive stores to collect data per usage.
- Energy efficiency measures (lights and temperatures).
- Engagement and awareness, including the nomination of sustainability ambassadors among store employees.

In 2023, four of our sites had LEED certification:

- Head Office in San Francisco, US (Platinum).
- Three stores in Greater China, in Haikou (Gold), Beijing (Gold), and Wuhan (Silver).

Our headquarters in Paris and the office in Val De Loire (Saran, France) obtained HQE certification, and the headquarters in Paris also holds BREEAM (Good) certification.



In 2023, worldwide:

66% stores equipped with an energy metering solution

94% full LED stores (vs 74% in 2022)

305 kWh/m² average electricity intensity of stores

Only 8% of stores with an electricity intensity > 500 kWh/sqm.

In 2023, global energy consumption was 291,404 MWh²⁹. Compared to 2022, the energy consumption increase in 2023 is mainly led by a 34% increase in total store floor area.

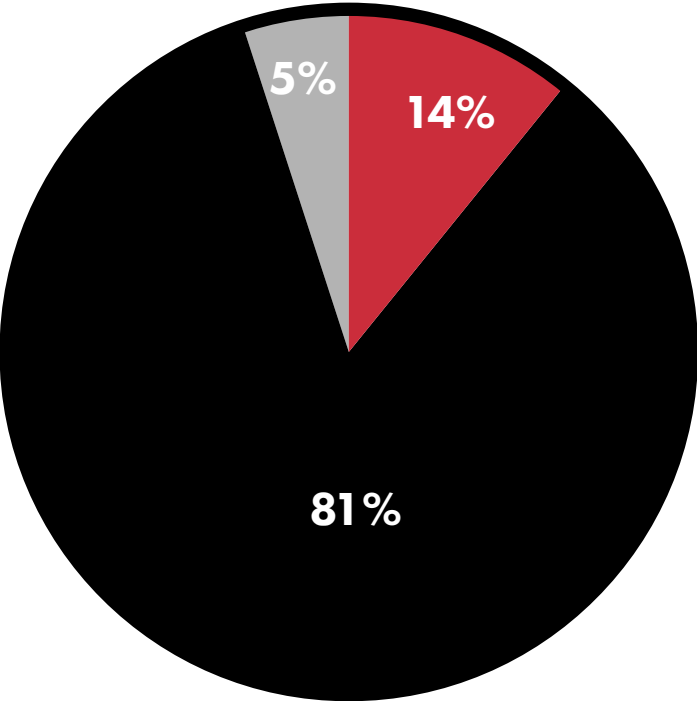
Since 2019, Sephora achieved significant improvements in energy sourcing:

67%
reduction in electricity from non-renewable sources.

+80%
electricity from renewable sources. Today, France, Italy, Luxembourg and Spain directly source renewable energy. Additionally, in 2023, Renewable Energy Certificates (RECs) were purchased for Canada (achieving full renewable electricity usage in North America), China, Poland, Portugal, Saudi Arabia, Switzerland, Turkey, the United Arab Emirates and the United States (already since 2018).

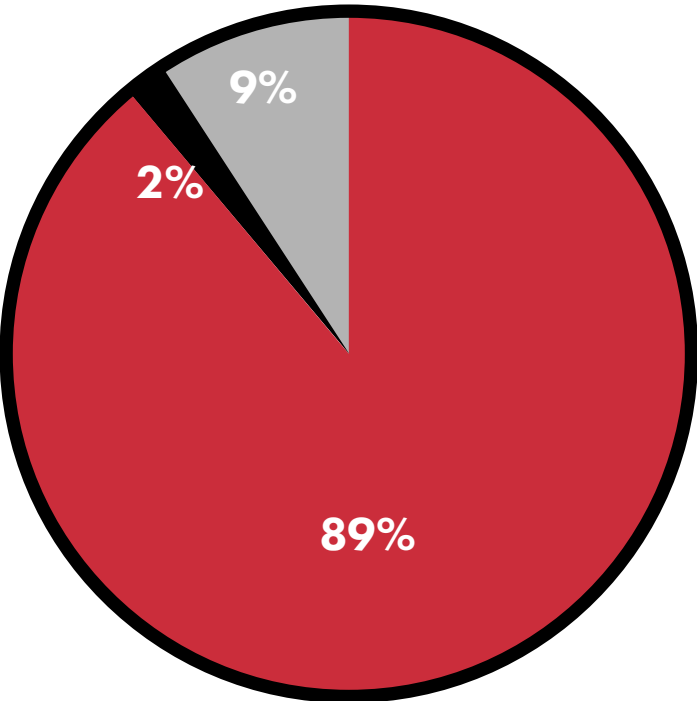
4%
reduction in natural gas usage.

Global energy mix in 2023



- 14% Non-renewable electricity
- 81% Renewable electricity (direct sourcing, RECs and self-produced from photovoltaic systems)
- 5% Natural gas
- 0.3% Business vehicles (diesel and gasoline)
- 0.004% Heating network

Global 2023 energy consumption, by type of facility



- 89% Stores
- 2% Offices
- 9% Distribution centres
- 0.1% Photo Studios



Scope 1 and 2 GHG emissions

The generation of Scope 1 emissions is mainly driven by refrigerant gas leaks from HVAC systems. Natural gas consumption in North America and the fuels used for business vehicles in Europe are the remainder minority contributors to this category.

Scope 2 emissions are instead generated by the electricity consumption in our facilities (headquarters, distribution centres in North America, and above all stores). The wider shift to renewable electricity in 2023, compared to 2019, is the main leverage in the reduction of this carbon hotspot, together with the energy efficiency measures implemented in our Regions.

In 2023:

-55% of Scope 1 & 2 (market-based) GHG emissions vs 2019 baseline¹⁴

We achieved our goal 2 years in advance

Scope 3 GHG emissions and related impacts

The following categories have been deemed the most impactful for Sephora³⁰:

- Scope 3.11 Use of sold products: 35%
- Scope 3.1 Purchased goods and services: 23%
- Scope 3.4 and Scope 3.9 Upstream and Downstream transportation: 17%
- Scope 3.2 Capital goods: 13%

Considering the Scope 3.1 and 3.11 categories together, **products represent 50%** of the total footprint of Sephora. Sephora Collection SKUs account for 27% of the emissions associated with product manufacturing.

Inbound and outbound logistics

The impact of transportation is mainly driven by airfreight from the brands' warehouses to Sephora's logistic centres.

Sephora EME has set a 20% reduction target for air transport by 2026, pushing a switch to sea.

In Australia, since 2021, Sephora has implemented a dual mode of transport for overseas orders, significantly reducing the share of air shipments in favour of sea transport. In 2023, sea transport represented nearly 30% of Australian shipments.

For over 15 years, Sephora has partnered in France with Deret on electric deliveries to stores for last-mile logistics. Other low-emission solutions, such as hybrid vehicles, are also utilised. This initiative positions Sephora as a pioneer in sustainable urban transport, managing frequent deliveries of small products.

The model has been replicated in other markets, including Italy, Spain, Romania, Turkey and China (where 65% of stores use electric vehicles for last-mile logistics) and will start in Singapore in January 2024.

Zoom in

Holiday deliveries by boat

The "Noël en bateau" (Christmas by boat) project, launched in January 2023, aims to switch from airfreight to sea freight for holiday deliveries. This scope was chosen due to the significant and growing volumes that are planned well in advance.

Project Implementation:

- Brands Involved: Four US-based brands with holiday volumes over 20 pallets.
- Transport: 13 containers (40ft each) carried 248 pallets (90% of the total volume) and 52 tonnes of products.

Achievements:

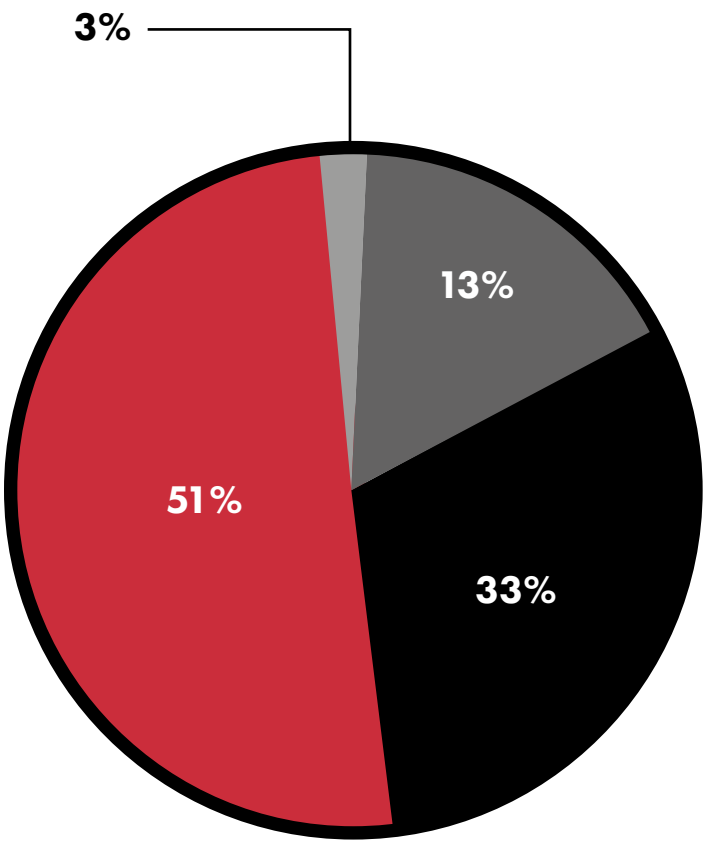
- Emissions Reduction: from 570 tCO₂eq in 2022 to 65 tCO₂eq in 2023 (4 tCO₂eq from shipping, 2 tCO₂eq from road transport, 59 tCO₂eq from airfreight).



Waste

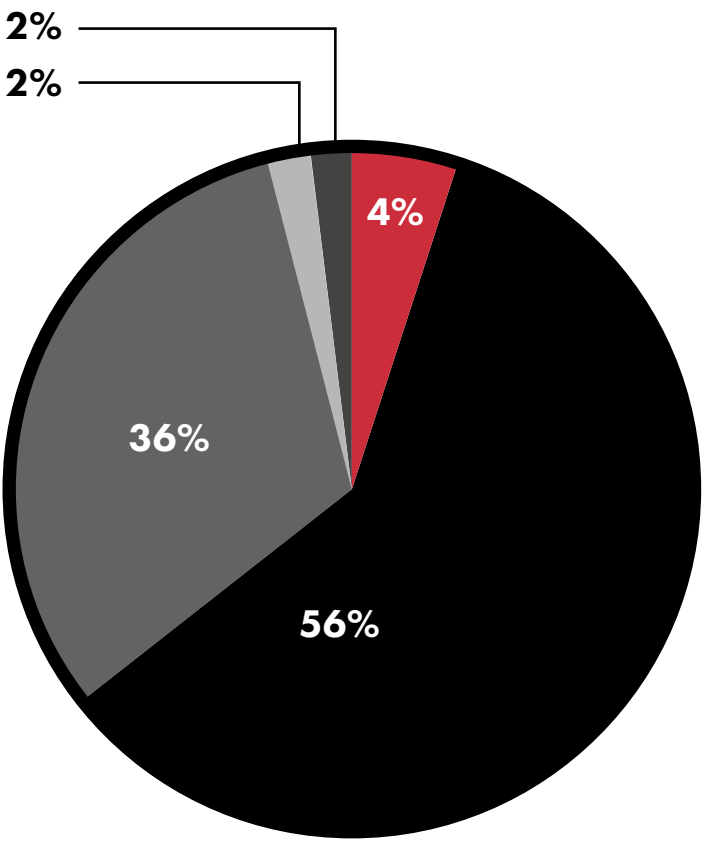
Regarding waste from direct operations (stores and offices), Sephora generated 3,149 tonnes in 2023³¹, with 99% being non-hazardous waste.

49% of the generated waste was diverted from landfills in 2023



- 51% Landfill
- 33% Incineration with energy recovery
- 13% Recycling
- 3% Fuel blending
- 0.3% Incineration without energy recovery
- 0.01% Wastewater treatment

Non-hazardous waste generated in 2023, by type of material



- 4% Plastics
- 56% Household³²
- 36% Other sorted non hazardous solid waste
- 2% Paper, cardboard
- 2% Other non hazardous waste (glass, metal, biological waste, and mixed non hazardous solid waste)



Reduce, Reuse & Recycle

In 2022, Sephora conducted a global waste footprint assessment across five business areas, focusing on packaging and POS materials in France, the US and China. This assessment used multiple indicators to capture carbon, land-use and plastic pollution impacts.

Glass and plastic are the most-used materials, with glass primarily used by retail brands and for testers and samples and plastic used in POS materials and Sephora Collection products. Paper and cardboard are mainly used for e-commerce boxes and shopping bags, with a transition to recycled and FSC-certified paper already underway.

POS materials, under Sephora's direct control, present substantial opportunities for reduction. For Sephora EME, specific reduction targets have been defined with reference to this impact category. These include a 40% POSM reduction plan for France and a 20% reduction for the EU by 2026, compared to 2019.

For **e-commerce**, Sephora is working to:

- **Reduce fossil-based virgin plastics in packaging**, replacing them with paper in Europe and Latin America. In 2023, North America, Greater China and Southeast Asia still had 7%, 1.35% and 1% plastic content, respectively.
- **Optimise the size and weight of shipments**. In China, for example, optimised corrugated carton boxes have saved 15% in materials, equivalent to 133 tonnes of paper.

Regions are also planning specific actions to reduce the impact related to **shopping bags** distributed in store. Since August 2023, Sephora's loyalty programme in Singapore rewards customers who forgo shopping bags with 25 additional points. In the EU, the shift towards payable shopping bags supports the goal to reduce by 50% their usage.

Product returns along with obsolete or unsold products, pose a significant challenge. Sephora is committed to giving these unused products a second life through reuse or donation to charities (see section "Community engagement" for more details). In North America, Sephora partners with g2 Revolution and Clean Earth for California stores, to divert returned, damaged or expired cosmetic products from landfills³³.

Focus



From plastic to paper

In Thailand, since September 2023, Sephora has replaced plastic bubble wrap in e-commerce parcels with FSC-certified paper using FillPak, which prevents breakages and manages shocks during transport. This switch aims to reduce conventional bubble wrap by 650,000 meters (3,250 kg) and plastic airbags by 31,000 meters (300 kg) annually.

Zoom in



Take-back your empty beauty products in our stores

Sephora is also committed to optimising the end-of-life process for products by implementing solutions for collecting and recycling empty beauty packaging. Globally, 56% of our stores have take-back schemes – including 301 in France and all of North America – and 81 tonnes of beauty empties were collected in 2023.



The "Good for Recycling" programme, launched in collaboration with Cèdre in France, began in 2009 and now includes other make-up and skincare packaging. Since the launch of the programme, over 6 million perfume bottles have been collected.



In North America, Sephora partners with Pact Collective for the "Beauty (Re) Purposed" programme, launched in May 2023 across all US and Canada stores. Sephora was the first Prestige beauty retailer to join Pact, an initiative that allows clients to bring back to the stores any clean, empty beauty and wellness packaging that they can't recycle at home and that fits within the programme guidelines.



In Australia and New Zealand, a take-back scheme was rolled out in 2022 with TerraCycle and expanded in 2023 to all stores in the 2 markets.



Promoting innovative circular solutions

Sephora is progressively incorporating circular economy principles to enhance the environmental performance of Sephora Collection products and retail operations.

The integration of circular approaches into Sephora's POSM focuses, for example, on the metal structures and electricity consumption for backlighting.

In the United States, Sephora collaborates with brands and vendors to divert store fixtures from disposal, as these are typically custom, one-time-use items that generate significant waste.

With most stores lacking curbside recycling capabilities, a pilot project was initiated to collect old collateral in stores and ship it to a partner recycling centre. There, it is weighed, disassembled and recycled where feasible. Brands fund the recycling and shipping costs, charged by weight. Metal, plastic and paper materials are recycled and non-recyclable items are incinerated for energy recovery. Store fixture design is also being improved to facilitate disassembly and recycling.



Zoom in



Repurposing³⁴ Sephora's visual merchandising waste

In 2023, a pilot project was activated by Sephora France, aimed at minimising waste in operations. It consists of a circular solution to manage the end-of-life of Sephora's visual merchandising (store deliveries and POSM waste) by recycling and reintegrating collected materials into production.

Visual merchandising waste is reused and upcycled into unique Sephora gift boxes, new modules and e-commerce envelopes made from recycled cardboard. The recycling process includes separate bins in stores, one for plastic (PMMA) modules and POS displays and another one for raw cardboard packaging (transportation packaging). This solution will also be available, in the coming years, for brands' materials in our stores.



Annex



Methodological notes

Reporting perimeter

This is the first edition of Sephora's Global Impact and Progress Report ; we commit to annually report on our social and environmental impacts to allow our stakeholders to have a clear understanding of our performance and related progress over time.

The qualitative and quantitative information reported in the document refer to the period January 1st – December 31st, 2023; variations in the reporting perimeter are notified in the text and in the report's footnotes in relation to specific initiatives or KPI.

The scope of the document includes Sephora's operations, along its value chain and across its geographies. Information related to Sephora Collection is also disclosed.

Materiality analysis

The assessment consisted of the following steps:

1. Analysis of the sustainability context to understand how the outer context can influence Sephora and its stakeholders. This exercise has considered the following categories of external and internal sources: studies published by International Organisations, Academia, and industry associations; a sentiment analysis of the media looking at

keywords related to Sephora and social and environmental topics for the period January 1st – December 31st, 2023; strategic and policy documents for Sephora and LVMH.

2. Implementation of an internal survey to evaluate the specific significance of the proposed topics emerged from the sustainability context analysis. The survey has been sent to a sample of **100 Sephora top managers** in representation of all our geographies and key functions³⁵, with a twofold aim: i., capturing the point of view of the business on the topics' materiality; ii., asking the respondents to adopt the viewpoint of the most relevant stakeholder for their business function, to be used as a proxy for estimating the corresponding evaluation.

3. Analysis of the results, through a weighted average of the scores assigned to each proposed topic in the survey. Topics have been ranked on a scale from 0 (low) to 4 (strategic).

4. Development of Sephora's materiality matrix, submitted to the **final validation of Sephora Global Leadership Team** to include a more strategic evaluation of the material topics.

How to read the material topics



Gender equality: Sephora's actions towards improving gender equality and women empowerment inside the organisation (e.g., increasing the number of women holding key leadership positions at Sephora, reducing potential gender pay gaps, etc.).

People with disabilities: Sephora's commitment to make integration, development and retention of people with disabilities a priority in all offered positions (in-store, at headquarters, in a management role or not).

Other underrepresented communities: Sephora's inclusion strategy also covers those communities that are not yet fully reached or represented in Sephora's workforce today, with a specific attention to the peculiarities and needs of the local communities that can be different across Sephora's Regions.

Respectful working environment and employee engagement: Sephora's commitment for a positive and respectful working environment - in line with the fundamental principles of non-discrimination, fair working

conditions (including, fair wages) and employee wellbeing (H&S at work, mental health, work-life balance, etc.) - and for ensuring equal opportunities for all employees to actively take part in shaping the culture and experiences at Sephora.

Talent attraction, selection, and retention: Attracting the best talents to join Sephora worldwide, recruiting and hiring without biases, and creating the best conditions, opportunities, and experiences to retain employees.



Reduce, Reuse & Recycle: Cultivating approaches inspired by circular economy principles from production (in partnership with brands and indirect suppliers) to consumption (educating and inspiring customers through initiatives, such as take-back schemes in stores for beauty empties recycling and the use of refillable products).

Clean products: Sephora's commitment to offering formulas with carefully-selected ingredients, in line with the globally harmonised brand seal "Clean at Sephora", with the aim of increasing product safety for customers and reducing environmental impacts from the use of chemical substances.

Customers' environmental awareness: Strengthening Sephora's trusted relationship with customers through greater education and transparency on products (thanks also to the global brand seal "Planet Aware at Sephora"), thus motivating more sustainable purchasing habits and inspiring current and future customers thanks to Sephora's commitment for higher sustainability performances (both in products and operations).

Other topics

Fundamental human & labour rights in the supply chain: Promoting and guaranteeing the respect of fundamental human and labour rights with respect to the actors in Sephora's supply chain.

Transparency & information availability: Disclosing Sephora's key impacts, performances, and aspirations with reference to both Sephora Red Heart and Green Heart journeys, all while responding to customers' needs for more visibility over products' attributes and ingredients, inspiring a more responsible beauty.

Brand reputation: The value recognised internally and externally of Sephora's unique characteristics, values, culture and Purpose.

Data collection

Involved business functions have participated in the collection of actual data for the different Regions; where these were not available, estimates have been reported on the basis of internally validated assumptions, including part of the route distances (in t.km) needed to calculate the emissions associated with upstream transportation.

Downstream transportation, instead, focuses on the distance travelled by customers to collect their orders in stores. This emission category has been fully estimated.

Energy consumption has been estimated for the facilities where Sephora has not yet put in place a direct monitoring. The same applies for refrigerant gases in some locations. Where needed, we have estimated the corresponding values assuming that the R410a gas is generally the most used.

Sephora's carbon footprint is calculated in accordance to the GHG Protocol guidelines. Scope 2 emissions are calculated in line with the market-based approach. Additional methodologies are detailed in the document's footnotes. For this first Global Impact and Progress Report, the included data have not been submitted to a third-party verification. It is Sephora's intention to progress on this journey, ensuring greater reliability and transparency over its impacts.

Table of references

Strategic pillar / Roadmap	KPI	Page & comments
Red heart	Employees by Region	P. 23
	Employees by gender	P. 23
	Employees by age range	P. 23
	Employees by employee category	P. 23
	Executives and managers by gender	P. 24
	Employees who self-declared a disability	P. 24
	% women in GKP roles and succession plans	P. 24
	% women in Store Manager (Directors) roles	P. 24
	Employees directly engaged in ERG activities	P. 26
	Employees trained in DE&I topics	P. 27
	Employees trained in H&S	P. 27
	Number of attendees to Classes for Confidence	P. 29
	Financial and material donations	P. 28
	Estimated number of direct beneficiaries of donations	P. 28
Green heart	Energy intensity	P. 34
	% of stores equipped with metering solutions	P. 34
	% of full LED stores	P. 34
	Scope 1 GHG emissions	P. 33, 36
	Scope 2 GHG emissions	P. 33, 36
	Scope 3 GHG emissions	P. 33, 36
	Waste generated, by type of waste and by disposal method	P. 37
	Raw materials, by type	P. 20
	% recycled raw materials	P. 20
	Certified raw materials	P. 20
	% of stores with take-back schemes	P. 38
	Weight of collected beauty empties through take-back schemes	P. 38
	POSM recycled via specific programmes	P. 39
	% virgin plastic from fossil fuel sources in e-commerce packaging	P. 38

Strategic pillar / Roadmap	KPI	Page & comments
Other	Governance	Sephora’s governance model emphasises Purpose as a core element, managed through central strategic alignment and regional leadership for goals implementation. The Global Chief Purpose Officer reports to Sephora’s President and CEO and works with the Global Purpose team to actualise Sephora’s Purpose and related global roadmaps. «Purpose Champions» have been nominated in each Region to lead the regional implementation of the two strategies. They are also supported by regional task forces and committees overseeing market-level projects and initiatives.
	Anticorruption	Anti-Corruption Charter adopted by LVMH, providing practical examples to help employees understand potentially critical situations. Partners and suppliers shall comply to the Group’s rules as expressed in the Suppliers’ Code of Conduct.
	Privacy	In the EME Region, in line with the EU GDPR legislation, Sephora has appointed a Data Privacy Officer (DPO) with responsibility for Global data protection, ensuring compliance with the regulatory framework and helping the company minimise risks and avoid financial penalties. To coordinate this compliance, our DPO relies on a network of Personal Data Protection Correspondents, whose mission is to ensure the implementation of the compliance programme at local level.

Footnotes

1. 34 markets in 2024.

2. Among the 3,000 Points of Sales, 2,100 stores – free standing, galleria, outlet, pop-up, and shop-in-shop stores – open between January 1st and December 31st, 2023.

3. The official Purpose presentation has been made in the second half of 2024. As this Report is published in September 2024, we considered it appropriate to be included.

4. Cèdre is LVMH’s inhouse sorting and recycling platform used by multiple Maisons to recycle and reuse different types of waste. These include obsolete packaging, merchandising materials, in-store testers, as well as empty beauty packaging returned to stores by customers.

5. In line with LVMH carbon accounting methodologies and related calculations.

6. Some examples: the US MoCRA (Modernization of Cosmetics Regulations Act of 2022) introducing a ban; the EU Packaging and Packaging Waste Directive (EU PPWD) defining quotas; and the EU Eco-design for Sustainable Products regulation that will introduce broader eco-design principles and framework for improved product circular attributes, not exclusively including

reusability, durability, and recycled content, and a new transparency requirement via the implementation of a digital product passport.

7. New regulatory developments include the EU CSDDD and the US MoCRA. In Asia, the CIQ expiration date legislation already regulates product transparency.

8. The Paris Agreement has been reached on December 2015, during the UN Climate Change Conference (COP21) held in Paris. The Agreement has been joined by 195 countries that commit to reduce the generation of GHG emissions and implement actions to adapt to the effects of climate change.

9. Findings from “The New Nature Economy Report”, 2020, by the World Economic Forum in collaboration with PwC.

10. The new EU Corporate Sustainability Reporting Directive (CSRD) establishes the requirement for concerned companies to conduct a “double materiality” assessment as a core element of sustainability reporting. This analysis adopts a double perspective on the social and environmental impacts evaluation from which it is possible to identify the most crucial aspects for an organisation and its stakeholders. Particularly, the aim is to establish the topics’ materiality understanding the level

of impact on the external environment (people, planet and the society in a broader sense) and on the reporting company looking at the related potential and actual financial effects.

11. Published in 2019, the Guidelines are available at the following https://www.febea.fr/sites/default/files/media/30_sept_idc_guide_de_recommandations_communes_deco-conception_des_plv_compressed_1_1.pdf.

12. The Novi Connect Platform lists compliant alternatives as “ChemFORWARD SAFER”.

13. Group Key Positions represented by top executive roles responsible for driving the Maison’s strategic direction, overseeing key functions, and leading various divisions.

14. In line with LVMH methodological guidelines and related calculations.

15. The Policy (published for the first time in 2019 and updated in 2023) is available at the following link: <https://www.inside-sephora.com/sites/default/files/2023-12/Sephora%20Public%20Chemicals%20Policy%202023.pdf>

16. See section “Committed beauty”.

17. <https://15percentpledge.org/>

18. The most updated version is from April 2022. The Code is accessible at the following link: <https://r.lvmh-static.com/uploads/2022/04/lvmh-supplier-code-of-conduct-april-2022.pdf>

19. Companies that are evaluated through the EcoVadis questionnaire receive a globally recognised rating based on a detailed assessment of their sustainability (environmental, social and ethical) performances.

20. Figures include both Sephora SAS and Sephora Collection purchased and used raw materials for which it has been possible to collect the actual data.

21. Global Recycled Standard (GRS).

22. All the data related to Sephora’s employees (headcounts and corresponding percentages) have been calculated considering the worldwide workforce employed as of December 31st of the reporting year.

23. Employee category equivalent to Directors.

24. Further details are provided in the “Community engagement” section.

25. An online platform designed for employees with a disability, managers with a person with a disability in their team or every ally in search of more information about helping a colleague.

26. Including employees from Italy, Portugal, Spain, Scandi, France, Greece, Mexico, Canada, Asia.

27. Up to a maximum of two hundred thousand euros within the European countries. Up to a maximum of AU\$325K/ NZ\$350K across Southeast Asia, Australia and New Zealand.

28. Including Australia, Brazil, Bulgaria, Canada, Czech Republic, Denmark, France, Germany, Greece, Hong Kong SAR, Italy, Malaysia, Mexico, New Zealand, the Philippines, Poland, Portugal, Romania, Serbia, Singapore, South Korea, Spain, Sweden, Switzerland, Thailand, Turkey, the United Kingdom, and the United States

29. Energy consumption is calculated for the facilities (stores, offices, and distribution centres) - open in the period January 1st, 2023 and December 31st, 2023 - on which Sephora has a direct operational control.

30. Sephora’s 2023 corporate carbon footprint focuses on 12 out of 17 GHG Protocol categories. The GHG Protocol

is the international standard providing the organisations with guidance on their carbon accounting, through shared and recognised definitions and methodologies.

31. Data refers to stores and offices open in the period January 1st – December 31st of the reporting year. Actual data are available for Europe, US, and Greater China.

32. Household waste includes non-hazardous waste, the composition of which is similar to domestic refuse


33. Data for 2023 are included in the waste generated quantities, displayed in the paragraph “Waste”.

34. In line with the definition that is shared within LVMH internal reporting guidelines, repurposing includes any operation by which substances, materials or products that have become waste are used again, but for a different purpose.

35. The survey’s results guaranteed a good representation of the different Regions, business functions, and Sephora Collection. Stakeholders’ viewpoint included the following categories: employees, customers, brands, indirect suppliers, and NGOs.

SEPHORA

Sephora SAS
41 Rue Ybry, 92200 Neuilly-sur-Seine
inside-sephora.com/en/about-sephora

Designed by  **osidise** – Photo credits: Rights reserved
Printed by **Handi Print**, a company employing people with disabilities.
Produced by Sephora Global Purpose Team.