



SUSTAIN DEVELO

A photograph of a vineyard during harvest. In the foreground, several workers are seen from behind, tending to the vines. One worker in the center wears a bright yellow jacket. To the right, a worker wears a dark vest over a red shirt. In the background, a green harvester is visible, and a red crane-like structure is on the left. The sky is clear and blue.

ABLE PMENT

OUR COMMITMENTS

A COMMITMENT TO CITIZENSHIP

To implement, for the benefit of the largest number, a patronage program the components of which reflect and transmit our fundamental values.

To provide active support for major causes, fund humanitarian projects and public health challenges, and develop initiatives for young people.

SOCIAL POLICY

To encourage all our employees to reach their full career potential, showcase the diversity and the wealth of human resources in our companies in all the countries where we operate, and encourage initiatives in these areas.

Outside our own company, to contribute to the knowledge and preservation of our businesses and our know-how as artisans and designers.

ENVIRONMENT

To work together to preserve the resources of the planet, to design and develop products that respect the environment, to report on our policies and projects and the progress achieved in meeting our objectives.

To contribute to environmental protection above and beyond those factors directly related to our operations, by entering into active partnerships with cooperating business groups, local authorities and associations.

ECONOMIC PERFORMANCE

To combine economic growth and respect for sustainability criteria, which are represented for our luxury businesses by the values of creativity and excellence. To apply our creative passion to a genuine *art de vivre* to which our customers aspire.

To strengthen our position as a global leader, and to be the benchmark in the management and development of luxury brands.

In 2003, Bernard Arnault, Chairman and Chief Executive Officer of LVMH, joined the United Nations Global Compact. Under this initiative launched by UN Secretary General Kofi Annan, signatories make a commitment to apply and promote nine principles in the areas of human rights, labor and the environment.

THE VALUES OF LVMH

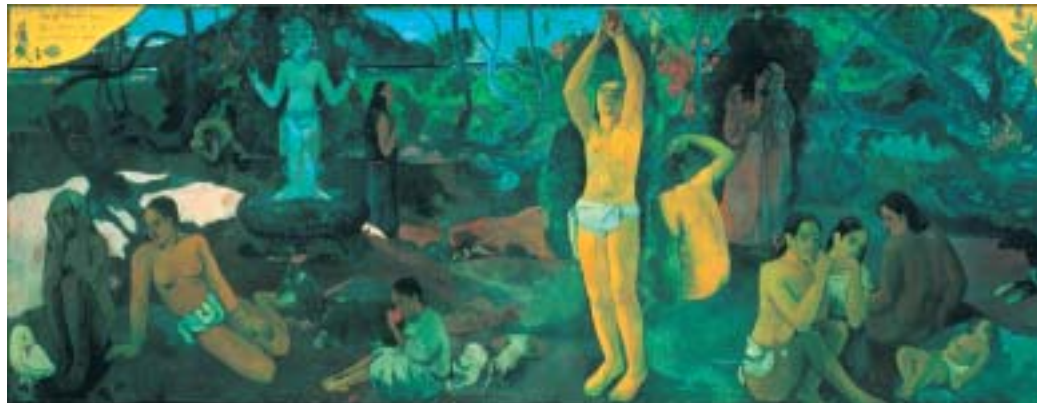
INNOVATION AND CREATIVITY. Because our trades, so akin to art, are creative, because technological innovation plays an essential role in their timelessness.

EXCELLENCE. Because the best elements of luxury embodies craftsmanship, and because we always owe quality to our customers.

BRAND IMAGE ENHANCEMENT. Because this image is an inestimable and irreplaceable asset and because each message must be worthy of the brand.

ENTREPRENEURSHIP. Because our leadership position naturally requires that we have a long-term vision and set the most ambitious goals for our teams.

LEADERSHIP-BE THE BEST.



Paul Gauguin – Where do we come from? What are we? Where are we going?
© Réunion des Musées nationaux 2003



A PATRONAGE FOR CULTURE, YOUTH AND HUMANITARIAN ACTION

TO BRING TO LIFE A CORPORATE ACTION FOR THE BENEFIT OF THE LARGEST NUMBER, THE COMPONENTS OF WHICH REFLECT AND TRANSMIT OUR FUNDAMENTAL VALUES: THIS IS THE FOUNDATION OF THE PATRONAGE PROGRAM DEVELOPED BY LVMH.

Thanks to its success, LVMH in 1990 was able to begin developing an innovative and original patronage policy. This is an appropriate approach, because it expresses the values shared by its brands and that form the basis for their success without infringing on their own communications and philanthropic activities. This is also a useful process, because the message LVMH wants to convey through projects benefiting as many people as possible is the importance of an active role in supporting our historical, artistic and cultural heritage, young people, and major humanitarian causes.

ENRICH AND EXPAND OUR ARTISTIC HERITAGE

The first component of the LVMH policy focuses on our artistic heritage. This means the restoration of historic buildings, additions to the collections of major museums, encouragement for

contemporary design, and a contribution to major national exhibits. In 2003, the Group supported the renovation of the Throne Room at the Correr Museum in Venice and the "Gauguin-Tahiti - L'atelier des Tropiques" (Studio in the Tropics) exhibit presented at the Grand Palais in Paris.

YOUTH AND SOCIAL SOLIDARITY

The second thrust of the LVMH policy focuses on youth in France and around the world. Students from elementary school all the way through high school and college benefit from educational programs designed and initiated by the Group so that they have access to the best of the arts, especially the plastic arts and music. Since 1997, nearly 16,000 children between the ages of seven and twelve have attended the LVMH "Discovery and Learning" classes held at the same time as the exhibits supported by the Group.

Encouraging the talent of tomorrow is another objective, which led in 1994 to the creation of the LVMH Prize for young artists, awarded every year on the occasion of the exhibits supported by the Group. In ten years, a total of seventy scholarships have been awarded to students in art schools in France and around the world.

The philanthropic efforts of LVMH also

have a humanitarian component, with support for public health and medical research projects*.

STRENGTHENING THE TIES WITH THE LOCAL COMMUNITIES

Although LVMH's corporate patronage is largely carried out in France, it also proves, through concrete actions, that it is aware of its responsibilities as a global company. For example, over one hundred foreign art schools are participating in the competition for the tenth Young Artists' Prize in honor of Paul Gauguin. The winners are hosted by French schools so they can be supplementing their academic program by learning about our culture.

Corporate sponsorship also helps the Group become part of the local community in the various countries where it operates. In China, for example, LVMH gave a stage curtain designed by Olivier Debré to the Grand Theatre of Shanghai. This effort to enrich and expand the Chinese cultural heritage is but one example among many of LVMH's cultural contributions in Asia. The contributions of LVMH are an additional asset for the companies in the Group that want to establish a lasting presence in the region and forge ties with local communities.

* See page 75

A CORPORATE COMMITMENT POLICY



LVMH IS A GROUP COMPOSED OF ABOUT FIFTY BRANDS OPERATING IN VARIOUS BUSINESS SEGMENTS. SOCIAL COHESION IS ONE OF THE KEY FACTORS IN ITS SUCCESS. IN THE LAST SEVERAL YEARS, THE GROUP HAS IMPLEMENTED AN INNOVATIVE INTERNAL AND EXTERNAL CORPORATE POLICY THAT IN LARGE PART EXPLAINS THE COMMITMENT OF ITS EMPLOYEES. LVMH DEFENDS THE VALUES OF A RESPONSIBLE CITIZEN GROUP. INTEGRITY, EQUITY, SOLIDARITY AND A RESPECT FOR ETHICAL RULES IN BRAND MANAGEMENT AND EMPLOYEE DEVELOPMENT ARE REQUIREMENTS THAT THE GROUP DEMANDS FROM ITSELF EVERY DAY AND SHARES WITH ALL ITS EMPLOYEES WORLDWIDE. IMPLEMENTING THESE VALUES IS ONE OF THE DAILY RESPONSIBILITIES OF MANAGERS AND SENIOR EXECUTIVES IN ALL LVMH COMPANIES.

DEVELOPING TEAMS FOCUSED ON EXCELLENCE

ONE OF THE FACTORS DRIVING THE GROWTH OF THE GROUP IS ITS RECRUITMENT AND PROFESSIONAL DEVELOPMENT POLICY. ITS KEY VALUES ARE TO IDENTIFY TALENT, TO VALUE THE ACQUISITION OF LASTING PROFESSIONAL SKILLS, AND TO ENCOURAGE THE INDIVIDUAL ACCOMPLISHMENTS OF THE MEN AND WOMEN IT EMPLOYS WORLDWIDE.

IDENTIFYING TALENT

Throughout the year, the companies of the LVMH Group takes part in meetings organized on the campuses of engineering schools, business schools and design schools, as well as schools that specialize in the expertise specific to its businesses. Presentations, conferences, forums, participation in educational programs, hosting interns,

and sponsoring young artists and designers are all opportunities, for the companies in the LVMH Group, both to identify and develop talent and to publicize the richness of each business line.

VALUING PROFESSIONAL EXPERTISE AND ENCOURAGING INDIVIDUAL ACCOMPLISHMENT

LVMH is dedicated to developing business line expertise through training, mobility and cross-fertilization of know-



The 2003 Festival d'Hyères Women's Wear Prize went to Sandrina Fasoli.
© Etienne Tordoir.

HELPING AND TRAINING TOMORROW'S DESIGNERS

Since 1999, the Group has been sponsoring the Festival International des Arts de la Mode in Hyères. This event, held in the south of France each year, offers promising young designers the opportunity to present their first collections before a jury of professionals and in presence of many fashion journalists. In 2003, four designers and one photographer were awarded prizes by the fashion and photography juries. Some of the young fashion designers discovered during previous Hyères festivals are now pursuing professional careers in the fashion field. They include names such as Viktor & Rolf, Alexandre Matthieu, Oscar Suleyman, Sébastien Meunier, Xavier Delcour and others.

how (cross-brand project groups and inter-company operating networks). The objective is to make LVMH a true learning organization in which each employee can develop individually and professionally.

CUSTOM TRAINING

LVMH companies offer a broad range of training programs to allow both management and employees to develop their professional skills and their specific business line expertise as artisans and creators and to share a common vision. Training workshops are chosen on the basis of the needs and specific features of the business lines of each brand and are organized by the training centers of each business segment. These training programs are facilitated by outside trainers as well as by in-house specialists.

In addition, the Group holds orientation workshops designed to familiarize new employees with the culture of the Group companies, its values, its basic management principles and the knowledge of its brands. Over 11,000 employees received such training in 2003.

MANY PROFESSIONAL CAREER OPPORTUNITIES WORLDWIDE

One of the assets of the LVMH group is that it brings together companies that have a strong identity and business expertise in very diverse fields. Consequently, there are many professional career opportunities that match the skills and aspirations of each employee.

Today over half of the management positions are filled by internal transfers. Nearly 40% of these transfers are to another company in the Group; one move out of six is to another country.



A group of participants at work at LVMH House during "The Art of Luxury Branding" forum.

SHARING THE "VISION" AND BEST PRACTICES

In late 1999, LVMH opened the LVMH House in London, a management and innovation center specifically dedicated to the professional development of Group executives.

Each year, this meeting place welcomes more than 400 participants from all over the world for forums focused on global strategy issues, such as leadership, new technologies, or innovation and creativity.

Since 2003, the LVMH House has offered a new Forum on "The Art of Luxury Branding", i.e. how a luxury brand is created and developed; how to protect its identity. These are but a few of the topics discussed in this Forum.

RETAINING THE BEST

The Group ensures that its companies apply compensation formulas that are best suited to involving employees in the growth strategy. For instance, profit-sharing plans have been implemented in all LVMH companies.

In addition, the number of beneficiaries of LVMH stock options has doubled since 2000. The originality of this program lies in the fact that stock options are granted each year based on individual performance.

Finally, an innovative shareholding plan known as *OPAL - Options for All* was launched in May 2001. Under this plan, over 44,500 LVMH employees have each received 25 shares.



A DYNAMIC SOCIAL POLICY

A TRUE COMMITMENT TO SOCIETY IS EXPRESSED INSIDE AND OUTSIDE THE COMPANY. **JOB CREATION, EQUAL OPPORTUNITY AND COMMUNITY SUPPORT** ARE EVEN MORE NATURAL FROM A GROUP WHOSE MISSION IS TO PROMOTE AN "ART OF LIVING" AND A **MESSAGE OF EXCELLENCE** THROUGHOUT THE WORLD.

A GROUP THAT CREATES AN EXCEPTIONAL NUMBER OF JOBS

Because of its policy of selling products that carry the label "made in France", a guarantee of quality and excellence, LVMH is one of the few groups that can guarantee growth in industrial employment in France. Louis Vuitton recently built two new plants in France in areas with a very high unemployment rate – Sainte Florence in Vendée and Ducey in La Manche.

The initiatives of Louis Vuitton in creating plants and jobs in France are one component of its commitment to the sustainable integration of the brand within local communities, and also serve to support the company's growth over the long term.

Because of the steady growth in our brands, many sales jobs have been created in all the countries where we operate, particularly in the expanded network of directly owned stores.

EQUAL OPPORTUNITY IN FRANCE AND INTERNATIONALLY

Concerned with observing equal rights and equal opportunity, in the spirit of the agreements of the International Labor Organization, the companies of the LVMH group offer everyone, without discrimination, the opportunity to achieve their professional goals.

For example, women represent two-thirds of the workforce employed by Group companies. This significant percentage reflects the type of products and the attractive nature of our business lines as well as the career opportunities and professional satisfaction that companies like ours can offer women. Thus 67% of the employees hired in France in 2003 were women.



"It is all about the senses, and intuition: you need to be a craftsman to work like this. We almost consider ourselves artists, or creators."

Jacques Péters, Veuve Clicquot Cellar Master.



LVMH ENCOURAGES THE PASSION OF YOUNG PEOPLE FOR ASIA.
 Created in 1986, the LVMH Scholarships for Asia program sends five students from France's top schools to do a study tour on a topic of their choice in an Asian country. The 2003 LVMH Scholarships for Asia award ceremony was held at the Cultural Center of the Japanese Embassy in Paris with a number of prominent persons in attendance, including several representatives from the diplomatic community.

ENCOURAGING LEARNING AND PROFESSIONAL QUALIFICATIONS

LVMH has a permanent policy of hiring people with few qualifications and then training them for several months in the processes and techniques used to manufacture its products. Acquiring and mastering this kind of craftsmanship takes years of learning in most of our businesses, especially those related to leather work, fashion, wine growing and wine-making, and watch-making.

Our companies have also developed international training centers for sellers and product demonstrators.

Finally, since 1999, LVMH has teamed up with the Second Chance Foundation whose mission is to provide technical and human support to persons in financial difficulty.

SOCIAL AND CULTURAL ACTIVITIES

In 2003 in France, the LVMH group of companies devoted a budget of 9 million euros to social and cultural activities for employees, e.g., contributions to the works council to organize trips, sponsorship of book and DVD libraries, photography or painting clubs, grants for sports activities, participation in healthcare programs, etc.

A COMMITMENT TO SOLIDARITY

LVMH demonstrates its belief in active community involvement in favor of the largest number, by providing ongoing support to major humanitarian and public health causes and to medical research in France and worldwide.

These projects involve three primary areas:

- Childhood: the Foundation of the

Hospitals of Paris – Hospitals of France, the "Pont-Neuf" Foundation, the "Save the Children" Foundation in Japan, etc.

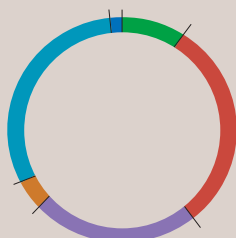
- Medical Research: the Pasteur Institute, Cancer Research, the Parkinson's Disease Foundation, New York, USA, etc.

- Humanitarian and Social Causes: the Claude Pompidou Foundation, the "Universal Brotherhood" Foundation, the "Robin Hood Foundation", New York, USA, etc.

In addition to the activities carried out in these areas by the Group itself, the companies also develop their own initiatives.

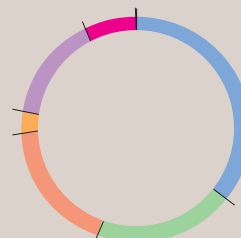
Average work force by business group

Wines and Spirits	4,908
Fashion and Leather Goods	16,709
Perfumes and Cosmetics	13,010
Watches and Jewelry	2,309
Selective Retailing	17,123
Other Activities	901
Total	54,960



Average work force by geographic region

France	19,600
Europe (excl. France)	10,913
North America	10,434
South America	1,612
Asia Pacific	8,327
Japan	4,074
Total	54,960





COMMUNICATIONS: SHARING VALUES AND KNOW-HOW

LVMH IS A PROFESSIONAL COMMUNITY OFFERING A BROAD RANGE OF SKILLS AND EXPERTISE THAT COMPLEMENT AND ENRICH EACH OTHER. OVER TIME, THE GROUP HAS BUILT A COMMUNITY OF KNOW-HOW AND VALUES THAT SERVE DAILY AS A POINT OF REFERENCE. INTERNAL COMMUNICATIONS PLAY A KEY ROLE IN THIS INTERACTIVE PROCESS TO TRANSMIT AND SHARE.

LVMH is dedicated to providing information to its employees. Its internal communication policy is organized around three major vectors:

- To promote and encourage a top-down and bottom-up information process in each of the companies, based on regular information meetings conducted by management, annual conventions, and messages from the Chairmen, all of which contribute to a climate conducive to corporate dialogue.
- To strengthen the sense of belonging to the Group and share the core values underlying its success by communicating to all employees its strategic orientations and the culture of each of its brands and by showcasing the skills of its business lines through the orientation workshops mentioned above, by distributing its in-house publication LVMH Magazine abroad, and the internal informational magazines of its different companies.

- To facilitate the flow of "business" or "operational" information through a number of intranet or extranet sites, sometimes specifically addressing the employees of the company concerned, one inter-company function or else the entire LVMH workforce.

AN ACTIVE EXTERNAL COMMUNICATIONS POLICY

Updated constantly in real time, the LVMH website receives over 400,000 hits per month.

In addition to corporate and financial data, the site gives all the latest news about the LVMH brands (new products, events and other information) as well as corporate patronage activities.

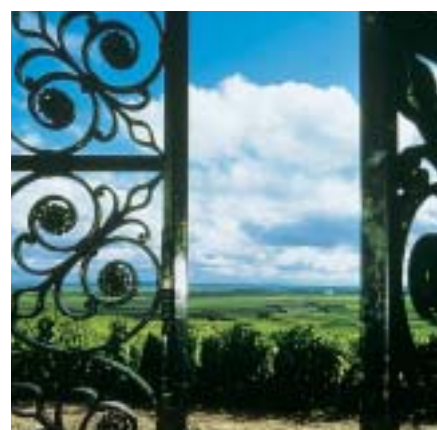
The pages devoted to human resources and to job offers are among the most frequently visited sites (60% of the pages hit) and give web-surfers an opportunity to discover the wealth and appeal of the Group's brands, and to learn about the wide range of career prospects available in the companies and, of course, to apply for job openings on-line.



www.lvmh.com

WORKING WITH THE COMMUNITY

Moët Hennessy became a partner for the 20th Heritage Day Even (*Journées du Patrimoine*), showcasing exceptional locations for the general public.



Doors opened on the Moët Hennessy Vineyards
© Moët Hennessy 2003

The brands as prestigious as Moët & Chandon, Hennessy, Veuve Clicquot Ponsardin, Ruinart and Mercier took part in this event for the first time.

These prestigious brands have developed their know-how in the heart of our native soils and, as such, represent a unique heritage— one that is synonymous with the *art de vivre à la française*.

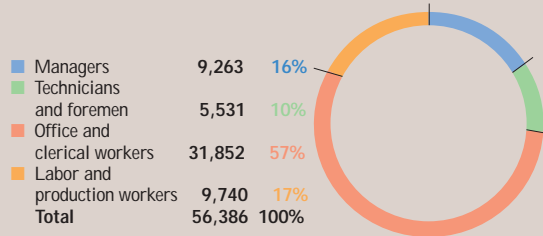
Whether in Champagne or in the Cognac region, these great Houses displayed a few of their remarkable sites, some of which have never been opened to the public, such as country inns, museums, the Abby of Hautvillers, where Dom Pérignon lived, parks, gardens, wine cellars, vineyards and distilleries.

By offering guided tours during those two days, Moët Hennessy opened the doors of its Houses, estates and vineyards to lovers of history, culture and the arts.

EMPLOYMENT DATA

THE INFORMATION BELOW INCLUDES ALL EMPLOYEES, INCLUDING EMPLOYEES OF THE JOINT VENTURES

Workforce by professional category at December 31, 2003 (includes both regular and temporary personnel)



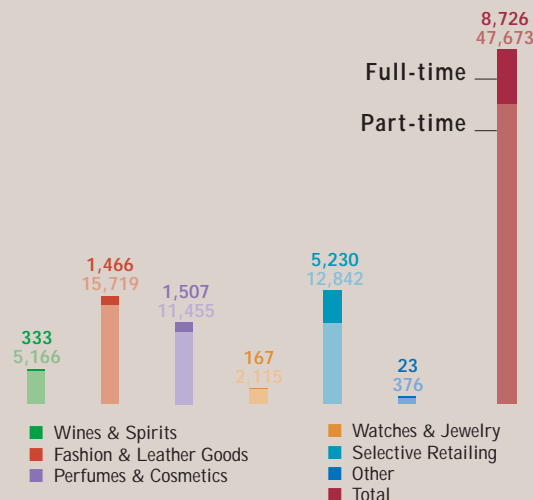
The total workforce under regular and temporary employment contracts at December 31, 2003 was 56,386 employees, including 8,726 part-time employees, i.e. 15% of the total.

This workforce at December 31, 2003 includes 50,340 regular employees and 6,056 temporary employees. It represents 51,173 full-time equivalent employees.

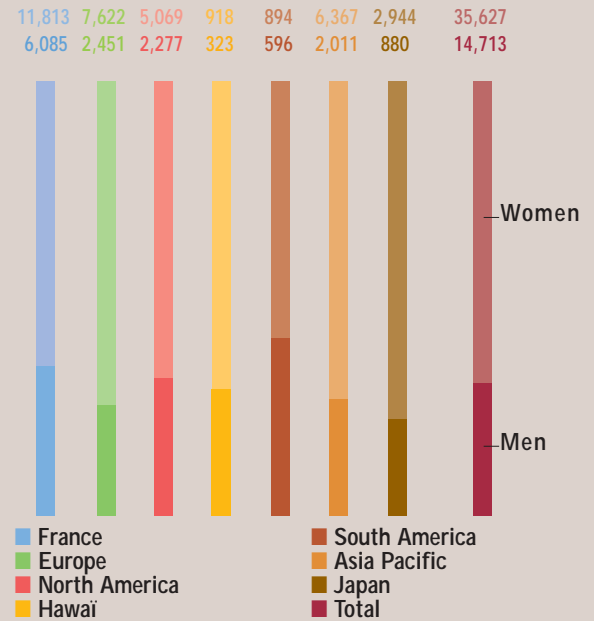
Breakdown between women and men and classification (regular employees only)

	Women	Men
Managers	54%	46%
Technicians and foremen	69%	31%
Office and clerical workers	80%	20%
Labor and production workers	61%	39%
Total	71%	29%

Breakdown of full-time and part-time workforce by business group



Breakdown between women and men by geographic region (regular employees only)



Other Indicators

• Promotions

338 technicians and foremen were promoted to management positions last year, while 508 labor and production workers and employees were promoted to technical or supervisory jobs.

• Training

– 63.1% of our full-time equivalent workforce, or around 32,000 employees, received at least one day of training during the year.

– The average number of training days per person was 2.3 days.

– 45,127,824 euros was spent on training last year, which represents more than 800 euros per person or 2.8% of the worldwide payroll excluding employee profit sharing.

– The total number of training days was 113,967, equivalent to 570 persons in training full time throughout 2003. This represents one out of every 88 persons employed by the Group.

– Nearly 11,000 people underwent an integration session in 2003.



PRESERVING THE ENVIRONMENT

VISION AND STRATEGY

BECAUSE OUR BUSINESSES ARE PROFOUNDLY LINKED TO NATURE, RESPECT FOR THE ENVIRONMENT HAS ALWAYS BEEN AT THE HEART OF THE EFFORTS OF THE COMPANIES IN THE GROUP AND THE VALUES THAT DRIVE THEM. IT IS A CORNERSTONE OF THE LVMH MISSION—TO PROMOTE QUALITY AND THE “ART DE VIVRE” WORLDWIDE AS EXEMPLIFIED BY ITS PRODUCTS. THE ENVIRONMENTAL CHARTER ADOPTED IN 2001 LAYS OUT THE GROUP’S CONCRETE COMMITMENTS IN THIS AREA: TO AIM FOR A HIGH LEVEL OF ENVIRONMENTAL PERFORMANCE, TO FOSTER A COLLECTIVE PURPOSE, TO CONTROL ENVIRONMENTAL HAZARDS, TO FOLLOW-THROUGH ON PRODUCT DISPOSAL, AND TO MAKE COMMITMENTS OUTSIDE THE COMPANY.

RELATIONSHIP BETWEEN LVMH AND THE ENVIRONMENT

Like any human activity, the Group’s operations have an impact on the envi-

ronment that varies depending on the type and scope of activity. For almost all companies, those activities are:

- consumption of **energy** to operate equipment, lighting and heating of buildings or certain specific operations (cold-stabilization of wine, distillation of cognac);
- consumption of **raw materials** necessary for making the packaging: glass, cardboard, plastic, metals to a lesser extent;
- production of **waste** at the sites;
- air pollution and energy use when merchandise is being **shipped**.

Wines & Spirits and Perfumes & Cosmetics have other specific aspects, such as consumption of **water**, which is an essential resource for hygiene of materials and equipment that come into contact with the product or for survival of vines (irrigation of vines in Australia, New Zealand, Argentina and California) and production of **liquid waste** rich in organic matter. Only the Wines & Spirits sector can have an impact connected with **soil** use for growing vines.

STRONGER ENVIRONMENTAL COMMITMENT FROM LVMH

LVMH formed its environmental department in 1992 and Bernard Arnault chose to affirm its commitment in 2001 by signing the “Environmental Charter.” The Charter asks each com-

pany of the Group to make a commitment to set up an effective environmental management system, review product-related environmental issues together, manage risks and use the best environmental practices.

A member of the Orée Association, LVMH is also committed to respecting the principles of its Charter⁽¹⁾ which has been in place since 2001.

ORGANIZATION WITHIN THE GROUP

The environment department is under the authority of the Financial Manager, who is a member of the executive committee.

Its role is:

- to steer the environmental policy of the Group’s companies, based on the LVMH Charter;
- to monitor regulations and technology;
- to create and develop environmental management tools;
- to help companies to anticipate risks;
- to train and sensitize employees at every level of the hierarchy;
- to define and consolidate environmental indicators;
- to work with the various stakeholders (associations, rating agencies, government offices...).

(1) The Orée Charter is available at the association’s website: <http://www.oree.org>.

The companies have one or more correspondents who come together in the "LVMH Environment Commission," which is run by the environment department, who exchange information and good practices through quarterly meetings and a Group Environment Intranet, which everyone can access. The environment department also participates regularly in the executive committees of the companies.

Each company is responsible locally and provides its own environmental management system, which sets forth the principles of the LVMH Environment Charter, according to its activity and with a view toward ongoing improvement. It can choose whether or not to orient itself toward ISO 14001 or EMAS environmental certification.

THE GROUP AND THE STAKEHOLDERS

Since 2003, LVMH has chaired the OREE association, which it has been a member of for 10 years. OREE brings together companies, local governments and associations to brainstorm together and create tools to improve environmental awareness.

The Group is also part of the environment committees of many national professional associations (Institut de Liaison des Entreprises de la Consommation [ILEC], Organisation pour la Responsabilité Sociale des Entreprises [ORSE], Association pour le Management des Risques et des Assurances de l'Entreprise [AMRAE], Association Française des Entreprises Privées [AFEP]), and European associations (Association des Industries de Marques [AIM]). Moët Hennessy also sits on the Board of Directors of the Adelphe organization, and LVMH is a shareholder of ECOPAR (Eco-Emballages), two entities that help local governments to sort and recycle household packaging waste.

The Group's environment department has regular relationships with consumer and environmental protection associations, either directly through formal or informal one-time meetings,

or through the organizations listed above in which the Group is active.

The champagne and cognac companies put their environmental expertise to work for the local community by participating in the technical commissions of the professional sector or by consciousness-raising actions: in November 2003, Hennessy's environmental manager spoke on the topic "The environment, a challenge for the wine-making sector" to 200 professionals and elected officials from the Charente region. Interested by the initiative of the champagne bottle "carbon balance" that the Veuve Clicquot Ponsardin company did in 2002, the Comité Interprofessionnel des Vins de Champagne (CIVC) conducted a study covering the entire Champagne region in 2003.

The Group is a publicly traded company and, throughout the year, receives questionnaires from shareholders, investors or rating agencies to which it must respond: accordingly, 11 questionnaires with a significant environmental component were handled in 2003.

In addition to these forms of interaction with stakeholders, anyone can query the Group about environmental issues over the Internet at environnement@lvmh.fr.

EVOLUTION OF ENVIRONMENTAL MANAGEMENT IN THE GROUP'S COMPANIES

IMPROVEMENT IN ENVIRONMENTAL MANAGEMENT SYSTEMS

The companies must produce their own environmental policy specific to their activity and set goals for themselves. Those that so desire can choose to have their management system certified by a third party, such as Jas Hennessy & Co, which in 1998 was the first company in the world to receive ISO 14001 certification in the Wines & Spirits sector; this has been renewed twice since and is valid for all its sites.

In December 2003, the Louis Vuitton Malletier workshop in Barbera, Spain, received ISO 14001 certification, as did all sites of the Krug and Veuve Clicquot Ponsardin companies in February 2004.

(2) Calculation of greenhouse gas emissions at each stage of the product's life.



With its environmental awareness workshops, the Jardin d'Acclimatation offers young city dwellers real access to nature: getting to know what gardeners do, medicinal herbs, the rhythm of the seasons, how natural pigments are made, etc. All these workshops enable children to draw a connection between the plant world and everyday use, introducing them little by little to the importance of having respect for nature. In 2003, 4,600 children in nursery and elementary school participated in those workshops.



The Louis Vuitton site in Ducey, Normandy, has developed its environmental management system by conducting an environmental analysis of the site (identifying the environmental impact of the site's activities), establishing an environment committee and devising an environmental plan.

Concern for the environment is at the heart of the staff management system. At Hennessy, annual environmental protection goals are incorporated into the management performance evaluation system. Veuve Clicquot Ponsardin has included an environmental indicator (based on water consumption and heating-related energy consumption) in calculating the profit-sharing that gives employees a stake in the company's performance.

ENVIRONMENTAL REPORTING: IMPROVING THE SCOPE OF COVERAGE AND REFINEMENT OF DATA

The upward flow and consolidation of environmental data were set up in 1999 in the largest companies and were extended to include all of them. In 2003, the scope covered:

- the production sites and warehouses throughout the world that are owned and operated outright for the companies that have production activity;
- boutiques located in France and operated outright for the distribution companies, i.e. Sephora, La Samaritaine and Le Bon Marché boutiques;
- the main administrative sites in France.

The scope does not include the fleets of vehicles that are owned outright by the companies and are used for staff travel.

Accordingly, it covers 365 sites (versus 306 in 2002). Data from just 20 of those sites is missing from it, the impact that they have on the environment being not significant in comparison with the Group's total impact.

The major changes with respect to 2002 were:

- addition of main administrative sites in France;
- improvement in data collection: incorporation of data from sites that were not provided in 2002: Château d'Yquem, three sites in Loewe, the two subsidiaries of Hennessy and Rossimoda;
- sale of companies consolidated in 2002 and withdrawn in 2003: Canard Duchêne, Ebel.

GREATER STAFF AWARENESS

In 2003, a bilingual version of the environment intranet was made available online, which all employees can access. This year, the companies of nearly all branches of the Group stepped up the training and consciousness-raising for their internal staff: 8,159 hours were devoted to it; compared to 2002, that figure is a 30% increase.

For example, Moët & Chandon organized environmental consciousness-raising sessions for 563 people, all functions and all departments combined (Marketing, Human Resources, Operations, Administration, etc.). Totalling more than 1,700 hours in 2003, they were part of an operation to sensitize all Moët & Chandon employees that was conducted from 2002 to early 2004.

In 2003, all Hennessy, Moët & Chandon and Veuve Clicquot Ponsardin employees received an environmental consciousness-raising guide. It lists

“green actions” to be taken at home and in the workplace to limit everyone’s impact on the environment: conserving energy, sorting trash, limiting use of forms of transportation that pollute (aircraft and automobile), reducing noise.

The logistics platform of Kami, a subsidiary of Kenzo, offered all its employees (250 people, including permanent, fixed-term and temporary employees) the “Sustainable Development Game,” a card game that offers multiple-choice questions and answers on important environmental and sustainable development issues.

“Sustainable Development Week” from June 2 to 6, 2003 was an opportunity for many environmental consciousness-raising actions within the Group:

- Holding company: environmental consciousness-raising sessions on the topics “the environmental impact of the Group’s products” and “the use of nature in the Group’s products”;
- Moët & Chandon: rotating exhibits at the main entrances about sorting industrial waste, renewable energies and transportation, giving out flyers with household-related information: regulation of individual heating, hazardous household waste, organization of conferences on sustainable viticulture, and distributing a daily environment newsflash on the company’s Intranet;
- Parfums Christian Dior: contest at the Saint Jean de Braye site, consciousness-raising by printing information about the environment on the paper napkins that are distributed in the company’s cafeteria, training in sorting trash and distribution of booklets;
- Kenzo Parfums: communication about the environment on the company’s intranet, which all employees can access.

CONTINUED ENVIRONMENTAL AUDITS

In 2003, 20 environmental audits were conducted at the sites internally or by outside parties (insurance companies, ISO 14001 auditors, etc.), i.e. seven more than the previous year. An “audit” is an assessment—done at one or more sites of the same company—of the status of any environmental problems encountered there: handling of waste, water, energy, environmental management, etc.

In order to improve its environmental policy, Celine has for instance conducted an environmental audit of its production site in Italy, which enabled it to produce an environmental action plan for 2004.

In addition to these audits, at their sites the companies can periodically conduct numerous compliance checkings on a specific point of environmental regulation (e.g. checking of waste sorting). In addition to those verifications, since 2003 there has been a review of environmental regulatory compliance by insurance companies, which included an environmental component when fire engineering inspections were conducted at Group company sites. About 30 inspections were conducted in 2003.

This action will be reinforced in 2004 by forming a team of about **12 environmental internal auditors**, who are to conduct environmental management and/or compliance audits.



Guide for “green actions”

More detailed information on the guidelines of the Global Reporting Initiative and the indicators for the environmental impacts of the Group’s operations are provided in the 2003 LVMH reference document, which is available on request, and can also be found on the “LVMH and the environment” page on the Group’s website at www.lvmh.com.