

# 2017 SOCIAL RESPONSIBILITY REPORT



This 2017 Social Responsibility Report describes the LVMH group’s corporate social responsibility (CSR) policy, approach and initiatives. For additional information on the LVMH group’s social responsibility data, please refer to the cross-reference tables on pages 94 to 97.

*Cover photo: Justine Le Dortz*

This document is a free translation into English of the original French “*Rapport responsabilité sociale 2017*”, hereafter referred to as the “2017 Social Responsibility Report”. It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

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# KEY WORKFORCE-RELATED INDICATORS FOR 2017

## Steady increase in the number of employees

2017

145,247

## Attractive compensation

Personnel costs

2017

€7,446.9m

## Strong hiring data

2017

33,191

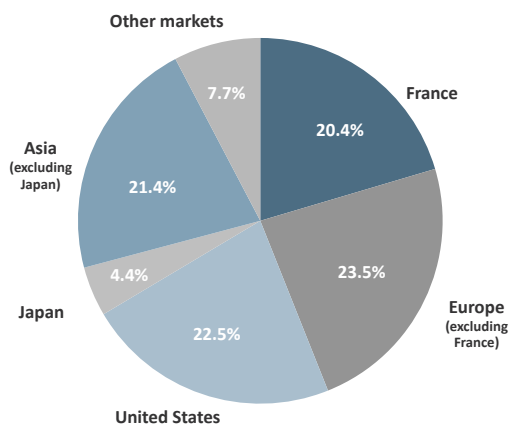
## Robust net job creation for permanent positions

2017

3,551

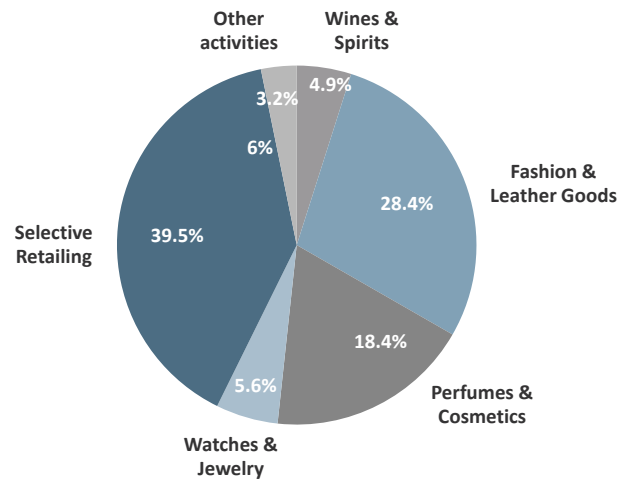
## An international group

As % of total workforce on permanent and fixed-term contracts as of 12/31/2017



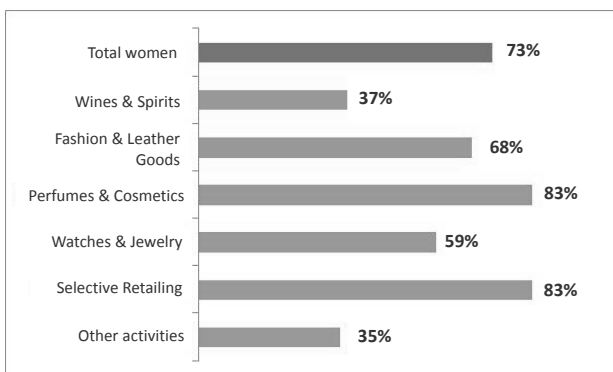
## Employees by business group

As % of total workforce on permanent and fixed-term contracts as of 12/31/2017



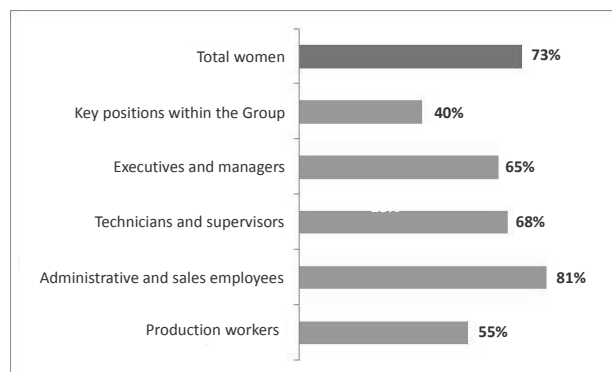
## A high proportion of women

% by business group



## Women increasingly moving into positions of responsibility

% by professional category



### People with disabilities taken into consideration

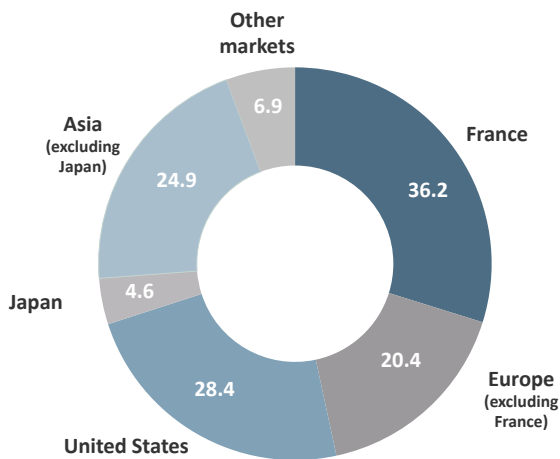
France (official standards)	Worldwide
4.7%	1%

Amount of services entrusted to companies that specifically employ people with disabilities in France	Up 7.6%
Corresponding external jobs	Up 18%

### A Group that gives pride of place to employees aged 50 and over

France	Worldwide
23.6%	13.5%

### Training investment in 2017 tailored to specific market conditions (€ millions)



### R&D investment to drive innovation

€130m	Up 17.1%
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### LVMH, nurturing talent

Training investment	€121.5m
Number of people who completed safety training	37,538
Number of young people on apprenticeship or work-and-training contracts	1,256

### Taking care to keep employees safe

Amount invested in improving health and safety	Up 7.5%
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### Career management fostering inclusion and commitment

Number of managers who took advantage of internal mobility opportunities within the Group in 2017	3,600 (up 44%)
Senior executive positions filled by talented Group employees	76%

### Downward trend in work-related accidents

	2016	2017
Frequency rate	5.58	5.16
Severity rate	0.18	0.16

### Improvement in the overall absence rate

Permanent and fixed-term employees worldwide	
2016	2017
5.1	5.0

# HIGHLIGHTS OF THE YEAR

## JANUARY 2017



January 11: The “LVMH – Luxury Brand Management” Chair at the ESSEC business school welcomes its 27th intake of students.

## MARCH 2017



March 29: The Paris suburb of Clichy-sous-Bois hosts the second LVMH Institut des Métiers d’Excellence Village vocational training fair.

## APRIL 2017



April 25: LVMH and holding company Christian Dior SE announce a strategic operation resulting in LVMH acquiring Christian Dior Couture.

## APRIL 2017



For the 12th year running, LVMH is named the top preferred employer of French business school students in the Universum ranking.

## MAY 2017



May 4: LVMH and Central Saint Martins announce the creation of a new program: LVMH & Central Saint Martins “Sustainability & Innovation in Luxury | Fostering Creativity”.

## JUNE 2017



June 16: The winners of the fourth annual LVMH Prize for Young Fashion Designers are presented with their awards at a ceremony hosted by Rihanna.



**JUNE 2017**



June 16: The winner of the LVMH Innovation Award is announced at the Viva Technology international trade fair bringing together 6,000 start-ups from 42 countries.

**JULY 2017**



July 7–10: The DARE (Disrupt, Act, Risk – to be an Entrepreneur) program focusing on open innovation is held, with participants from 40 Group companies and 15 countries.

**JULY 2017**



July 4–6: Designs by Laurie Procès, the winner at the Montfermeil Cultures and Creation fashion show, are exhibited during Berlin Fashion Week.

**SEPTEMBER 2017**

**THE CHARTER ON THE WORKING RELATIONS WITH FASHION MODELS AND THEIR WELL-BEING**

"The well-being of models is of great importance to us. As the leader in the luxury sector, we have the responsibility of building new standards for fashion models."

Antoine Arnault



September 6: LVMH announces the creation of its Charter on Working Relations with Fashion Models and Their Well-Being.

**NOVEMBER 2017**



November 27: LVMH Institut des Métiers d'Excellence inaugurates its new site in Florence to develop its training program in Italy.

**DECEMBER 2017**



December 13: The fifth annual Dîner des Maisons engagées is held at Fondation Louis Vuitton.

# THE LVMH GROUP

## *Diverse business lines*

The highly diverse range of companies within LVMH’s six business groups is one of the things that makes our Group unique. It is both a great strength and a challenge. Unlike all its competitors, LVMH is the only group to bring together such a varied portfolio of business areas.

In 2017, the Fashion & Leather Goods business group grew with the acquisition of 80% of high-end luggage manufacturer Rimowa in January 2017 and the integration of 100% of Christian Dior Couture on July 3, 2017.

<p><b>Wines &amp; Spirits</b></p>	<p>▶ LVMH’s Wines &amp; Spirits businesses focus their growth on the high-end segments of the market. The world leader in champagne, LVMH also produces still and sparkling wines from the world’s most renowned wine-growing regions. The Group is also the world leader in cognac with Hennessy and is expanding its presence in the luxury spirits segment in addition to this historical business. The portfolio of brands is served by a powerful international distribution network.</p>
<p><b>Fashion &amp; Leather Goods</b></p>	<p>▶ Berluti, Céline, Christian Dior Couture, Edun, Fendi, Givenchy, Kenzo, Loewe, Louis Vuitton, Marc Jacobs, Pucci, Rimowa, Rossimoda and Thomas Pink make up the Fashion &amp; Leather Goods business group. This outstanding group of brands from both sides of the Atlantic has 1,566 stores throughout the world. LVMH supports the growth of these brands by providing them with shared resources, while at the same time respecting each one’s individual identity and creative positioning. In 2013, the business group welcomed Loro Piana, a paragon of excellence, renowned for its devotion to quality and the finest materials.</p>
<p><b>Perfumes &amp; Cosmetics</b></p>	<p>▶ LVMH’s major presence in the perfumes, makeup and skincare sector is mainly based on a portfolio of brands comprised of French companies known throughout the world: Christian Dior, Givenchy, Guerlain and Kenzo. The Group also supports the development of high-potential brands: Acqua di Parma, whose fragrances symbolize Italian elegance; Benefit Cosmetics and Fresh, two rapidly growing American brands; Make Up For Ever, which has built a cult following among professional makeup artists and recorded outstanding growth by making its products available to the general public; and Parfums Loewe, one of the leaders in the Spanish market. In 2017, the singer Rihanna launched Fenty Beauty by Rihanna, her makeup line for all skin tones sold exclusively at Sephora.</p>
<p><b>Watches &amp; Jewelry</b></p>	<p>▶ LVMH’s Watches &amp; Jewelry companies – among the most dynamic brands on the market – operate in two segments: high-end watchmaking on the one hand, and jewelry and fine jewelry on the other. A quest for excellence, creativity and innovation guide them in this area every day. The watchmaking side capitalizes on the complementary positioning of its brands: Dior’s creativity, Hublot’s strong dynamic of innovation, TAG Heuer’s international stature, and Zenith’s age-old expertise. In jewelry and fine jewelry, Bvlgari, Chaumet, Fred and De Beers employ their bold creativity and perfectly mastered skills to constantly surprise their customers and offer them the objects of their desire.</p>
<p><b>Selective Retailing</b></p>	<p>▶ LVMH’s Selective Retailing companies operate in Asia, America, Europe and the Middle East. Their operations are conducted in two segments: retail designed for international traveler customers (travel retail), with DFS and Starboard Cruise Services, major players in their markets; and the selective retailing concepts of Le Bon Marché Rive Gauche, a department store with a unique atmosphere located in Paris, and Sephora, the most innovative company in the beauty segment. In addition, La Grande Épicerie de Paris opened a second location in 2017 on the city’s Right Bank.</p>
<p><b>Other activities</b></p>	<p>▶ Being ambassadors for culture and a certain <i>art de vivre</i> is the driving force behind the companies in this business group. That approach is part of the quest for excellence pursued by each of these Group companies: from Cheval Blanc, which is developing a collection of exceptional hotels, to Groupe Les Echos, which includes key business and cultural press titles, and Royal Van Lent, which markets custom-designed yachts under the Feadship name.</p>



# THE LVMH GROUP'S INTERNATIONAL VALUES AND COMMITMENTS

## *The LVMH spirit*

LVMH brings together exceptional companies. Each of them designs products that combine high-level expertise and a strong heritage with a freshly modern outlook. This is what makes its “Maisons” the ambassadors of a refined way of living.

### **A long-term vision**

LVMH maintains a family spirit that always focuses on a long-term vision. It aims to help each of its Maisons grow while respecting their own individual identity and autonomy, and providing all of the resources they need to design, manufacture and selectively retail their products and services.

As stated by Bernard Arnault, three fundamental values are shared by everyone involved at LVMH. In our quest for excellence, these three ideas are what drive our performance and ensure our long-term future.

### **Shared values**

<b>BEING CREATIVE AND INNOVATIVE</b>	▶ Creativity and innovation are part of our DNA. They are the keys to our companies' success and the basis of their solid reputations. Fundamental to our Maisons, creativity and innovation are at the heart of a delicate equation: updating our offering with a strong focus on the future, while also respecting our heritage.
<b>DELIVERING EXCELLENCE</b>	▶ Within the Group, quality can never be compromised. Because we embody what is most noble and accomplished in the world of fine craftsmanship, we pay extremely close attention to details and perfection: from products to services, this quest for excellence is what makes us stand out.
<b>CULTIVATING AN ENTREPRENEURIAL SPIRIT</b>	▶ The Group's agile, decentralized structure fosters efficiency and responsiveness. It encourages individuals to take initiative by giving everyone responsibility. Our entrepreneurial spirit makes risk-taking easier and encourages perseverance. It requires a pragmatic approach and the ability to mobilize staff towards achieving ambitious goals.

## LVMH's international commitments

The international charters and commitments signed by LVMH provide the framework for the actions and responsibilities of the Group and its companies.

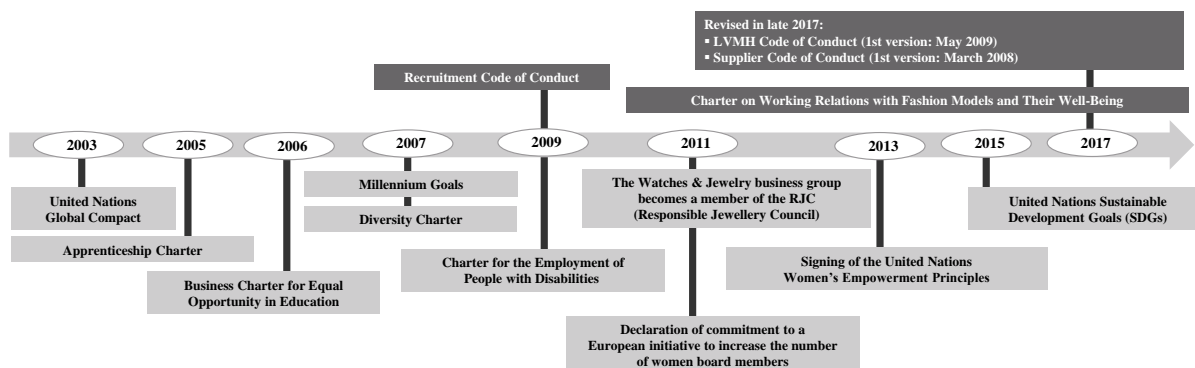
Since 2003, the LVMH group has shown its support for universal values as a signatory of the United Nations Global Compact, reflecting its commitment to corporate social responsibility. The Group is committed to aligning its operations and strategy with the UN Global Compact's ten principles related to human rights, working standards, respect for the environment, and the fight against corruption. LVMH also supports the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the International Labor Organization's Fundamental Conventions, the United Nations' Millennium Development Goals and Women's Empowerment Principles, and the French Diversity Charter.

These commitments are set out in a set of shared ethical guidelines for the Group and its companies, the LVMH Code of Conduct, adopted in 2009 and revised in 2017. The revised Code sets out all of the principles and policies to be implemented by the Group in conducting its activities. It outlines the rules to be followed by all employees in their roles and responsibilities, with a special emphasis on the high level of integrity demanded of everyone. The Code guarantees consistency and ongoing improvement in the practices of all Group companies by defining six core principles:

- acting responsibly and with solidarity;
- offering a fulfilling working environment and nurturing talent;
- committing to protecting the environment;
- earning customers' trust;
- earning shareholders' trust;
- promoting integrity in business conduct and supporting all efforts to make it a reality.

The Code of Conduct does not replace existing codes and charters within Group companies but serves as a common basis and source of inspiration for them. Where appropriate, the policies of the Code may be defined in greater detail by each Group company according to its business sector or location. Furthermore, locally applicable codes or charters can be implemented where this is appropriate in the light of local legislation and regulations. At the Group level, the Supplier Code of Conduct, which was also revised in late 2017, as well as the various guiding principles and internal charters, in particular the Recruitment Code of Conduct adopted in 2009, constitute the different expressions of the LVMH Code of Conduct in specific areas.

### Employee-related and societal initiatives \*





\* For more information on the Group's environmental policy, please refer to LVMH's 2017 Environmental Report.

■ LVMH's Internal Charters and Codes

■ Public undertakings by LVMH

In keeping with the commitments made by LVMH – particularly with respect to the Millennium Development Goals – the Group supports the Sustainable Development Goals (SDGs) drawn up and developed by the United Nations in 2015. The 17 SDGs are a global call for action by 2030 to reduce inequality, make the world a better place for future generations and ensure that all human beings are able to live in peace and prosperity. The initiatives pursued by LVMH in line with its corporate social responsibility strategy are making an important contribution to meeting the 17 SDGs.

While the 17 Goals are designed to be interdependent, the following table details and connects the existing relationships and levers that exist specifically between the SDGs and the four CSR priorities presented in this report.

-  Strong, direct contribution to meeting the goal (related to business lines)
-  Other contribution to meeting the goal (indirect or voluntary)

The 4 strategic CSR priorities of the 2016 Social Responsibility Report <sup>(1)</sup>	1 No poverty	2 Zero hunger	3 Good health and well-being	4 Quality education	5 Gender equality	6 Clean water and sanitation	7 Affordable and clean energy	8 Decent work and economic growth	9 Industry, innovation and infrastructure	10 Reduced inequalities	11 Sustainable cities and communities	12 Responsible consumption and production	13 Climate action	14 Life below water	15 Life on land	16 Peace, justice and strong institutions	17 Partnerships for the goals
<b>① Developing talent and skills</b>																	
Special ties with schools and building a digital presence																	
Preserving expertise																	
Awareness and training programs and career paths within an international group																	
Compensation and incentive programs																	
<b>② Quality of life in the workplace</b>																	
Health and safety issues																	
Programs and initiatives for well-being at work																	
Labor relations and satisfaction surveys																	
<b>③ Preventing discrimination and respecting individuality</b>																	
Promoting gender equality in the workplace																	
Fostering the employment of people with disabilities																	
Providing career support for older workers																	
<b>④ Supporting local communities and regional development</b>																	
Jobs, suppliers and regional development																	
Supporting integration through employment																	
Supporting vulnerable populations and those in need																	

(1) This table only takes account of LVMH's contribution to workforce-related and social issues.

- |                              |   |   |
|------------------------------|---|---|
| 1 No poverty                 | 7 Affordable and clean energy             | 13 Climate action                         |
| 2 Zero hunger                | 8 Decent work and economic growth         | 14 Life below water                       |
| 3 Good health and well-being | 9 Industry, innovation and infrastructure | 15 Life on land                           |
| 4 Quality education          | 10 Reduced inequalities                   | 16 Peace, justice and strong institutions |
| 5 Gender equality            | 11 Sustainable cities and communities     | 17 Partnerships for the goals             |
| 6 Clean water and sanitation | 12 Responsible consumption and production |   |

With regard to the implementation of the Law of March 27, 2017 concerning the “duty of reasonable vigilance” for parent companies and subcontracting companies, refer to LVMH’s 2017 Reference Document, in particular Sections 2.1.10 “Health and safety of persons” (pp. 50–51), 2.1.11 “Human rights and fundamental liberties” (p. 51) and 4.1.5 “Actions relating to social issues” (pp. 64–65).

Taking each individual and his or her freedom and dignity, personal growth and health into consideration in each decision is the foundation of a doctrine of responsibility to which all Group companies adhere.

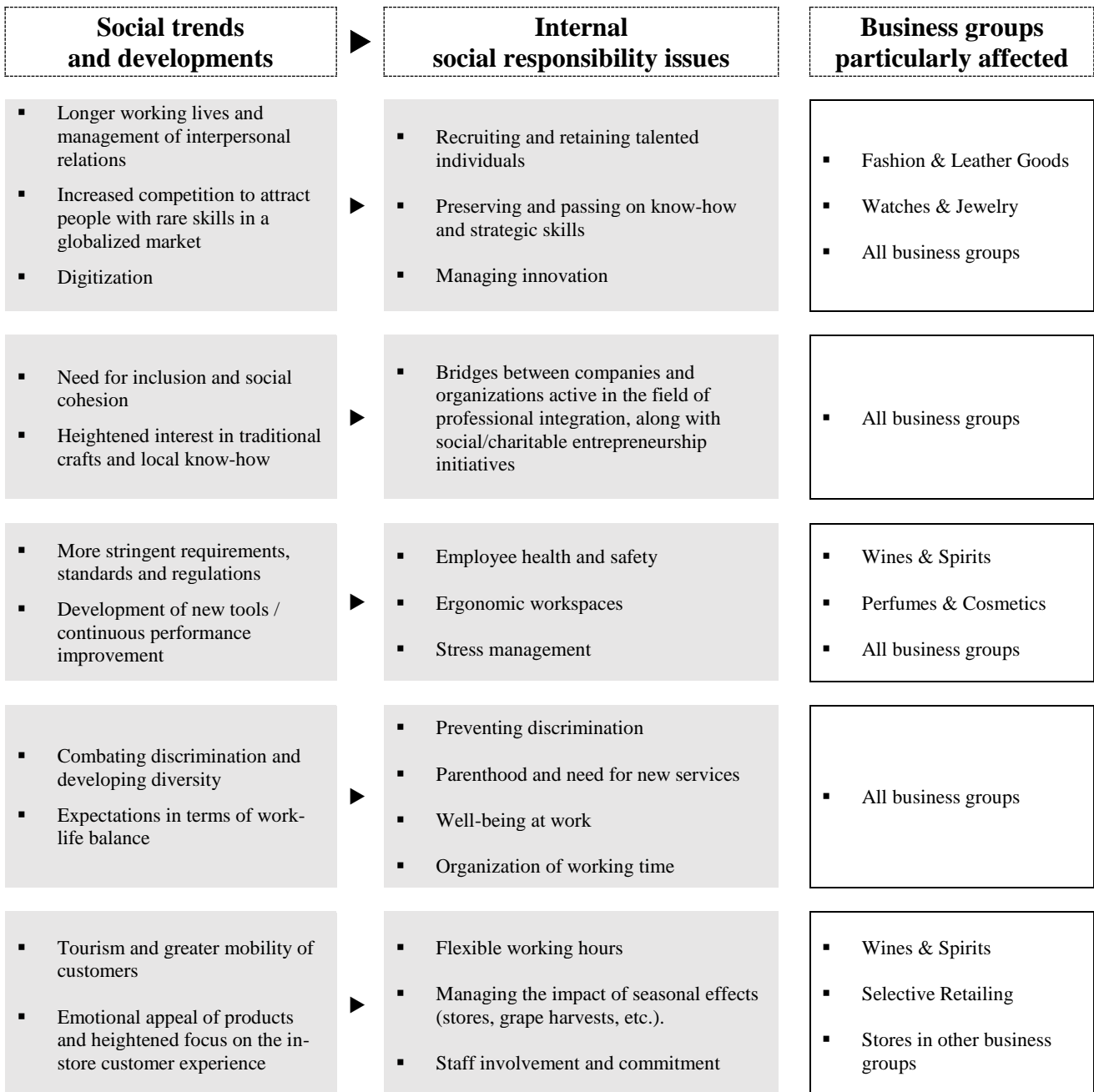
Accordingly, all Group companies have policies for equal opportunity and treatment irrespective of discriminatory factors such as gender, race, religion or political opinion, as defined in the standards of the International Labor Organization. This culture and these practices also generate respect for freedom of association, respect for the individual, and the prohibition of child labor and forced labor.

## CSR ISSUES AND STRATEGY

### *Main social responsibility issues*

Each of LVMH’s six business groups is unique, but they are all united by a shared view of their social responsibility, for which key priorities have been drawn up and tested over the past few years through dialogue between the Group and its stakeholders.

For each business group, social trends and changes have been identified that characterize both the unique characteristics of each group and the key points common to all business areas.





## ***Identification of the main workforce-related and societal risks and opportunities***

The 2017 Reference Document contains a new section on the management of non-financial and financial risks (pages 43 to 66).

This section sets out the main strategic and operating risks facing LVMH and Group companies, particularly those concerning the workforce, including seasonality, strategic skills, health and safety, human rights and fundamental freedoms. This summary work falls within the framework of the implementation of the Law of March 27, 2017 concerning the duty of reasonable vigilance for parent companies and subcontracting companies (see Section 2 “Risk identification”).

This new section of the Reference Document also sets out the actions and processes put in place in accordance with the Group’s ethics and codes of conduct for the purpose of risk identification (see Section 3 “Assessment and control procedures in place” and Section 4 “Control mechanisms”).

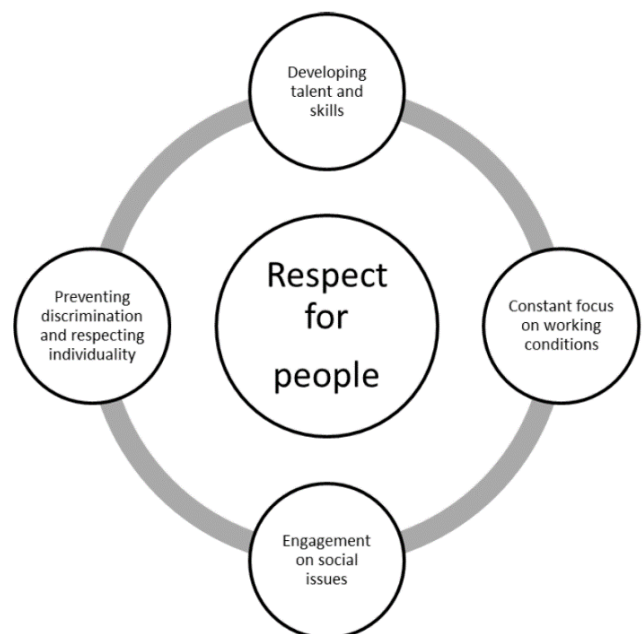
On a more forward-looking basis and in keeping with the main social trends and responsibility issues observed, LVMH’s human resources teams and in particular its Social Responsibility Department have drawn up a roadmap that takes account of the main risks and opportunities faced by the Group’s business groups.

### ***The four pillars of the Group’s social responsibility strategy***

Based on an analysis of the challenges facing the Group and interactions with its stakeholders, LVMH has identified four priorities for all its companies: developing talent and skills, constant attention to working conditions, preventing all forms of discrimination while respecting individuality, and community engagement to help local populations. These four priorities form the foundation of the Group’s social responsibility initiatives throughout the world.

These Group priorities are also shared by all Group companies. They provide all companies of the LVMH group with an overall framework for action, leaving them free to identify other priorities specific to their business and environment, and to draw up their own action plans. Group companies implement their approach independently and in coordination with the Group, in accordance with their business, their own human and societal issues and their local contexts.

As part of its annual reporting, the LVMH group sends all its companies a qualitative questionnaire that includes the following question: “What are your CSR priorities?” In 2017, all Group companies with a significant impact on Group reporting, thus some 50 entities, showed once again that the four social responsibility priorities defined by the Group were indeed taken into account.



## STRUCTURING OUR APPROACH

### *Defining and monitoring our strategy*

In keeping with its history, its size as a major international corporation, and the very different characteristics of its business lines, LVMH's organization is both unified and decentralized. While the Group's development is anchored in its common social responsibility principles, methods and action plans, the opportunities and risks arising from specific social contexts need to be managed locally by each Group company. As such, social responsibility is managed at the level of the Group by means of guidelines (such as the LVMH Code of Conduct and the Recruitment Code of Conduct) and annual reporting based on quantitative and qualitative data. At Group company level, social responsibility-related matters are managed by the Human Resources Department. Each HR Department appoints a CSR correspondent who liaises with LVMH, ensures that his or her company's actions are consistent with Group policy, and handles CSR reporting.

As part of an approach initiated by the Group, the rollout of strategic priorities and the overall consistency of its approach are pursued through regular dialogue between the Social Responsibility Department and CSR correspondents at Group companies, who are connected through the CSR network. Two or three times a year, the members of the CSR network meet to review the year ended based on the CSR reporting survey, set shared priorities for the current year, look for ways to collaborate with each other, share their best practices and meet with stakeholders. In 2017, the CSR network met in Paris on March 22, July 13 and October 31.

### *Monitoring by the Ethics and Sustainable Development Committee*

At its meeting of April 14, 2016, the Board of Directors decided to establish an Ethics and Sustainable Development Committee, whose main duties are to:

- ensure compliance with the rules and values defined by the Code of Conduct as well as the other codes and charters resulting from this code;
- help define rules of conduct or principles for action on which the Group's executives and employees must base their behavior in line with ethical standards as well as the Group's approach to corporate social responsibility;
- review the ethical, environmental, workforce-related and social responsibility issues faced by the Group;
- review the environmental, workforce-related and social information contained in the Management Report of the Board of Directors and submit its opinion on this information to the Board;
- monitor the functioning of warning systems put in place within the Group.

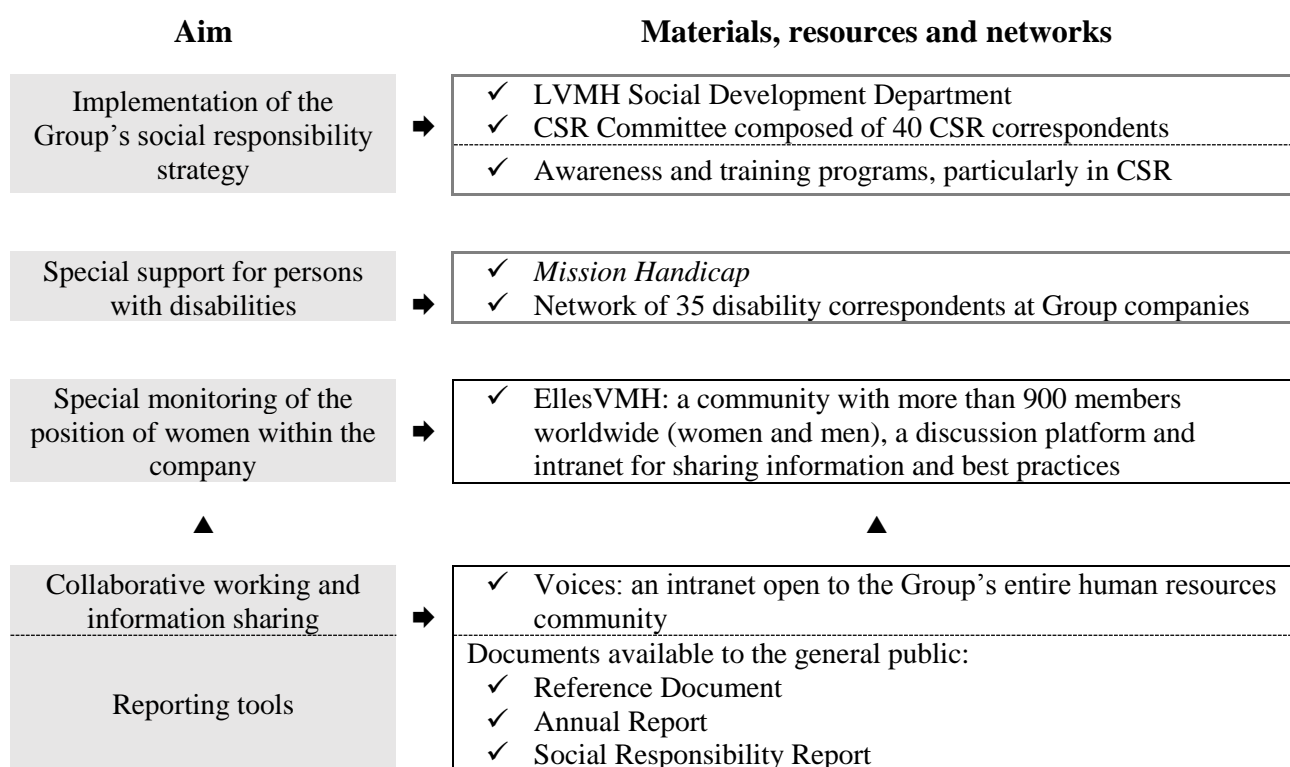
It consists of four members appointed by the Board of Directors: Yves-Thibault de Silguy (Chairman), Hubert Védrine (appointed April 13, 2017), Delphine Arnault and Marie-Laure Sauty de Chalon. The Committee met once during the fiscal year, with an attendance rate of 75%. During the meeting, the Director of Legal Affairs presented the Group's draft Code of Conduct, outlining (i) the rules of conduct that apply to each employee within the LVMH group in terms of business ethics, social responsibility and environmental protection, and (ii) the individual and collective values guiding all actions at LVMH.

## Operational implementation

At the level of the Group, operational implementation is the responsibility of LVMH's Social Responsibility Department and is monitored as part of international CSR reporting arrangements covering all Group companies. This reporting enables an annual inventory to be produced of the social responsibility measures taken over the previous twelve months. It covers the most common social responsibility issues: human rights, diversity and the prevention of discrimination, skills development, working conditions, listening to and dialoguing with employees, and local community engagement. For each of these topics, the survey form includes references to the conventions and recommendations of the International Labor Organization.

LVMH reports on its social responsibility policy and actions in its Annual Report and its Reference Document, supplemented since 2012 by its Social Responsibility Report.

Apart from the Group's publications, since 2013 and particularly as a result of specific French regulations resulting from the Grenelle II Law, some Group companies have developed their own social responsibility reports, including Guerlain, LVMH Fragrance Brands, Parfums Christian Dior and Le Bon Marché.

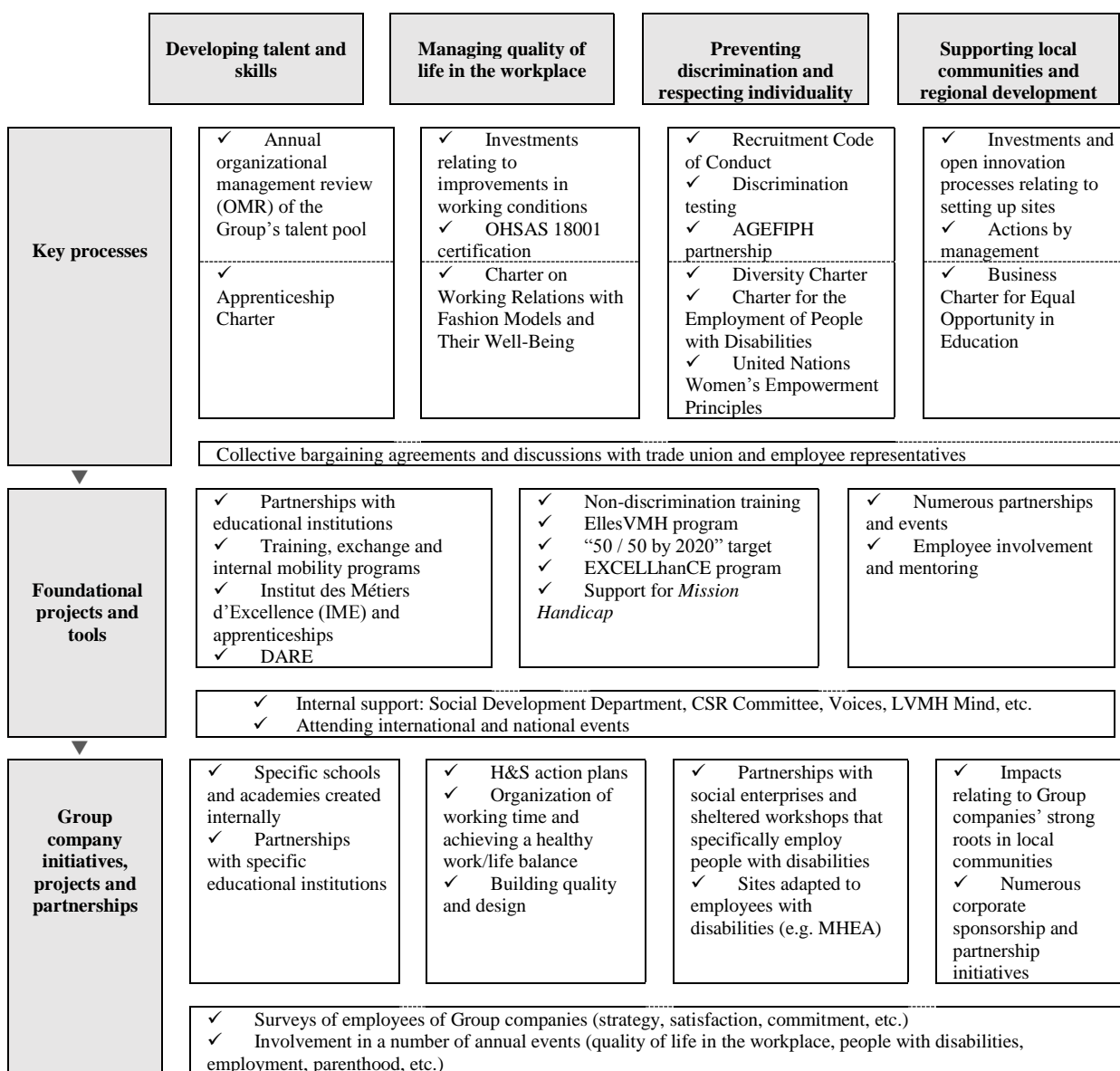


## Process and project momentum

The corporate social responsibility strategy and actions are initiated and coordinated by the Group. LVMH’s policy is structured by a number of different elements:

- general key processes ensure that the issues associated with each strategic priority are addressed and the objectives met;
- each process is based on a number of tools and partnerships defined at the Group level;
- Group companies also develop their own initiatives to ensure that local and activity-specific considerations are fully taken into account.

This comprehensive approach helps ensure credibility and effectiveness and reflects the momentum that is steadily gathering throughout the Group, as demonstrated by the following projects and initiatives:





## **RELATIONSHIPS WITH STAKEHOLDERS**

Throughout the year, LVMH fosters dialogue and relationships with its stakeholders. The Group answers their questions and provides them with a range of information, particularly concerning its social practices related to its activities. This dialogue is structured in very different ways depending on the circumstances.

Employees are made aware and kept informed of CSR issues via the Group's social media pages, its website, and its Voices intranet. Because social responsibility is a vital part of any manager's job, all newly hired managers systematically receive training in CSR, its implementation and the role it plays, through their induction seminar and online induction session.

## Types of stakeholder relationships (excluding partnerships)

Relationships with stakeholders differ depending on the issues pertaining to the Group as a whole, its business groups, Group companies, and each geographic area.

Type of stakeholder	Regularly throughout the year	Occasionally (depending on projects and requests)
<b>Internal stakeholders</b>		
	<p>Relationships and dialogue with employee representative bodies: Joint European Company Works Council (SEWC), Group Works Council and individual company Works Councils</p> <p>Health and Safety Committees</p> <p>Special employee networks (e.g. EllesVMH)</p>	<p>Company agreements on specific subjects</p> <p>Satisfaction surveys and measuring employee engagement</p>
<b>External stakeholders</b>		
States, multilateral institutions, government departments, local government and supervisory bodies	<p>Relations resulting from Group companies' many interactions relating to international, national and local regulations of all kinds</p> <p>Relations with regulators (such as the Autorité des Marchés Financiers, France's financial markets regulator)</p> <p>Various reporting requirements (work accidents, occupational illnesses, taxes, etc.)</p>	<p>Signing undertakings (on diversity, apprenticeships, etc.)</p> <p>Trialing best practices</p> <p>Involvement in projects connecting various parties within a given locality</p>
Investors, shareholders and non-financial ratings organizations	<p>Shareholders' Meetings and Shareholders' Club</p> <p>In conjunction with the Financial Communications Department:</p> <ul style="list-style-type: none"> <li>- attending roadshows (financial and non-financial analysts)</li> <li>- responding to rating agencies' ESG (Environmental, Social and Governance) questionnaires</li> </ul>	<p>Occasional requests from investors, asset managers and ratings organizations (in conjunction with the Financial Communications Department)</p> <p>Involvement in conferences, working groups and public discussions</p>
<b>Other external stakeholders</b>		
Contractual (See also the "Partnerships" table)	<p>Managing customer relationships</p> <p>Relationships with suppliers, subcontractors and commercial partners</p> <p>Statutory auditors and other external auditors</p> <p>Certification bodies</p> <p>Membership in expert and academic groups</p> <p>Membership in industry and market organizations (such as employers' unions and trade federations)</p>	<p>Handling customer complaints</p> <p>Supplier and subcontractor questionnaires and audits</p>
Non-contractual	<p>NGOs, public interest bodies</p> <p>Consumer organizations</p> <p>The media</p>	<p>Occasional or subject-based NGO and consumer organization campaigns</p> <p>Relations with local community organizations, depending on plans to set up new sites/facilities</p>

## The LVMH group's main partnerships

In addition to the types of relations maintained with its stakeholders, the Group's institutional partnerships are shown separately. This separate presentation reflects the specificities of these formal partnerships and the resulting commitments for all parties concerned.

<b>CSR (Corporate Social Responsibility)</b>	LVMH is a member of ORSE ( <i>Observatoire sur la Responsabilité Sociétale des Entreprises</i> )
<b>Non-discrimination</b>	<p>LVMH has been a member of AFMD (<i>Association Française des Managers de la Diversité</i>) since 2013 and has served on its board of directors since 2014 and on its executive committee since 2015</p> <p>► See ③ “Preventing discrimination and respecting individuality”</p>
<b>People with disabilities</b>	<p>The following companies are parties to the AGEFIPH agreement: LVMH, Hennessy, Christian Dior Couture, Parfums Christian Dior and Sephora</p> <p>The following entities are involved in the EXCELLhanCE program: Berluti, Céline, Christian Dior Couture, Louis Vuitton, Guerlain, LVMH Fragrance Brands, Make Up For Ever, Le Bon Marché, Sephora and Les Echos</p> <p>LVMH co-founded ARPEJEH (<i>Accompagner la Réalisation des Projets d'Études de Jeunes Élèves et Étudiants Handicapés</i>) in 2008 and has been its chair since 2012</p>
<b>Suppliers</b>	<p>LVMH is a member of Sedex</p> <p>In 2017, through the Perfumes &amp; Cosmetics business group, LVMH joined EcoVadis</p>
<b>Developing skills and preserving know-how</b>	<p>Partnership with a number of specialist schools and educational establishments</p> <p>► See list on next page</p> <p>► See ① “Developing talent and skills”</p>
<b>Helping disadvantaged individuals find work</b>	<p>Partnership with Clichy-sous-Bois and Montfermeil</p> <p>► See ④ “Supporting local communities and regional development”</p>
<b>Helping underprivileged populations</b>	<p>► See ④ “Supporting local communities and regional development”</p>
<b>Medical research and support for people with illnesses</b>	<p>► See ④ “Supporting local communities and regional development”</p>

## The LVMH group and its companies' main schools and training centers

### LVMH group

- Institut des Métiers d'Excellence (LVMH)

### Group companies

Academy of Expertise (Berluti)	Académie de l'Art des Métiers (Loro Piana)	Fine watchmaking workshop (Bvlgari)
Massoli Academy (Fendi)	School of leather goods (Louis Vuitton)	École d'Horlogerie LVMH (TAG Heuer and Zenith)
Leather crafts training center (Loewe)	Fine watchmaking workshop (Bvlgari)	École Boucicaud (Le Bon Marché)

## Main partners of IME and Group companies in apprenticeships

- Haute École de Joaillerie de Paris (BJO Formation)
- École Boule / Greta CDMA
- École de la Chambre Syndicale de la Couture
- Compagnie du Devoir et du Tour de France
- CFA Formasup Paris
- Avize Viti Campus
- EMA SUP Paris
- FERRANDI Paris
- Ecole d'Horlogerie LVMH
- Sorbonne Nouvelle
- Polimoda
- FOR.AL

## Main partner training organizations, schools, universities and academic chairs of the Group and its companies

- Arts et Métiers ParisTech	- Icam
- Asian University for Women (AUW)	- IMD
- Università Bocconi	- INESCOP
- Corvinus University of Budapest	- Institut Français de la Mode
- Ca' Foscari University of Venice	- Istituto Marangoni
- Central Saint Martins – University of the Arts London	- ITS Tessile Abbigliamento e Moda
- Columbia University	- Les Roches International School of Hotel Management
- École Centrale Paris	- London Business School
- École Duperré	- LUISS (Rome)
- École Ferrières	- MINES ParisTech
- École Hôtelière de Lausanne	- NEOMA Business School
- École Internationale de Marketing de Luxe (EIML) Paris	- Paris Dauphine University
- École Internationale Tunon (Geneva)	- Parsons School of Design
- École Normale Supérieure (Paris)	- Raffles Design Institute Riyadh
- Politecnico di Milano	- Royal College of Art
- Politecnico di Torino	- Singapore Management University
- École Polytechnique Fédérale de Lausanne	- Università Cattolica del Sacro Cuore (Milan)
- Sant'Anna School of Advanced Studies	- University of Bologna
- EDHEC Business School	- Singapore Management University
- EM Lyon Business School	- University of St. Gallen
- EMA SUP	- Vienna University of Economics and Business
- ENSAM	- Florida International University
- ESCP Europe	- Università Iuav di Venezia
- ESSEC Business School	- University of Alabama
- Fudan University School of Management	- École 42
- Grenoble École de Management	- IAE Gustave Eiffel
- HEC Lausanne	- University of Miami
- HEC Paris	



## RATINGS AND RECOGNITION OF LVMH'S COMMITMENT

LVMH is a signatory of the United Nations Global Compact and in November 2017 published its GC Advanced COP (Communication On Progress).



### ① Non-financial ratings

At the end of 2017, the LVMH group was selected for an “unsolicited rating” in the main indices based on ESG (Environmental, Social and Governance) criteria:

Since it was launched in June 2013, LVMH has been a member of the Euronext Vigeo Eurozone 120 index, updated on December 1, 2017.



In June 2017, LVMH was confirmed as a member of the FTSE4Good Global 100.



On March 19, 2018, LVMH was confirmed as a member of the updated Excellence Europe Ethibel Sustainability Index (ESI).

In 2017, LVMH was once again awarded Forum Ethibel’s “Ethibel Excellence” seal of approval. This award recognizes the companies that have shown the strongest CSR commitment and are likely to be included in the investment registers of SRI (socially responsible investment) funds.



### ② Employer rankings

For the twelfth year running, LVMH took the top spot on Universum France’s list of preferred employers for students at leading French business and management schools, which was published in early April 2017.



For the ninth consecutive year, LVMH was also ranked the top preferred employer in the French edition of the Trendence Graduate Barometer in April 2017, based on an online survey of students at the country’s leading business schools.



For the second LinkedIn Top Companies rankings and the second consecutive year, in May 2017 LVMH was named “most attractive employer in France” and ranked eighth worldwide.





## 1. DEVELOPING TALENT AND SKILLS

*Identifying and recruiting talent, along with preserving strategic skills and sharing our values, are decisive elements in the short-, medium- and long-term success of the LVMH group and each of its entities. In this highly competitive world, where creativity and expertise are of the utmost importance, it is essential to attract the highest-performing, most appropriate and most promising talent.*

### **Recruitment – a key moment**

**The LVMH way** ► As the Group's companies develop in constantly evolving markets, and new growth drivers such as digital technology come to the fore, we can provide varied career opportunities at every level of the organization, prompting a cross-pollination of skills between different business segments.

LVMH was ranked the **top preferred company** for business school students in France for the twelfth consecutive year in the 2017 Universum poll.

**33,191** people were hired under permanent contracts, stable relative to the level of hires in 2016 (33,477 people, marking an increase of 22.9% relative to 2015), including 10,511 in Asia including Japan (up 25% in 2017 versus 2016), 6,403 in Europe excluding France (up 11% in 2017 versus 2016), and 4,411 in France (up nearly 10.3% in 2017 versus 2016).

**8,341** people were hired in France under fixed-term contracts (up 7.2% in 2017 versus 2016). The seasonal sales peaks, at the end-of-year holiday season and the harvest season, are two main reasons for using fixed-term contracts.

Reflecting stronger momentum in fast-growing markets, the overall turnover rate in 2017 (**22.7%**) was higher than in previous years (20.5% in 2016, 21.8% in 2015, and 20.9% in 2014) and varied significantly by geographical region. The highest rates were seen in North America, Asia and Other markets, where labor markets are more fluid.

Voluntary turnover has also risen slightly over the last five years, from 15.8% in 2013 to **16.4%** in 2017.

With the wide reach of its Group companies, its growth and international expansion, the LVMH group naturally attracts talent from the world of luxury goods, and beyond, from all innovative fields. The Group also focuses on raising awareness of the full extent of its highly diverse range of professions to guarantee excellence across all its business lines, and has put in place action plans to achieve this goal.

A strong conviction is central to all our actions: people make the difference. To support this vision, recruiting the best talent is the key strategic pillar of our HR policy, to secure what we call the Future of Tradition for the Group. In a highly competitive environment, it is vital to be able to attract passionate, high-performing individuals who are committed to achieving excellence. To this end and with the aim of strengthening collaboration, LVMH has set up an internal network of 800 recruiters coordinated via forums and committees, in order to maximize efficiency and knowledge of the market.

## **An active approach to relations with schools and universities**

In November 2016, the LVMH group sought to reinforce its ties with the younger generation by creating a new program, Inside LVMH. The aim of this program – shaped jointly by schools and universities, their students and LVMH – is to give the selected students and interns within the Group a better grasp of how the luxury industry works and how diverse the Group’s businesses are. The program consists of a four-month immersion in the Group via a team project and access to video training content delivered by managers from 22 Group companies and professors appointed to LVMH Chairs. This video content covers the Group’s five areas of expertise: creation and design; brand management; customer excellence; manufacturing and supply chain; and CSR/digital and entrepreneurship. The program’s online platform was launched in December 2017 to allow students to enroll before the start of the program in January 2018. For this first year, the program is open to over 45 schools in six European countries. By taking part in the Inside LVMH program and immersing themselves in the Group, students also have the opportunity to become one of the 6,200 interns and recent graduates hired by Group companies every year.

On October 18, 2017, LVMH took another step forward with this initiative to support young talent, inviting 45 professors to attend a special event to find out about the LVMH group ecosystem as **Inside LVMH** program ambassadors. The 45 professors, specializing in luxury goods, innovation and digital technology, come from a variety of backgrounds, including business, engineering and creation/design, and teach at Europe’s most prestigious universities, such as IESE Business School in Spain, École Polytechnique in France, Bocconi University in Italy, and Central Saint Martins in the United Kingdom. The objective of this event was to raise the curtain on the new, expanded version of the Inside LVMH program to be launched in early 2018, while underscoring the pivotal role to be played by educators. Following a series of presentations introduced by Chantal Gaemperle, the Group’s Director of Human Resources and Synergies, including a talk given by Ian Rogers, the Group’s Chief Digital Officer, about LVMH in the digital era, the professors were able to learn more about three Group companies: Moët Hennessy and its innovation lab, MH Lab 78; Louis Vuitton and its Asnières workshops; and Chaumet, the historic Salons in its townhouse on Place Vendôme, and its fine jewelry workshops.

## **Partnerships initiated by the Group**

For many years, the Group has maintained special ties with schools and universities through more than 250 face-to-face events at these academic institutions to help students understand the Group’s ecosystem. These initiatives are in keeping with the Group’s strong commitment to students since 1991, covering its five areas of expertise, notably illustrated by 11 partnerships for the establishment of academic chairs. These partnerships include funding professors’ research topics, delivering teaching to students, and paying school fees and the costs of research projects. They enable the Group – and specifically its companies – to develop their reputations as preferred employers among students, and give them a window onto major career tracks and prospects.

In January 2017, the LVMH – Luxury Brand Management Chair at ESSEC welcomed its 27th class of students. This academic chair focuses on practical as well as theoretical knowledge of luxury sector issues, in association with employees of the LVMH group and its Maisons. Founded in 1991, the chair’s teaching and research activities are designed to give the selected students the keys to better understanding how to manage luxury goods brands and the issues involved. With this chair, LVMH has made a commitment to preserving and passing on expertise, know-how and experience specific to the luxury goods sector. Since it was created, the chair has also been supported by a network of former students who play an important role in the continuation of the program. Given its combined focus on



theory and practice, the program helps the participating students grow and develop, laying the foundation for their working careers. In 2017, a number of seminars on topics as varied as design, operational marketing and distribution, but also corporate social responsibility, were on the agenda. This initiative follows the launch by ESSEC in January 2016 of its Savoir-Faire d'Exception Management Chair as part of its luxury track, with support from LVMH.

On May 4, 2017, LVMH and Central Saint Martins in London announced the creation of a new historic partnership to promote creativity and identify disruptive solutions with the aim of supporting sustainable development and innovation within the luxury goods sector. Under the banner LVMH & Central Saint Martins "Sustainability & Innovation in Luxury | Fostering Creativity", the new program is guided by the shared desire to respond to the many challenges faced by the luxury goods industry. It is structured around four core aspects: creating a research fund and a "Sustainability & Innovation" education program; awarding LVMH Grand Prix Scholarships to gifted students; collaborative projects between LVMH Maisons and students/graduates; and career fairs, workshops and other on-campus events. Carole Collet, the new Director of Sustainability and Innovation for the LVMH & CSM program, is in charge of managing the collaboration between LVMH and the college.

In March 2016, the LVMH group entered into a five-year partnership with Bocconi University in Milan. Key to this is the creation of a new academic chair dedicated to luxury and fashion management. Held by Bocconi faculty member Emanuela Prandelli, who has thus been named LVMH Associate Professor of Fashion and Luxury Management, the chair's teaching and research activities include a focus on meeting the new challenges faced by luxury goods companies in the digital age.

## **Specific partnerships developed by Group companies**

- **Challenge events**

In order to maintain its commitment to talented young people and allow them to immerse themselves in the world of its Maisons, the LVMH group organized some 15 Challenge events in 2017, with its partners schools and universities in France (ESSEC, HEC Paris) and abroad (Singapore Management University, Bocconi University). These competitive events invite students to come up with innovative solutions to concrete business issues, at the same time allowing them to gain deeper insight into the LVMH ecosystem through exchanges with managers from the Group. Louis Vuitton, Parfums Christian Dior and Chaumet were among the LVMH Maisons having hosted Challenge events during the year.

On March 6, 2017, LVMH's Paris headquarters served as the venue for the closing ceremony of the Dior HEC Challenge, an event launched in January 2017 inviting HEC students to "come up with the perfume experience of the future". Of the 51 teams taking part in the competition, four teams selected as finalists presented their projects to an audience of 200 students and a panel made up of marketing and human resources staff from LVMH and Parfums Christian Dior, together with HEC faculty members. The winning team, which presented an innovative project based on a multi-sensory customer experience of fragrances before, during and after visiting a store, walked away with both the Jury's Award and the Students' Award. Students had the opportunity to talk to operations staff from LVMH and Parfums Christian Dior.

In April 2017, Louis Vuitton also organized a Challenge event for students at Bocconi University, inviting them to find ways to transform the customer experience as part of a new retail approach for the company based on high value-added services. Delving deeply into the retail world of Louis Vuitton,

the students proposed ideas to ensure consistent online and offline customer experiences, while also simplifying the day-to-day activities of sales advisors.

Chaumet reached out to participants at the Inside LVMH event held on November 22, 2016, inviting them to work on the expectations, uses and shopping habits of new generations by answering the question: “How would you make Chaumet the favorite jeweler of Millennials?”. Students presented their concepts to Jean-Marc Mansvelt, Chairman and Chief Executive Officer of Chaumet as well as human resources managers from the company and the Group.

- **Partnerships reflecting the needs and culture of each LVMH Maison**

A number of LVMH Maisons have also developed their own partnerships at the local level. As building bridges with schools is seen as having strategic importance, many LVMH Maisons, such as Berluti, have appointed dedicated partnership managers who represent their companies at various partner school career events. The human resources team at Louis Vuitton is building distinct partnerships for each of its business areas – headquarters, industry and retail – and takes part in many forums. Events during the year included a hackathon on the issue of customization. A number of the company’s initiatives in 2017 were highly innovative, for example the launch of a research chair dedicated to artificial intelligence in collaboration with the École Normale Supérieure. Hublot is continuing its partnership with the École Polytechnique Fédérale de Lausanne.

Another example is Loro Piana, which organized 26 events in 2017 at the most representative universities, business schools and technical colleges around the world, and took part in a number of European job fairs. Among these events, Loro Piana held its second Knit Game competition during the year in collaboration with the Royal College of Art in London, École Duperré in Paris, Politecnico di Milano in Milan and IUAV in Venice.

In Wines & Spirits, Hennessy supports the winegrowing professions on an ongoing basis through Viti Campus, created in 2013. Under this initiative, Hennessy works in partnership with the region’s winegrowing and winemaking schools, invites students to an open day and provides grants to students with a project in the wine industries. The integration of young winegrowers into the Hennessy universe is facilitated by the Club Jeunes Livreurs Hennessy program, which was created in 2012. This program, targeted at winegrowers aged under 35, has helped make it easier to understand Hennessy’s expectations as well as those across the sector. In 2015, Moët Hennessy and École Ferrières joined forces in a partnership to help cultivate excellence in hotel management, gastronomy, wine and luxury programs, which continues today.

## **Building a digital presence**

Apart from its partnerships with schools and universities, LVMH has also developed new digital tools to reach a wider audience not limited to students, thereby streamlining the job application experience and encouraging a diverse pool of candidates to apply. Special efforts have been focused on the Group’s reputation as an employer, particularly through descriptions of its ecosystem on social media and especially LinkedIn, the world’s largest professional network. The Group’s strong partnership with LinkedIn, which expands access to candidates and facilitates recruitment searches, is just one example of this proactive, innovative approach.

Others include InMind (an in-house application for digitizing CVs received at student forums), setting up virtual job fairs and pre-recorded video interviews, and an online presence on websites such as jobteaser.com.

## **Supporting the next generation of designers**

Alongside the key partnerships forged with schools and universities, such as the one with Central Saint Martins College of Art and Design in London, the LVMH group aims to encourage and develop the talent of the next generation of designers. With this in mind, in 2014 LVMH created a benchmark award: the LVMH Prize for Young Fashion Designers, commonly known as the LVMH Prize. Following Thomas Tait in 2014, Marques Almeida in 2015, and Grace Wales Bonner in 2016, and after initial selections of 21 shortlisted designers from among 1,200 applicants representing 90 countries, a jury of international fashion experts chose French designer Marine Serre as the recipient of the fourth LVMH Prize for her designs combining urban inspiration and sportswear along her signature crescent moon motif. Along with this award, Serre received €300,000 as well as personalized support provided by a dedicated LVMH team for one year, helping the designer to develop her business. The Special Prize was awarded to Kozaburo Akasaka for his subtly deconstructed menswear.

For many years, guided by its tradition of being passionate about creativity, the LVMH group has more specifically supported a variety of initiatives around the world by means of sponsorship schemes such as the ANDAM Fashion Award, the International Festival of Fashion and Photography in Hyères, and the reimbursable grants offered to young fashion designers under the auspices of the French Ministry of Culture and Communication.

In June 2016, Loewe launched a new prize to recognize excellence in craft and design: the Loewe Craft Prize. The Spanish company's foundation launched the prize in a reaffirmation of its commitment to safeguarding the skills and knowledge of craftsmanship. The Loewe Craft Prize aims to promote the ties that exist between craft and modern culture across all disciplines. In April 2017, it was awarded for the first time. *Tree of Life 2*, a design by Germany's Ernst Gamperl, was chosen from 26 finalists by a panel of leading designers, architects, journalists in the field, and museum curators. Gamperl was handed the winner's trophy by actress Charlotte Rampling, along with a cash prize of €50,000. Two special mentions were also given to Yoshiaki Kojiro and Artesanías Panikua. All of the works by the finalists of this inaugural Loewe Craft Prize now form part of a traveling exhibition, which opened at its first venue, COAM (Colegio Oficial de Arquitectos de Madrid) in the Spanish capital, on April 11, 2017. The exhibition then moved on to New York (Chamber Gallery, May 30–June 6, 2017), Tokyo (November 2017), and London (Collect Saatchi Gallery, February 22–26, 2018).

After receiving Thomas Mailaender at Les Tanneries Roux in Romans-sur-Isère, in February 2017, LVMH Métiers d'Art invited the 27-year-old French visual artist and sculptor Amandine Guruceaga for its second artist's residency at the Riba Guixà tannery near Barcelona. A long-standing partner of the LVMH group, the Catalan tannery was founded in 1932 by Joan Riba Guixà and has been run by the same family for three generations. LVMH acquired a stake in this company in 2015. For five months, the artist had the opportunity to work with staff from the tannery and benefit from its production resources. Initiated by the Group in 2016, this program helps to develop and enhance materials and know-how for its fashion houses worldwide, while also stimulating creativity and innovation by means of dialogue between the resident artist and the host company's artisans.

## **Employer brand recognition**

LVMH's determination to give itself and its Group companies the means to reinforce its image as an employer of choice is widely recognized.

For the twelfth year running, LVMH took the top spot on Universum France's list of preferred employers for students at leading French business and management schools, which was published in

early April 2017. To compile this ranking, Universum France surveyed a total of 41,329 students. Between October 2016 and February 2017, participants responded to a questionnaire that provided insight into their professional ambitions and the attractiveness of employers in France. One of the key findings of its survey is that students aspire to find a job that has meaning within an organization whose culture and values they share in order to feel engaged in their role. Similarly, all criteria relating to the working environment and ethics have become more important for them. A larger proportion of students feel that the employer's commitment to supporting gender equality, flexible working conditions, or even the possibility of including personal activities in their timetable are vital.

In the second LinkedIn Top Companies rankings, released in May 2017, LVMH was again named as the "most attractive" employer in France and took the eighth spot worldwide. These unique rankings are based exclusively on data from LinkedIn, the world's leading professional network, which include interest in and engagement with postings, responses to job offers and editorial content.

For the ninth consecutive year, LVMH was also the top preferred employer in the French edition of the Trendence Graduate Barometer, based on an online survey of students at the country's leading business schools. Conducted by the German Trendence Institute in more than thirty countries, the aim of this survey is to measure the attractiveness of employers among students. Having queried 35,000 students in France between September 2016 and February 2017, the study sheds light on the criteria prioritized by students when considering which employer in their country they would most like to work for. Interesting assignments, career development opportunities and a good atmosphere at work remain at the top of the young generation's list of priorities.

Alongside these Group-wide initiatives, several Group companies – such as Louis Vuitton, Guerlain, Parfums Christian Dior, and Sephora – regularly launch their own employer communication campaigns in order to attract the best candidates. Some Group companies – depending on what they do or their size – may appear in certain other rankings, such as Berluti and Loewe, named as among "The Best Companies To Work For In Fashion" for 2017 by the independent online publication *The Business of Fashion*. Among other examples, Céline, Louis Vuitton and Parfums Christian Dior have been accredited and rated using the Happy Trainees method, which identifies companies that care about how they receive, support and manage interns. Companies are rated exclusively by interns, who evaluate their company according to six criteria.

## ***Employee professional development***

**The LVMH way** ► Managed by human resources personnel in close collaboration with line managers, the annual review of the Group's organization and talent pool is the backbone of the LVMH group's human resources policy. It provides the opportunity to devise a training program suited to market conditions and employee needs, while also creating paths for mobility within the Group.

**€121.5 million** invested in training worldwide  
**2.1%** of total payroll  
**€832** per full-time equivalent employee  
**56.6%** of employees trained (vs. 61.4% in 2016)  
**290,448** days of training (or 2,033,136 hours)  
**2** days of training on average per person

**18,841** hours of training focusing on the environment  
**37,538** people received safety training in 2017, stable relative to 2016 (37,658 people)  
**34,983** permanent or fixed-term employees benefited from an induction seminar at Group companies in 2017, an increase of 8.2% relative to 2016

**3,600** managers were transferred to other positions within the Group in 2017 (an increase of 44% relative to 2016), representing around 13.9% of all managers (**56%** of managerial vacancies were thus filled through intra-group transfers)

**76%** of senior executive positions were filled by individuals from within the Group (74% in 2016)

In a group that is intrinsically decentralized, human resources personnel are responsible for promoting cross-functional skills exchange and cooperation, while supporting the career development of the Group's talent through coherent, comprehensive practices. Human resources coordination is expanding to new frontiers in Latin America and Oceania, supplementing existing mobility committees in areas where the Group has a long-standing HR presence: Asia, the United States and Europe.

### **Career development tools and processes**

The annual strategic Organizational Management Review of the Group's talent pool and organization is a cross-disciplinary initiative that involves all Group companies and subsidiaries, aimed at identifying internal talent and ensuring succession to key positions. To this end, mobility meetings are held between Group companies and different regions to help provide an array of succession options. This process is conducted by taking into account, in particular, indicators of gender diversity as well as intercultural factors. In total, 76% of senior executive positions were filled by promoting high-potential employees within the Group. This result is thanks to work to identify the Group's key employees, the careful management of a talent pool of more than 1,000 individuals of 45 different nationalities, 47% of them women, and the activation of succession plans.

In these efforts, the Group relies on its proactive, highly organized and collaborative HR community, combined with the use of tried and tested processes. Close working relationships have thus been forged

between human resources managers from Group companies around the world. The effectiveness of their collaboration is evident in particular at the 40 Group-wide talent reviews, informed in turn by talent reviews within individual Group companies, as well as the 50 mobility committees that met in 2017, spanning the entire LVMH ecosystem. Annual appraisals, backed by career development interviews undertaken by HR, also fuel the Group's momentum in this area. We take special care to get to know our employees and to foster their professional development. The personalized support they receive has been improved by upgrading the quality of career discussions and annual appraisals, with training for human resources managers and line managers worldwide.

Lastly, software tools and information systems are adopting a more digital approach to facilitate talent management and give employees greater independence in managing their careers. All employees can take an active role in their own career development using the MOVE internal job board, which can be accessed from anywhere in the world via the Group intranet (Voices). In 2017, LVMH posted 4,000 offers for permanent jobs available at Group companies worldwide, allowing employees to apply and take charge of their career development.

The Group's dedicated talent management tool, LVMHtalent, allows the HR function to have an accurate understanding of employees' career paths, aspirations and training wishes. This online platform also enables HR to assess and monitor performance, identify internal candidates, and be proactive in suggesting opportunities. Lastly, this system connects employees across the Group, thus creating a genuinely digital and social employee experience, but also serves as a useful tool for their career management needs.

In 2017, through the "Boost Your Career" program, special efforts were focused on supporting interns. An initial group of 25 interns at LVMH Group companies were selected to meet with representatives from 11 Group companies in business groups offering more than 25 apprenticeships, VIEs (international volunteer opportunities) or first jobs. Held on April 19, 2017 at the MH Lab, the aim of this unique event was to encourage internal mobility by interns across an ecosystem of 70 Group companies. The program allows for individual interviews with recruiters while also offering the opportunity to find out about business lines and projects within a given market and to talk to representatives of Group companies.

## **Overall training program**

A diverse selection of training programs is available to management and non-management employees for career development at the Group's stores, workshops, manufacturing facilities, and administrative offices. No matter how diverse the businesses and teams concerned may be, the LVMH group and its companies always design their training activities with the aim of satisfying business requirements as well as personal expectations regarding career development.

Accordingly, training expenses incurred by Group companies throughout the world in 2017 represented a total of €121.5 million, or 2.1% of total payroll. Although investment in training was 3.2% lower than in 2016 (€125.6 million), it was 74% higher than in 2011 (€69.8 million). In 2017, the slight decline in results and ratios in terms of training resulted in the end of the rollout of major specific training programs. Training efforts for newcomers benefiting from an induction seminar into Group companies (34,983 permanent and fixed-term employees in 2017) nevertheless remained at a very high level, with an increase of 8.2% in 2017 relative to 2016. The average training investment per full-time equivalent employee was approximately €832. In 2017, the total number of training days was more than 290,448, equivalent to around 1,263 people receiving full-time training for the entire year. In total, 56.6% of employees received training in 2017 and the average number of days of training was 2 days



per employee. It is worth noting that a substantial portion of training also takes place on the job on a daily basis and is not factored into these indicators.

In France, in accordance with regulations, the Group's companies introduced personal training accounts at the end of 2015, replacing the individual training entitlement. For example, Christian Dior Couture signed a corporate agreement in December 2015 to organize in-house management of the personal training account (CPF) plan, thereby allowing the company to make judgments on the basis of staff needs and determine its own training criteria. Furthermore, the Christian Dior Couture training catalogue is centered around four key themes: management, business skills, personal development, and IT skills. In addition to this offering, customized training is also available depending on specific, individual or collective needs.

Each Group company holds its own induction and awareness seminars for new hires focusing on its culture, its values, its key management principles, and knowledge of its brands. At Louis Vuitton, the induction day is a key step for all new external recruits and internal transferees, and an opportunity for the company to share its CSR commitments. The induction process for work-linked training students and interns has been improved by introducing a passport and booklet containing a host of practical information about the company and its CSR commitments. The Yammer network enables workers to exchange frequently via specific discussion groups about initiatives and projects managed by staff at headquarters in the areas of quality of life at work, the environment, and occupational health and safety.

Most other Group companies have implemented a variety of measures to support adoption of the CSR approach: presentation of the CSR approach (Moët & Chandon - Ruinart), training in responsible consumption (Moët Hennessy Diageo, Hôtel Cheval Blanc), test of employees' knowledge of the contents of the CSR report (LVMH Fragrance Brands), and raising awareness about people with disabilities and older workers (Chaumet).

## **Executive and management-level training**

Within LVMH, leaders and managers know that they are responsible for developing and training talented people to help them improve their performance and find complete fulfillment in their work. Managers are fully aware of the impact of such actions in a world where innovation and creativity, excellence and entrepreneurship are essential.

Focused actions are therefore in place to boost Group managers' leadership and management skills. In addition to specific programs offered by individual Group companies, LVMH's Regional Executive Development teams and LVMH House continue to add more sessions and cater for increasing numbers of participants. Within such programs, there is an increasingly systematic focus on activities conducive to workplace well-being (yoga, tai chi, mindfulness, etc.) to ensure that employees are aware of the importance of maintaining work/life balance and that they do what they can along these lines. An increasing number of opportunities to share experiences and best practices are available to leaders and managers. These types of sessions are run by talent development professionals. Their aim, rather than simply raising awareness, is to examine issues from the perspective of each participant, ensuring that participants are fully equipped to put new ideas into practice.

The London-based LVMH House supports the development of managers in key positions and high-potential employees in the Group and its companies. It promulgates the values and strategy of the LVMH group and offers insight to support senior managers' strategic thinking. LVMH House activities are driven by four Group-level ambitions:

1. To communicate and circulate internal messages
2. To promote a spirit of openness in the face of new challenges
3. To provide a forum for exchange in a Group in which autonomy and diversity at the Maisons is an inherent priority
4. To develop the capacity for lifelong learning

All seminars are co-led by senior Group managers who share their knowledge and experience and by professors from some of the most prestigious universities and business schools, such as the London Business School and IMD. Consultants are also brought in to contribute methodology and promote innovation that will develop a spirit of openness. Teaching is largely based on active participation. Senior managers will, for example, challenge high-potential employees on business case studies taken from real life.

The most iconic seminar, “The Art of Luxury Branding”, which was created in 2004, is dedicated to the world of LVMH. Now renamed “Building Luxury Brand Desirability”, the seminar aims to preserve the identity and desirability of our Maisons to ensure their long-term future. LVMH House also offers leadership and coaching initiatives such as EllesVMH coaching, which supports women in their career development. Lastly, LVMH House hosts forums to develop and update expertise in specific functions. The Strategic HR Forum for human resources is one example.

Adhering closely to the Group strategy, LVMH House launched a two-day bespoke seminar in 2015 for Group company management committees. The seminar, entitled “Digital Journey”, was created in partnership with the digital teams to build awareness and focus attention on digital technology.

LVMH House holds 30 seminars a year. Most of the Group’s senior managers and high-potential employees take part in at least one LVMH House development action every two years and the training center has a catalog of more than 10 strategic training courses.

In addition to the executive training programs provided by their Maisons, 5,008 managers were able to develop their skills, networks and careers in 2017 by taking part in one of the programs run by the five Regional Executive Development teams around the world.

Group companies have implemented a variety of programs to integrate, raise the awareness of and coach new managers (Parfums Christian Dior, Le Bon Marché, Les Echos, Le Parisien) and develop the leadership and management skills of high-potential employees (Louis Vuitton, Bvlgari, Fred, DFS) or managers (Moët & Chandon - Ruinart, Givenchy). In 2017, for example, Louis Vuitton offered 104 in-house training sessions on management, leadership, communication and professional effectiveness.

Group companies attach great importance to predefined key behavioral skills. Following the launch in 2016 of project management training, Céline has developed an additional module comprising a soft-skills focus and relating to the new Being LVMH values platform. Similarly, in 2017, Make Up For Ever brought together 100 managers at a session on creativity, agility, teamwork and the entrepreneurial spirit.

To go even further in appropriating these values upon which the LVMH group's success is founded, the **Being LVMH** program has enabled the LVMH group's 26,631 management-level staff to work collaboratively to identify best practices for employee development corresponding to these values. From this work on the corporate culture, there naturally emerged a conviction that is shared by all leaders within the LVMH ecosystem: "People make the difference". Each Group company and regional organization, as well as all teams at the LVMH group level, work every day to ensure that employees, managers and executives have more of an impact within their areas of activity and are more committed to developing and refining their management skills and leadership qualities.

Training can also focus on specific business lines or departments within the Group. For example, in order to help its finance and administration managers achieve the new targets laid out in its strategic plan, Kenzo organized a custom-designed development seminar led by a firm specializing in the development of management teams. The aim of this pilot seminar was to analyze the changes affecting management and operating methods so as to anticipate the transformations required over the next three years.

In the area of sales, Berluti introduced the Shining Management program to develop the management and sales skills of store managers. A total of 149 employees were trained in 2017. Céline focuses on its retail managers as part of a general management training plan to facilitate the transition from the role of supervisor to that of store manager. In France, Sephora organized a three-week roadshow dedicated to its sales teams, attended by 1,200 store managers in order to share the vision of retail transformation and reinforce the three core pillars of store management: team management, customer experience, and sales follow-ups.

With regard to talent management, training portfolios are devised to allow participants to understand and then develop their career paths by means of specific individual skills, as well as more generally management and leadership training. Managers naturally play a key role in cultivating this type of organizational and career development. This skill is now a criterion by which they are systematically assessed at their annual performance and career reviews.

## **Retail-specific challenges**

Another challenge involves expanding the retail skills of the Group's global organization. LVMH's retail network, which is unique in terms of both size and quality, is a key component in the Group's customer relationships and brand experiences. That is why retail support and sharing initiatives have been set up – designed globally but implemented locally – to give Group companies a helping hand on the ground.

Group companies offer a range of innovative activities to help each and every employee fully understand the products and services available to customers. This field – known as "brand education" – is innovative and fast-changing. A community of those responsible for this activity at each Group company has therefore been formed to share best practices that can help everyone make their approaches more effective. In 2016, an ambitious Brand Education initiative had already been launched across Group companies covering three strategic areas: digital technology in training, sales skills, and the impact of training.

In 2017, a major training program was launched for store managers at 10 different Group companies to ensure the successful opening in April of the Ginza Six mall, a luxury shopping destination in Tokyo.

Discussions on practical issues and on how co-development could be encouraged were also organized between store managers in Hong Kong, Macao, Paris and Taiwan.

Group companies are aware that digitization is by no means contrary to customer experience. Le Bon Marché continues to offer three-day induction seminars to all new employees, including a module dedicated to service excellence and customer care. Employees under fixed-term contracts and students in work-linked training programs were also able to participate. Established in 2016 as a training organization for the department store's sales force, École Boucicaut offers an employee development center and a program of specialized training courses to help the selected participants reach their full potential, particularly with respect to managerial skills.

In 2017, Loro Piana continued with its training efforts to enhance the appreciation of its heritage and share the brand's values. From this viewpoint, the launch of the "Les Essentiels" project represents an amazing opportunity to develop new more sales-focused training content. Another stage based on the "Intro" project consists of developing management profiles within stores. In total, around 90 training sessions were organized within the various regions.

## **Digital training**

The changes brought about by digital technology are having a profound impact on the behavior of both luxury consumers and LVMH group employees. To evolve in step with those changes, the Executive Development and Digital teams have built specific tools, which they have made available to Group companies. Through the Digital Journey program, the management committees of Group companies can attend a special session to draw inspiration from new ways of working, try out new technologies, familiarize themselves with new tools, and interact with stakeholders in the digital community. An online training course called Digital Discovery has enabled more than 5,000 management staff to acquire a shared vocabulary and a core of critical skills for dealing with the implications of the digital revolution, including new tools, trends and customer behaviors, combined with insights into regional differences. This training explores all of the key topics selected with in-house experts, from the Group's main job categories – marketing/communications, retail, and general management – to its five main business groups.

There are also regional initiatives. Bvlgari, for example, surveyed all its employees to assess their skills and knowledge in digital technology. The results of the survey will highlight employees' needs, enabling Bvlgari to develop a needs-based, ad hoc training module to develop digital skills.

A number and variety of digital initiatives have been adopted within Group companies, taking the form of discussion forums, training sessions and workshops (Moët Hennessy Diageo, Hublot, Moët Hennessy Corporate, Christian Dior Couture, Parfums Christian Dior, LVMH Fragrance Brands). Aware of the importance of digital transformation from a cultural perspective, LVMH P&C has introduced an awareness program intended for all managers concerning in-depth knowledge of digital technology, which also includes understanding new developments relating to social trends and digital innovation. At Le Bon Marché, while sales teams continued to receive training focused on optimizing their use of tablets and smartphones, executives and managers took part in a one-day training course on "Digital customer care". As regards more concrete applications, alterations staff and sales teams were trained in the digitization of alterations. Customer relations staff in charge of customers and ordering products online were trained in how the 24sevres.com e-commerce site works.

Lastly, Les Echos and Le Parisien are by their nature very involved in the digital sphere, and as such are fully aware that digital trends and developments have a lasting impact on means of communication

and the journalism profession. For this reason, employees must be particularly well supported and trained.

## **Strategic training for innovation**

LVMH is continuing to innovate in the field of Executive Development. The first DARE (Disrupt, Act, Risk – to be an Entrepreneur) event took place from July 7 to 10, 2017. DARE invites LVMH group executives to dare to put forward ideas to shape the future of the luxury goods industry, and gives them an opportunity to work collaboratively on those ideas. Working methods inspired by the new economy will help them to be even more agile and more innovative, while also allowing them to cultivate the entrepreneurial spirit within the LVMH ecosystem.

The **DARE** program is at the crossroads of open innovation and professional development. Targeted at managers of the Group and its companies, it aims more specifically to experiment with new ways of working and collaborating, with the aim of testing employees' entrepreneurial spirit and start-up mindset. Following a call for ideas targeted at 4,000 executives, high-potential individuals and managers from the millennial generation, which attracted more than 500 applications, 60 employees with ideas from 40 Group companies and 15 countries were selected to take part in the venture. All of the participants now form a community of DARE ambassadors within the Group and its companies to spur innovative and entrepreneurial initiatives.

Given the success of this first campaign, a second event was held from October 9 to 11, 2017 at the Jardin d'Acclimatation, with a section dedicated to the issue of sustainable development, attended by 60 intrapreneurs and 11 teams seeking to turn innovative ideas into true business models. Coached by mentors specializing in environmental issues and Presidents of Group companies, the 11 finalist teams were able to present their ideas to a panel made up of members of the Group's Executive Committee and external experts. In addition, 14 students from three of the Group's partner schools (ESSEC, CSM, ParisTech) and École 42 were selected to take part in the DARE experience.

For 2018, Louis Vuitton aims to consolidate its entire training offering, prioritizing the integration of Being LVMH and the digital rollout of its training program (blended learning, e-learning).

In Perfumes & Cosmetics, Guerlain established its priorities for skills development in four key areas: creativity, management, communication and digital technology. An unprecedented program in creativity and collective intelligence was implemented in 2016 and reinforced in 2017 with the participation of more than 200 employees. Throughout their careers, all Make Up For Ever employees attend training sessions allowing them to gain in-depth understanding of the identity and values of the brand and the Group. The company places particular emphasis on joint responsibility, with each employee being the key player in his or her own development. The events that took place in 2017 include a forum bringing together 100 managers on the issues of creativity, agility, working together and the entrepreneurial spirit, as well as the introduction of a support and development program to improve the skills of makeup artists and a program on product development. Lastly, Make Up For Ever organized team workshops on projects combining creativity and innovation, which were presented to the Executive Committee.

In Watches & Jewelry, each company's training program is determined by very specific strategic issues. Hublot, for example, targeted a number of themes, such as watchmaking techniques, IT and computer-aided production engineering (CAPE), to reinforce its annual training plan that is focused on languages, management, digital technology, and computer-assisted design. TAG Heuer maintained its

policy to develop industry expertise by financing training courses taken by employees in watchmaking. Chaumet continued with the measures launched in 2016, introducing a Management Club dedicated to change, the main aim of which is to improve employees' management skills. In order to develop innovation, all employees benefit from training in self-understanding using the MBTI (Myers-Briggs Type Indicator) tool, thereby helping to improve cooperation on the basis of a common language.

### **Career paths within an international group**

LVMH Human Resources prides itself on offering a wealth of career development options and international opportunities. The Group's ecosystem is especially conducive to the development of a wide range of rewarding and varied career opportunities for employees, at every level of the organization, owing to a number of key factors, including the Group's size, international scope and continuing growth, the diversity of its companies and business lines, together with the advent of digital. Mobility between functions and/or geographical regions helps develop the Group's talent, enhance employees' skills and, where applicable, broaden their responsibilities.

Each of our Group companies has forged its own culture, which is closely linked to its identity and strategy. Each one also has a Group-related dimension, which is a powerful means for engaging our employees. In our regions and in some countries, we already have programs in place for inducting new employees, sharing the wealth of our ecosystem with them and helping build team spirit.



## ***Preserving expertise***

**The LVMH way** ► The LVMH group has always been actively committed to training, and apprenticeships in particular, as a way of preserving cultural heritage in the fields of craftsmanship and design, by passing along expertise to the next generation.

**1,256** young people on apprenticeship or vocational training contracts in France in 2017, including young people taken on by the Institut des Métiers d'Excellence, an increase of **6.5%** between 2016 and 2017

### **Committed to apprenticeships in professions that embody excellence**

As a signatory of the Apprenticeship Charter, the Group devotes considerable efforts to the development of apprenticeship opportunities, which facilitate young people's access to qualifications. As of December 31, 2017, more than 1,256 young people were working under apprenticeship or vocational training contracts (including Institut de Métiers d'Excellence) at all of the Group's French companies.

In 2014, the LVMH group created the Institut des Métiers d'Excellence (IME), a work-linked training program. This initiative helps the Group ensure its expertise is successfully passed on by encouraging younger generations to pursue careers in the fields of craftsmanship, design and sales, thus developing their employability. IME is designed to meet Group companies' standards and help fulfill their current and future needs. The work-linked training program is designed in partnership with prestigious educational institutions selected for the quality of their teaching and wide recognition of their qualifications. For each program, participants follow a course that combines technical and theoretical teaching at partner institutions with experience at LVMH group companies through paid work-and-training contracts. Participants also receive foreign language training and have opportunities to meet craftspeople, experts and designers and visit workshops and stores.

In line with its goal of offering a professional training program covering all its European operations, the LVMH IME has introduced a number of new training courses. Four new courses in France, Italy and Switzerland have been added to the list of 14 training courses already available: Leather Goods (Pelleteria) in association with Polimoda in Italy; Jewelry (Oreficeria) in collaboration with FOR.AL in Italy; a Master's in Design for Fashion and Creative Industries program in partnership with the Sorbonne Nouvelle and École Duperré, the first of its kind in France; and the new Client Advisor training course taught entirely in English at EIML Paris in France. In support of these expanded training offerings, following France and Switzerland, the IME set up its new Italian offices inside the Palazzo Pucci in Florence, which has long served as Emilio Pucci's headquarters. On November 27, 2017, this major initiative was marked by an official opening ceremony attended by Dario Nardella, Mayor of Florence, and future apprentices of the new Italian IME program, known as the Istituto dei Mestieri d'Eccellenza LVMH. This opening also provided the opportunity to celebrate the start of the year for the first apprentices in the two Italian training programs already established by the LVMH IME in Italy, with Polimoda in leather goods and FOR.AL in precious metal-working.

In total, the IME offers 18 courses in France, Italy and Switzerland, and to date, almost 300 young people have successfully completed the program. In 2017, the IME achieved a 96% success rate and a placement rate of almost 90%, with two-thirds of graduates placed within Group companies.

Two training courses in sales and shoes in the Venetia region will be added to those already offered by LVMH IME. These new training courses will enable it to diversify its teaching in partnership with well-known schools in key sectors for the Group such as jewelry, vineyards and wine, couture, sales, design, leather goods, watchmaking, and the culinary arts. On September 28, 2017, at the Group's headquarters in Paris, the LVMH IME apprentices beginning their training in 2017/2018 were welcomed at a ceremony presided over by Bernard Arnault, Chairman and Chief Executive Officer of LVMH.

IME programs are supported by a number of Group companies: Hennessy, Moët & Chandon, Veuve Clicquot, Berluti, Céline, Christian Dior Couture, Emilio Pucci, Fendi, Givenchy, Kenzo, Loewe, Loro Piana, Louis Vuitton, Marc Jacobs, Moynat, Guerlain, Make Up Forever, Parfums Christian Dior, Givenchy Parfums, Bvlgari, Chaumet, Fred, Hublot, TAG Heuer, Zenith, La Grande Épicerie de Paris, Le Bon Marché and Sephora.

In 2017, the **Sorbonne Nouvelle** and **École Duperré** joined forces with the Institut des Métiers d'Excellence to benefit from its expertise in training and apprenticeships in crafts, design and sales. A pilot program was set up in October 2017, comprising around 10 apprentices studying for the Master's in Design for Fashion and Creative Industries hired by LVMH group companies.

This new two-year master's degree course (equivalent to the "Bac + 5" level in France), offered by the Cultural Mediation department within the UFR Arts & Médias at the Sorbonne Nouvelle, gives students access to a curriculum including teaching and initiation to research delivered by specialists in the field. Accredited by the Ile-de-France Regional Council, it is accessible by means of an apprenticeship in partnership with Formasup Paris, an officially recognized apprenticeship training center (CFA).

This degree course, whose curriculum has been designed by the Sorbonne Nouvelle in association with École Duperré, opens up new career opportunities in fields such as fashion and luxury goods, innovation and technical textiles, and trend analysis.

The program also includes additional training provided by the LVMH IME and master classes organized with LVMH group companies.

## **Decentralized Group company initiatives**

To further anticipate their requirements and smooth the knowledge transfer process, some Group companies have entered into specific partnerships and a number of them have created their own training structures to meet ever more complex challenges.

Guerlain, for example, is deeply committed to recruiting people under the age of 26, particularly through a partnership with EMA SUP, the Paris-based training center for the retail, fashion and beauty professions. In the space of 12 years, 202 students have been taken on at Guerlain under work-linked training contracts and around a third of them are then hired each year either on permanent or fixed-term contracts. At the end of 2016, 32 graduates from EMA SUP joined the Guerlain workforce under permanent employment contracts. Guerlain is the sponsor of the 2017/2018 class in the Master's in Innovation, Design and Luxury at IAE Gustave Eiffel. Students in the program are offered genuine opportunities to learn through experience, including visits to Guerlain's "68" boutique and its production site as well as presentations on its professions, in-lab brainstorming sessions and case studies on sustainable design.

Certain projects are a true recognition of Group company expertise. Hennessy, for example, was awarded an industrial research Chair in partnership with the French National Research Agency. The

Chair is the only one of its kind in the agronomy sector in France. The program aims to propose an agro-ecological strategy to protect grapevines, including the development of innovative crop management practices, biocontrol and genetic improvement. The GTDfree Chair was officially launched at INRA's Bordeaux-Aquitaine center on December 2, 2016. It pools synergies between researchers and socioeconomic actors to benefit producers and the sector as a whole. At the same time, Hennessy has engaged in many actions to help develop and strengthen the local winemaking industry, which include financing a research project into grapevine trunk diseases and organizing a technical forum every two years to share with suppliers the technical and technological advances being tested by the company's winemaking division. In 2017, Hennessy supported research into grapevine trunk diseases within the framework of a call for projects won by INRA Bordeaux, with a €600,000 budget.

- **Christian Dior Couture's *École des Savoir-Faire***

In September 2013, Christian Dior Couture opened its *École des Savoir-Faire*, which aims to preserve and develop the couture house's know-how, attract new generations to traditional artisanship in fashion, promote access to employment for young artisans in its core business lines, extend the practice of apprenticeship, and create a chain of excellence enabling its personnel to take part in national competitions to be named a *Meilleur Apprenti de France* or *Meilleur Ouvrier de France*, the country's highest honors for apprentices and artisans, respectively. Each year, two-person teams comprised of a master and an apprentice prepare to demonstrate their excellence in the couture house's workshops. Christian Dior Couture's Executive Management is also heavily involved in developing the training programs offered by the *École de la Chambre Syndicale de la Couture Parisienne*.

- **School of leather goods established by Louis Vuitton in 2010**

One of the longest-standing initiatives aimed at ensuring that skills and excellence are passed on to future generations is the school of leather goods founded by Louis Vuitton in 2010 at the firm's historic Asnières workshops. The training courses offered have been developed over time on the basis of just under 10 themes, in close collaboration with experts from its workshops. Courses are led by leather goods tutors, who mentor apprentices alongside their production work. Different teaching methods are used in the form of guides, technical presentations, and filmed tutorials. Thanks to a combined focus on theoretical knowledge and practical training, students acquire refined skills and exceptional expertise, while also respecting optimum standards in terms of quality, safety and ease of use. The most notable results of 2017 include the introduction of 50 training modules and the mobilization of 45 actively employed leather goods tutors. In total, apprentice artisans represented 55% of training hours delivered across all Louis Vuitton workshops in 2017, corresponding to the equivalent of 30 full-time leather goods workers in training. Each year, students on the leather goods CAP (professional aptitude certificate) course at LVMH Institut des Métiers d'Excellence, one of the first training courses launched by the IME in 2014, complete *École des Savoir-Faire* modules during periods of work-linked training in workshops. The range of training courses in exotic leathers was expanded considerably in 2017, particularly with respect to crocodile, ostrich and python leather. Production staff can complete training to gain a better understanding of these specific leathers and practice the skills they require, including techniques used in the final *bichonnage* stage of leatherworking.

- **Berluti Academy**

Set up in Ferrara, Italy, in March 2012, the Berluti Academy has helped the Group company revive the ancestral craft of shoemaking in the heart of the Emilia-Romagna region. The Academy selects and

trains Berluti's next generation of luxury shoemakers and leatherworkers. In 2017, the company launched its Polyvalence program in order to step up the development of its artisans' skills. Three training courses have already been offered at the Berluti Academy, in a program delivering 400 hours of training each month for a period of three months, representing a total of 1,200 hours. There were 64 participants in this program, 59 of whom graduated, with 31 hired to positions at the company. In August 2015, Berluti opened the Manifattura Berluti, its new workshop for shoes and leather goods, also in Ferrara. Spanning over 8,000 square meters, the new facility was built to accommodate the company's growth. The new workshop will accommodate Berluti's international expansion, doubling the number of artisans while at the same time totally rethinking the production ecosystem for its shoes and leather goods.

- **Fendi's Massoli Academy in partnership with Sartoria Massoli**

In February 2016, Fendi inaugurated Massoli Academy in partnership with Sartoria Massoli, a couture workshop with which it has worked closely since 1982. The aim of this ambitious project is to transfer unique dressmaking expertise to new generations of artisans and preserve the prestige of "Made in Italy" craftsmanship. Opened in October 2015, Massoli Academy trains talented young artisans in the traditional skills and meticulous precision required for haute couture creations. Its first graduating class consisted of 18 talented young people with a passion for couture. The comprehensive program spans theoretical and practical subjects, enabling them to become experts in every aspect of couture, from specific dressmaking techniques and making prototypes based on designs to fabric cutting, plus courses on the history of fashion, marketing and management. Workshops and seminars take place at Fendi and the students complete their training with a six-month internship, fully preparing them to fly the banner of a new generation of Italian artisans.

- **Loewe's leather crafts training center**

In February 2013, Loewe officially opened its leather crafts training center near Madrid. In 2015, the school received the Entrepreneurs and Employment excellence award presented by the Spanish magazine *Expansión* and presided over by Spain's State Secretary for Employment (Ministry of Labor and Social Security). This award is highly regarded in Spain in the field of human resources, and presenting it to Loewe is a way of recognizing the company's role in preserving a local culture of high-quality craftsmanship, its commitment to creating stable employment for job seekers with no initial training, and its capacity to work in close collaboration with the local communities of Madrid.

- **Loro Piana's Académie de l'Art des Métiers**

In 2017, Loro Piana continued to develop its Académie de l'Art des Métiers, established in the last quarter of 2015, the aim of which is to offer an effective response to its need for interns and promote Loro Piana's knowledge as an employer. The Académie's program has three main goals: supporting the textile market in its geographic areas by sponsoring local specialized schools, in-house production management training, and in-house professional training (which were key priorities in 2016); safeguarding artisanal expertise by developing a matrix of technical skills; and designing a training program for production equipment experts and managers.

- **Watchmaking schools**

In 2016, Bvlgari created its fine watchmaking workshop. Spread across four sites in the heart of the Jura region in Switzerland, Manufacture Bvlgari centralizes every stage of the creation of the highest-precision watch parts. All the components, from mechanisms to casings to metal straps to high-end

dials, are produced in-house. At the center, some 350 employees work with skill and accuracy on every stage of production from initial design and development right through to the final quality controls. A large number of professions are united at the center, associating traditional skills and cutting-edge technology.

Located in the Meyrin district of Geneva, La Fabrique du Temps is a new-generation watchmaking facility where Louis Vuitton gives the creativity of its employees a truly free rein. All the professions and professionals of the traditional art of watchmaking work side by side at the facility, driving innovation and experience sharing.

TAG Heuer is piloting a watchmaking apprenticeship training program at the École d'Horlogerie LVMH in partnership with the IME. A total of 13 watchmaking apprentices were trained in 2017 under the supervision of watchmaker trainers from TAG Heuer and Zenith.

- **Numerous initiatives adapted to the challenges facing Group companies**

Among the other initiatives launched by Group companies, Moët Hennessy Asia Pacific has set up a school for sales managers in partnership with a local university, while implementing new training programs to promote workplace efficiency, analytical thinking, and female leadership. Chaumet has its own academy offering a number of specific training courses. Established by Le Bon Marché in 2016 as a training organization for its sales force, École Boucicaut offers an employee development center and a program of specialized training courses to help the selected participants reach their full potential, particularly with respect to managerial skills.



## Compensation

**The LVMH way** ► Group companies offer compensation packages that are competitively positioned with respect to the market in order to attract and motivate talented staff. To strengthen the link between the various compensation packages and incentive plans and their employees' commitment to sustainable development, a growing number of Group companies are including environmental, social and governance (ESG) criteria in their annual employee performance appraisal processes.

**16.2%** increase in personnel costs worldwide in 2017 relative to 2016 (following an increase of 6.5% in 2016 versus 2015)

**3.8%** increase in the proportion of staff with gross monthly salaries greater than €2,251 (following an increase of 3.5% in 2016 versus 2015).

International salary surveys, in relation to specific professions and sectors, are carried out annually and around the world to ensure that the Group maintains a favorable position against the markets. Variable components of compensation, based on the financial performance of the employing company and achievement of individual targets, ensure that performance is fairly rewarded. Initiatives and tools specific to each entity are put in place to reduce any salary gaps between women and men within the same professional category.

All companies in France with at least 50 employees have a profit-sharing, incentive or company savings plan. These plans accounted for a total expense of €244.9 million in 2017, paid in respect of 2016, a year-on-year increase of 13.7%, following a rise of 22.2% in 2016.

In France, the mandatory annual negotiation (NAO) process allows in particular for the discussion of issues relating to salaries. In this regard, a number of Group companies such as Christian Dior Couture, Givenchy, Kenzo and Le Bon Marché have negotiated agreements and action plans to guarantee salary levels, increase gender equality, and reduce wage gaps.

Certain Group companies have implemented an incentive program with assessments based on ESG (Environmental, Social and Governance) performance criteria. For example, a new three-year (2017, 2018 and 2019) profit-sharing plan agreement was signed at Parfums Christian Dior on June 30, 2017. For the first time, the agreement was signed by all representative trade union organizations and reconfirmed the principle of indexing the rate of profit-sharing to the performance of the company's VMDM indicator, corresponding to the percentage of brand waste recycled. The previous agreement signed in June 2014 resulted in a very significant increase in the amounts paid out in 2015, 2016 and 2017.

Veuve Clicquot and Krug also take environmental criteria into account in their profit-sharing agreements, such as control of water and energy consumption and waste recycling.





## 2. CONTINUOUSLY IMPROVING QUALITY OF LIFE IN THE WORKPLACE

*The skills and motivation of the Group's employees are what underpin the excellence of the products and services offered by its Maisons. Their working conditions must enable them to optimally express their talent and feel fulfilled in carrying out their tasks. That is why the Group's commitment to managing quality of life in the workplace is closely focused on meeting employees' needs.*

### **Health and safety issues**

**The LVMH way** ► For LVMH, respecting all employees regardless of gender and ensuring their health and safety are two fundamental components of its social responsibility policy. LVMH strongly emphasizes the importance of protecting employees' health and safety to Group companies via their human resources departments.

In 2017, more than **€52 million** was invested in improving working conditions. This overall amount included more than **€34.2 million** invested in health and safety in 2017, up 7.5% from 2016.

In 2017, **37,538** employees received safety training at Group companies worldwide. This number was stable relative to 2016, following a very sharp increase of 36.6% between 2014 and 2015.

**Workplace accidents:** both the frequency rate and the severity rate were lower than in 2016.

	Number of accidents	Frequency rate	Severity rate	Deaths
2015	1,077	5.22	0.16	0
2016	1,257	5.58	0.18	0
2017	1,232	5.16	0.16	0

Employee health and safety issues come to the fore at employees' workstations, at the heart of their day-to-day working environment, which is why it is the responsibility of Group companies to implement health and safety policies.

Health, safety and ergonomics assessments are undertaken at production sites, workshops and vineyards as well as stores and headquarters. These assessments give rise to structured action plans. Awareness and training initiatives relating to workplace safety and risk prevention are expanding. Processes to improve workstation ergonomics are implemented, and workstations are redesigned so that employees can keep their jobs for as long as possible.

### **Investment related to working conditions**

Workplace safety issues take a variety of forms depending on the business group. For instance, the Watches & Jewelry business group sees the fewest work accidents. Similarly, the geographic breakdown of the number of accidents shows that France, where most LVMH companies' production takes place, is more heavily represented.

Expenditure and investment related to working conditions totaled more than €52 million in 2017, down 17.4% with respect to 2016. This amount equated to 0.9% of gross payroll for all operations worldwide. A total of 37,538 employees received safety training at Group companies around the world. This number was stable relative to 2016, following the very sharp increase (36.6%) between 2014 and 2015.

The €34.2 million invested in health and safety represented an increase of 7.5% in 2017 with respect to 2016. This includes costs related to occupational health, protective equipment, and health and safety improvement programs covering compliance for new equipment, signage, replacement of protective equipment, fire prevention training, and noise reduction.

## **A new commitment: Charter on Working Relations with Fashion Models and Their Well-Being**

As a further demonstration of the Group's concern for working conditions and respect for individuals, the Charter on Working Relations with Fashion Models and Their Well-Being was published in September 2017 and entered into effect immediately. This charter was drawn up by LVMH in consultation with Kering and sector professionals and applies to all Group companies. Applicable worldwide, the charter promotes high standards of integrity, responsibility and respect towards models. All Group companies employing fashion models are committed to implementing this charter. For example, Céline hired a new employee specifically to make certain that the provisions of the charter are observed during the two weeks leading up to its shows. Services that support well-being are made available to the models. Each model has to produce a medical certificate issued no more than six months previously. Doctors are on hand on the day of the shows.

On September 6, 2017, LVMH announced that it had drawn up a **Charter on Working Relations with Fashion Models and Their Well-Being**, in consultation with Kering and sector professionals, which would be applied at all of its Maisons. Respect for the dignity of individuals is one of the Group's core values, and so concern for the well-being of the models it works with is a natural corollary of this policy. Aside from the special care and attention it pays to models' working conditions, the charter contains several major commitments:

- Group companies agree to work only with models able to produce a medical certificate stating that they are fit and healthy enough to work. The certificate must have been issued within the six months preceding the photo shoot or show.
- All Group companies in the sector undertake not to make any casting requests for size 32 female models or size 42 male models (French sizes). Casting agencies will be required to provide models with body shapes corresponding to at least size 34 for women, and size 44 for men. Group companies are required to ensure that a dedicated psychologist/psychotherapist is available during working assignments to any models who request such services.
- No models under 16 years of age will be hired to take part in shows or photo shoots representing adults.
- Specific rules apply to models aged 16 to 18:
  - They are not allowed to work between 10 p.m. and 6 a.m.
  - They must be accompanied by an adult (who may be a parent) designated by their agency, and they must be provided with overnight accommodation in the same place as that person.
  - The charter requires Group companies to ask agencies to check that the models are meeting their school attendance requirements.
- Models must be able to file a complaint directly in the event of a dispute with a modeling agency, a casting director or a brand (through a designated contact person, for example).



“I am firmly committed to ensuring that the LVMH group’s working relations with agencies and models go above and beyond compliance with legal requirements,” said Antoine Arnault, a member of LVMH’s Board of Directors, Chief Executive Officer of Berluti, and Chairman of Loro Piana. “Models’ well-being is a matter of crucial importance to us. As the world leader in luxury, we feel it is our duty to take the lead in this area. It is up to us to set new standards in the fashion world, and we hope that other industry players will follow us in embracing them.”

The implementation of the new charter began with the fashion weeks in fall 2017. A committee consisting of brand representatives, agencies and models meets every year (twice in the first year) to monitor its implementation.

## **Certification**

As regards certification in respect of the management of workplace health and safety, Glenmorangie successfully reaffirmed its commitment to the OHSAS 18001 standard through a new certification audit. A key goal for the company has been to improve its control over major accident hazards. Meanwhile, Hennessy created an Environmental Safety Quality Management Department, one of whose aims is to implement a safety certification and management system in 2018.

A number of Group companies rolled out training in ISO 14001 certification. Fendi has put in place a number of different initiatives based around a health and safety committee and an e-learning system. Alongside ISO 14001 certification, the company has secured OHSAS 18001 certification for all its manufacturing facilities – the Sesto Fiorentino logistics facility, the Porto San Giorgio shoe workshop, and the Florence manufacturing site – including various training sessions covering a wide range of issues such as fire risk prevention, the use of hazardous substances and chemicals, risk management, and preventing occupational stress.

For reference, in 2015 the Louis Vuitton workshop in Issoudun secured OHSAS 18001 certification for its program applying the Cap Santé health information and risk prevention approach, particularly with respect to musculoskeletal disorders. This program is monitored annually under the working conditions improvement plan, and forms part of the work of the Management Committee’s Health and Safety Committee.

## **Issues facing the Wines & Spirits business group**

The Wines & Spirits business group, which has the highest accident frequency and severity rates, is particularly committed to addressing health and safety challenges in the workplace. A Workplace Safety task force has been put in place, made up of HR teams and all manufacturing site safety managers. The role of this task force is to develop a best practice network, approve communication plans, conduct cross-audits, and monitor incidents in real time based on key indicators. Moët Hennessy, for example, has committed to ensuring that every employee works in an entirely safe environment that presents no risks to health, and has set a target of “zero workplace accidents and zero occupational illness”. Safety at Work is the ambitious, international workplace safety program implemented across the Wines & Spirits business group to achieve this target. The program is based on 10 commitments:

1. Training employees in workplace safety right from induction
2. Assessing every individual’s exposure to risk
3. Raising awareness among employees about their role in protecting the safety of others
4. Communicating regularly with the entire workforce
5. Anticipating risks and promoting best practices
6. Analyzing, reporting, sharing and resolving every incident and accident

7. Involving managers and setting an example
8. Following the safety rules in force at a given workstation
9. Introducing safety at all times of change
10. Driving continuous improvement

The network of correspondents, made up of Group company safety directors or managers, holds a day-and-a-half coordination meeting at a Group site every two months. A virtual meeting is held each month to share best practices, analyze work accidents with or without lost time, and monitor indicators. Should a serious accident occur, the managers of the business line are immediately and systematically informed. Lastly, monthly reports are communicated to the Operations Department. In 2017, cross-audits were carried out to test the effectiveness of overall safety policy and practice at Group companies.

Group companies participated in the Week for Quality of Life in the Workplace, held from October 9 to 13, 2017 and organized by ANACT, the French national agency for the improvement of working conditions. For example, Moët Hennessy Diageo launched a proactive campaign on quality of life in the workplace for its 63 top managers focused on managing performance while maintaining a supportive approach. The health and safety committee as well as union and employee representatives were involved right from the start, with a work meeting between committee members and a consulting firm. They reiterated their support for the program and its first training sessions introduced in spring 2015.

Hennessy also introduced an integrated QSE (Quality, Safety and Environment) policy. A prevention campaign was launched under the auspices of this policy, with protection of workers' hands the initial point of emphasis. Following a safety culture review, an action plan was drawn up and various awareness initiatives were implemented ahead of processing, harvests and distillation.

New priorities, including cybersecurity, were also addressed. Moët Hennessy, for example, launched the Cyber SAFE Together campaign that aims to protect employees from cyberthreats.

At Glenmorangie in Scotland, the brand's "zero accident" policy remains a cornerstone of its entire health and safety culture.

## **Projects in other business groups**

- **Fashion & Leather Goods**

In 2017, Berluti launched a number of initiatives, including bi-annual health checks in Japan, participation in the Week for Quality of Life in the Workplace, the organization of regular review committees, and a nutritional program. Internal training was also set in motion with the support of an osteopath to raise awareness among employees at the company's headquarters about improving posture at work. The osteopath also audited the various workshops and proposed modifications to equipment and postures to reduce musculoskeletal disorders.

The action plans pursued by Louis Vuitton in 2017 further reinforced the importance placed on quality of life in the workplace. Employees are invited to attend workshops on a wide range of topics including screen-based working, boosting energy levels, working with all five senses, and improving nutrition. The aim of these workshops is to highlight the vital resources needed to achieve personal balance. Some teams from the workshops developing prototypes and from ready-to-wear operations also requested additional sessions on specific topics. Collective initiatives were organized around the three

main occupational health risks: carrying heavy loads, repetitive work, and handling chemical substances. Individual initiatives were also proposed to improve workplace ergonomics: studies were conducted on ready-to-wear cutting tables and on prototype workshop benches; a specialist firm was brought in to assist watchmakers, employees in the prototype workshops, the quality assurance laboratory and the mock-up workshop in relation to practices or factors that make work more arduous; awareness sessions were held for employees carrying out screen-based work; and employees working in the mock-up workshop were provided with personal hearing protection equipment. VISSTA, the workplace ergonomics monitoring tool, was introduced in certain workshops.

- **Perfumes & Cosmetics**

At Parfums Christian Dior, the Quality of Life in the Workplace Committee serves as the official joint commission for human resources and occupational health, bringing together management, union and employee representatives to identify solutions to specific problems encountered by employees. This committee meets every two months in Paris to draw up action plans covering specific situations such as illness, occupational stress and disability. In 2017, over 120 participants attended 15 Quality of Life in the Workplace discussion groups that covered specific issues arising at the Saint-Jean de Braye production site. To support employees with illnesses more effectively in the workplace, Parfums Christian Dior signed up to the Cancer@Work charter on October 6, 2017. It thus lent its backing to concrete measures helping people directly or indirectly affected by cancer to get a job or to keep their job. Similarly, following European Sustainable Development Week, held from May 30 to June 5, 2017, teams from the headquarters and other sites in Paris took part in the Clean-up Day on June 16, 2017 to focus attention on safety and well-being at work and to strike a better balance between risk prevention and protection of the environment. Over two metric tons of waste were recycled or used to recover energy.

LVMH Fragrance Brands has entered into a three-year agreement with an ergonomics engineer to assist with the completion of a study of workstations known to place particular physical strain on employees as part of a comprehensive review.

- **Watches & Jewelry**

TAG Heuer continues to offer safety training as part of its induction program. All in all, 80 employees received training in 2017. A risk assessment was conducted with the assistance of an independent organization after a new risk factor linked to the manufacture of nanomaterials was identified. Hublot's action plan covers the various aspects of workplace health and safety. To improve ergonomics, all fixed watchmaking benches have been replaced by height-adjustable benches. Safety training is delivered to all staff working in stores and taking delivery of goods. Hublot continues to deploy the official safety policy for the watchmaking and microtechnology sectors in order to ensure compliance with legal requirements for workplace health and safety. Lastly, the facilities manager has completed the Swiss safety officer training course.

- **Selective Retailing**

Working conditions as well as physical stresses and strains are also an issue for staff working in stores. In 2017, Le Bon Marché set up a shared garden initiative for its employees as part of the renovation project for the roof of its La Grande Épicerie de Paris food hall. The 200 employees taking part in this organic gardening initiative are given training and appropriate tools. Sephora's diverse initiatives across all its territories include health and safety training in Spain and Italy and training in workstation ergonomics and improvements in the Czech Republic and Romania. In the United States, employees

are able to request a personalized assessment to ensure that their workstation is appropriate for their needs under Sephora's ergonomics program. In France, a committee was set up to prevent work-related accidents and improve the ergonomics of deliveries. A Quality of Life in the Workplace training program was devised in conjunction with trade union and employee representatives.

## ***Group company programs and initiatives for well-being at work***

**The LVMH way** ► The skills and motivation of the Group’s employees are what underpin the excellence of the products and services offered by its Maisons. Accordingly, Group companies have embraced a broader concept of well-being at work, rather than focusing on just health and safety issues. Working conditions must be such that employees can optimally express their talent and feel fulfilled in their roles.

The Group’s worldwide absence rate for employees on permanent and fixed-term contracts was **5.0%** in 2017. This is lower than in 2016 (5.1%) and marks a return to 2014 levels, partly as a result of a decline in paid absence (0.3%, compared with 0.4% in 2016).

### **Preventing occupational stress and harassment**

All Group companies are committed to preventing occupational stress, and pay particular attention to high-risk situations their employees might encounter. Most companies have a psychological support cell of some kind. Hennessy, for example, offers assistance via a toll-free number and Céline has proposed specific psychological support to employees affected by the November 2015 terror attacks in Paris and the July 2016 attack in Nice. Hennessy, Guerlain and DFS also hold stress management workshops and relaxation therapy sessions. In Italy, Berluti set up its Working Stress project consisting of four working groups, each made up of between 10 and 12 people.

The Wines & Spirits business group is particularly involved in addressing this issue. In January 2012, Moët & Chandon and Ruinart entered into an agreement on preventing occupational stress, which included measures such as an emergency alert procedure and stress level assessments as part of all employee medical examinations. Specific awareness actions have been introduced for new managers and supervisory staff with a view to adapting a managerial style that supports prevention. Some employees suffering from stress have received coaching on how to improve their well-being at work. A help desk has been set up within the health unit to offer employees an opportunity to discuss any stress-related issues they may be facing. Similarly, Moët Hennessy Diageo has rolled out an occupational stress prevention policy focused on quality of life in the workplace, which involved 63 managers in 2017. An awareness day was held during the year, featuring practical workshops focused on the topic “Managing performance with kindness”, attended by the company’s managers. In 2016, this program moved into its second phase, with a questionnaire on management practices sent out to managers to identify their needs. Various training modules are now offered on targeted topics, including a compulsory module on occupational stress. The health and safety committee as well as union and employee representatives were involved in the early stages of the project: a working meeting was held with the committee and the consulting firm. Veuve Clicquot and Krug are very involved in implementing the agreement on quality of life in the workplace, including identifying actions to tackle discrimination in all its forms, both internally (starting with recruitment and throughout employees’ careers) and externally through sponsorship activities.

Among initiatives in other business groups, Sephora’s European headquarters addressed stress prevention by holding training sessions aimed at helping employees develop their own sources of resilience in what is a rapidly changing business world (“Developing personal capabilities for success in a changing world”). Various Group companies such as Berluti, Guerlain in South Korea, and the

Perfumes & Cosmetics business group as a whole in Northern Asia, South Korea, Spain, the United States and Taiwan have added harassment to the issues brought to the attention of employees and their representatives. More broadly, certain Group companies such as Louis Vuitton, with its presence extending across Northern Asia, Southern Asia, the United States and Japan, have set up an employee assistance program. In Spain, Loewe introduced an agreement in 2008 covering the prevention of and procedure for dealing with sexual harassment. In Italy, Loro Piana set up the Pe.ne.lo.pe project aimed at preventing occupational stress and promoting quality of life in the workplace. The occupational stress prevention plan implemented by watchmaker Zenith gives employees the option of consulting an external counselor on a completely confidential basis should they face problems of a professional or personal nature.

Christian Dior Couture aims to prevent stressful situations affecting its employees before they arise. When they join the company, new managers are made aware of how to manage stress in the workplace and the pressure that can build up on employees. Special attention is paid to preventing occupational stress; in 2012, a stress, anxiety and depression monitoring unit (OMSAD) was set up to measure employee stress levels at occupational health check-ups. The aim is to identify departments in which employees experience a high level of stress and take corrective action as needed. The results of this analysis are reported every year to the health and safety committee and are also provided to the Group company's employees. The results for Christian Dior Couture are analyzed against the figures in the OMSAD database.

In September 2014, Les Echos conducted an audit of its entire workforce on the subject of quality of life in the workplace and preventing occupational stress. Analysis of the audit's findings and the action plan, which involves various working groups, was followed up by a steering committee, resulting in the introduction of an approach relating to quality of life in the workplace and the prevention of occupational stress covering the period 2015–2017.

## **Various other factors involved in well-being at work**

- **Services and training**

Beyond preventing occupational stress, the ambition of the Group's companies is to improve employee well-being at work. Increasing numbers of them are offering services such as relaxation sessions, massages, and sports classes. Most Group companies have rolled out educational initiatives including training in well-being and peace of mind led by a relaxation therapist (Hennessy), monthly Lunch & Learn workshops in well-being at work (Louis Vuitton), managers' training (Chaumet), and training in stress prevention and well-being at work (led by an ergonomics specialist) offered to all employees (Le Bon Marché).

In Spain, Loewe has implemented a well-being-at-work program that employs a physiotherapist to promote physical exercise and preventive health and propose nutritional advice. To ensure employees have constant support, Louis Vuitton has set up social support provided by a social worker who works in partnership with the occupational nurse to help employees resolve any personal or family problems in a personalized, appropriate manner.

In 2017, Guerlain set up a pilot Bloom at Work project covering three of the company's departments in France. The project aims to assess employee experience and needs more accurately. The company's headquarters and international units also make various services and tools available, including break rooms and improvements to employee areas, massages, yoga lessons and sports coaching, fresh fruit deliveries, organic and vegetarian options in company restaurants, and advice sessions on how to keep

hands looking and feeling good in an office environment. Around 15 employees were involved in organizing cleaning days to declutter offices and other areas.

- **Focusing on site quality**

Building quality and design is also an important consideration that Group companies take into account during the construction and renovation of their sites. Some site reorganizations also include specific actions designed to identify and take into account employee expectations. Acqua di Parma's teams take part in field visits to sites considered as particularly innovative to help identify the best ways of preventing occupational stress and improving working conditions. Similarly, Le Bon Marché launched the Le Corbusier project, which aims to completely redesign all of the department store's non-public areas and spaces (break rooms, meeting rooms, offices, employee reception, etc.). As part of its restructuring, the Jardin d'Acclimatation is set to build the Boréal project, a new administrative building with newly designed offices and providing better working conditions. Lastly, the vast majority of Group companies have signed up to the international LVMH Lighting program equipping buildings with LED lighting, which improves working conditions. At the same time, the greatest possible use is made of natural light. For example, LVMH Fragrance Brands followed the program's guidelines for the renovation of its administrative offices in Beauvais.

After two years of work, Pont Neuf, Hennessy's new cognac bottling and logistics facility, was inaugurated on October 18, 2017 at a ceremony attended by Bernard Arnault, Chairman and Chief Executive Officer of LVMH; Philippe Schaus, Chairman and Chief Executive Officer of Moët Hennessy; Bernard Peillon, Chairman and Chief Executive Officer of Hennessy; and Jean-Baptiste Lemoyne, Secretary of State attached to the Minister for Europe and Foreign Affairs. Designed by Sandrolini Architecte, Pont Neuf is a building that sets new standards in eco-design. A new organization for teams, cutting-edge equipment, highly sophisticated traceability systems, and high-frequency bottling lines are among the distinguishing features of this 26,000-square-meter facility in Salles-d'Angles near Cognac. Built on a 30-hectare site, the facility was designed to meet all the stringent requirements set by Certivéa, earning it HQE® ("high environmental quality") certification. It integrates seamlessly with the landscape while taking into account the full range of factors contributing to quality of life in the workplace (choice of materials, acoustic insulation, air quality, natural daylight, ergonomics, and building safety), thus providing a highly motivating and comfortable working environment for staff.

In 2017, Veuve Clicquot and Krug continued with the Comète project aimed at building a new oenology and winemaking site. The goal is to reduce workplace risk and improve ergonomics and the quality of the working environment, for example by improving visual comfort through natural lighting in all areas and reducing noise levels throughout the site. In collaboration with employee representatives, an Employment Observatory will be created in order to support employees whose jobs may change and to improve working conditions and workplace health and safety as necessary. The project also aims to provide more individual and collective training for employees and increase efforts to maintain workers in employment, particularly those with recognized disabilities.

The transfer of Kenzo's warehousing and accounting services to Chambray-lès-Tours means employees are now housed in more modern and spacious premises, with better thermal insulation. The expansion project for the headquarters building has been launched. Work areas will be redesigned and equipped with new, ergonomic furniture throughout.



In France, Sephora's headquarters in Boulogne-Billancourt moved to new HQE<sup>®</sup>-certified offices in Neuilly-sur-Seine and Saran. An occupational physician as well as union and employee representatives were consulted on the most suitable office furniture for the new offices. Steering committee meetings were held before, during and after the move to gather feedback from employees and in order to identify, prevent and resolve any difficulties as they arose. Employees who so desired were given a smartphone to access applications designed to help with their daily tasks in the new buildings (booking a meeting room, internal communication, access to information about the company restaurant).

## Organization of working time

**The LVMH way** ► Respect for people means taking a whole set of individual factors into account. Organization of working time and the availability of mechanisms for achieving a better balance between employees' professional and private lives help to meet their increasing expectations in terms of managing their physical well-being, work-life balance, and family responsibilities.

Global workforce affected by various forms of working time adjustments in 2017

Employees concerned ( <i>as %</i> )	Global workforce
Variable/adjusted schedules	13%
Part-time	19%
Teamwork or alternating hours	49%

### Forms of working time adjustments

Most Group companies based in France are affected by the opening of stores on Sundays, under the law of August 6, 2015 on growth, activity and equal opportunities. They have consulted their employees, with Louis Vuitton, for example, organizing a consultation with affected retail teams in June 2016 to approve the company-wide agreement. Le Bon Marché has undertaken discussions with union representatives. Agreements were signed by Le Bon Marché and La Grande Épicerie de Paris on November 25 and 26, 2016 respectively, setting out a tailored approach to working hours effective from March 2017 for staff willing to work on Sundays. The aim is to maintain an identical quality of service throughout the week, while protecting the quality of life in the workplace and organizing the work schedules for all employees. In line with its traditions, Le Bon Marché has taken the lead in the department store sector by adopting a socially and economically responsible approach. Following the agreement signed in December 2016, Kenzo set up a monitoring committee responsible for tracking the system on a monthly basis. Information meetings about working hours were held with employees at Louis Vuitton workshops, including at Saint-Pourçain.

Under the agreement signed by Céline on November 23, 2017, retail employees are able to choose how many Sundays they work. They receive double-time pay for their Sunday shifts. Employees are given additional days off in lieu depending on how many Sundays they work and receive a contribution to childcare expenses. Louis Vuitton covers up to €1,850 per year in childcare expenses for employees working Sunday or evening shifts. Agreements on evening and Sunday work signed in 2015 and 2016 at Parfums Christian Dior were based on the principle that employees had the choice of accepting or refusing the extended hours and that those who accepted could change their decision later. The agreements also included various support measures such as pay increases and time off in lieu, coverage of childcare costs, coverage of commuting costs after 10 p.m., and specific medical monitoring of employees who regularly work in the evening.

### Work-life balance

Work-life balance is another essential aspect of quality of life in the workplace to which Group companies are committed. This aspect is an ongoing area of focus for Group companies, since it

touches on issues including parenting, career paths for older employees, and the expectations of employees who are family caregivers. Flexible working policies are therefore very widespread.

Like many other Group companies in France, Kenzo has implemented a range of measures to promote work-life balance, parental support, and remote working under its three-year 2016–2018 agreement on equal opportunities. In 2017, Chaumet drew up a new gender balance action plan featuring new measures on remote working and returning to work part-time after maternity leave. In addition, Chaumet joined Moët & Chandon - Ruinart, Givenchy and Louis Vuitton in signing an agreement with an organization to provide daycare spots for employees' children.

Christian Dior Couture also offers a number of different solutions for employees with parental responsibilities that take their individual circumstances into account. It has delivered on this commitment by taking various measures such as offering daycare, adjusting working hours, and supporting social services by providing financial, administrative and/or legal support. Since 2013, a partnership with Babilou's subsidiary 1001 Crèches provides daycare for children of employees who were not able to obtain a place in public daycare. As a signatory of the Single-Parent Family Charter since June 2014, Christian Dior Couture has pledged to support parents from recruitment onwards and throughout their professional career. Single-parent families can also access priority support provided by Action Logement. The Works Council covers the cost of various services such as subscription charges for the Prof Express service providing remote homework assistance, access to the legal assistance provided by SMC, the Works Council's legal partner, and the membership fees for Kinougarde, a specialist service looking after children in their own home in the Paris region and in 18 other large French cities.

In Spain, LVMH Perfumes & Cosmetics enlisted the expertise of *Más Vida Red*, an organization that specializes in helping employees achieve a better work-life balance. Certain companies with operations in the United States, such as Parfums Christian Dior, offer an employee assistance program managed by United Behavioral Health (UBH). Its role is to help employees and their families to resolve any types of personal matters potentially affecting their health, family life, professional life or performance, in complete confidentiality.

Where possible, for some types of employees, Group companies offer telecommuting solutions. At Moët Hennessy, for example, 31 employees at the headquarters took up the remote working option following the agreement signed in April 2016. LVMH Fragrance Brands has introduced a policy to facilitate the use of occasional telecommuting under its Remote Working Charter. Its twin objectives are to meet the challenges of work-life balance and improve the organization of working hours for employees with family responsibilities or who have long commutes. In 2017, Make Up For Ever signed the Remote Working Charter with all union and employee representatives. On February 27, 2017, an experimental remote working system was also introduced at Parfums Christian Dior under an agreement. After signing an open-ended work-life balance agreement in December 2006, Les Echos signed an agreement on the introduction of remote working on October 17, 2017. The aim is to introduce greater flexibility into the way teams are organized while improving employees' work-life balance.

## Labor-management relations

**The LVMH way** ► The LVMH group’s employee representation system consists of three tiers:

- Works Councils at each Group company
- the Group Works Council
- the European Company Works Council for LVMH SE, which handles cross-border issues at the European level

France:

**1,952** meetings

**126** company-wide agreements

Type of meeting	Number
Works Council	686
Employee representatives	594
Health and Safety Committee	414
Other	258
<b>Total</b>	<b>1,952</b>

A budget of over **€23.6 million** is set aside for social and cultural activities, funded by Group companies’ contributions to Works Councils. This amount increased **5.8%** in the year following a sharp increase of 12.6% in 2016, and equates to **1.7%** of the total payroll. The total staff catering budget was **€23.8 million**.

## Freedom of association

In May 2009, LVMH put in place a Code of Conduct – revised at the end of 2017 – aimed at following and promoting the principles of the Global Compact on fundamental rights and principles in the workplace, including freedom of association and recognition of the right to collective bargaining. Through its Code of Conduct, LVMH is committed to ensuring that all employees are able to exercise their rights without distinction, notably on grounds of political convictions or union affiliation.

As regards supplier relations, the LVMH Code of Conduct asks suppliers to comply with the ethical principles laid down in the Supplier Code of Conduct, which specifies workforce-related requirements (prohibition of forced labor, child labor, harassment and discrimination as well as provisions on pay, working hours, freedom of association, and health and safety). The Supplier Code of Conduct, rolled out from March 2008 and revised at the end of 2017, recognizes the principle of freedom of association: “Our suppliers recognize and respect workers’ right to engage in collective bargaining or join trade unions of their choosing without penalty, discrimination or harassment”.

As regards prohibiting discrimination, the Code of Conduct makes clear that the LVMH group expects its suppliers to treat all workers equally and fairly and not to engage in any form of discrimination, including on grounds of political affiliation or trade union membership.

## Structure of employee representation within the Group

The Group’s employee representation system consists of three tiers:

- The Works Councils handle most employee-related issues, in keeping with the Group’s culture of decentralization.

- The Group Works Council was formed in 1985. This body, which covers the whole of France and currently has 29 members, has one full meeting every year. Delegates meet with the Presidents of all the Group's business groups to hear about and discuss the Group's strategic direction, economic and financial issues, and employment-related matters.
- The SE Works Council handles cross-border issues at the European level. Over the past few years, the LVMH group has taken on a strong European dimension, and the conversion of its legal structure into that of an SE (Societas Europaea) was the natural extension of the economic reality of LVMH's business. Against this backdrop, the Group formed an SE Works Council made up of 28 members from the 21 European Union countries (along with Switzerland) in which it operates. The rules for this representative body are laid down in an agreement that was unanimously approved on July 7, 2014 by elected employee representatives from those 22 countries and by the Group's Executive Management. In 2017, the SE Works Council held a plenary session on April 7. The next meeting will be held on April 25, 2018.

## **A wide variety of collective bargaining agreements in France**

In France, Group companies have one or more of the following, depending on their workforce: a works council, a combined staff representative body (*délégation unique du personnel*), employee representatives, and health and safety committees. In 2017, employee representatives attended 1,952 meetings, notably resulting in 126 company-wide agreements being signed. In 2016, nearly all Group companies with stores within "international tourist zones" (ZTIs) in France signed an agreement or unilateral commitment allowing them to open on Sundays on a continuous basis, in accordance with the Macron law introduced on August 6, 2015.

Dialogue with union and employee representatives is undertaken at the level of each Group company. At Louis Vuitton, for example, Works Council meetings have mainly focused on workplace gender equality, initiatives to improve quality of life in the workplace, *contrats de génération* (cross-generation contracts), and disability initiatives. This dialogue also focuses on more site-specific issues, with health and safety committees inspecting production facilities more frequently than required by regulations. Review meetings with Works Councils are held following such inspections. Key indicators are in place to measure the progress made on the implementation of programs and agreements and regular assessments are conducted.

Thanks to very healthy labor-management relations at the majority of Group companies, a wide variety of agreements are in place covering not only workplace gender equality but also issues like working conditions, time savings accounts, and work on Sundays. A number of agreements were signed at Parfums Christian Dior in 2017 covering, for example, jobs for people with disabilities, a remote working trial, and the three-year incentive plan for the period 2017–2019. Similarly, Guerlain signed a total of six agreements in 2017 relating to incentives, well-being and quality of life in the workplace, remote working, end-of-career flexibility, continuing gender equality, and the mandatory annual negotiation (NAO) process.

Moët Hennessy Diageo entered into agreements covering the 2016–2018 *contrat de génération* (cross-generation contract), quality of life in the workplace, incentives, and vacation bonuses. In 2017, Givenchy entered into discussions that should lead to the conclusion, in 2018, of employment contracts relating to remote working and time savings accounts.

## **Collective bargaining agreements and financial performance**

The relationship between workplace well-being and financial performance is at the heart of the CSR debate. Although Group companies do not have access to tools or indicators proving that there is always an objective relationship between the two, this issue nevertheless prompts them to consider the impact of collective bargaining agreements on both the company's financial performance and employees' working conditions. For example, the various agreements and amendments relating to the *contrat de génération* (cross-generation contract) combine its impact on financial performance and on working conditions, with a particular emphasis on retaining older employees, creating sustainable employment opportunities for young people, and passing on skills within companies.

As regards the impact on financial performance, the various agreements on time savings accounts and gender equality also strengthen employees' motivation and commitment.

With respect to the impact on working conditions, some flexible working agreements (covering evening and Sunday work) are based on the principle that employees have a choice of accepting or rejecting extended hours and that those who accept can reverse their decision at a later date. They also include various support measures such as pay increases and time off in lieu, coverage of childcare costs, coverage of commuting costs after 10 p.m., and specific medical monitoring of employees who regularly work in the evening.

## **Examples of international discussions**

In Italy, Fendi negotiated various agreements with unions in 2016 on the issue of video surveillance at work sites, in accordance with Italian legislation. An agreement has also been reached to promote personal support services. In Switzerland, Hublot has been holding quarterly discussions in the Nyon region since 2016 with representatives from Unia, the country's largest multi-sector trade union for private sector workers and a member of the Swiss Federation of Trade Unions. A monthly newsletter is distributed to employees in order to share news about actions and partnerships. Meanwhile, TAG Heuer was involved in renegotiating the watchmaking industry collective agreement between union and employer representatives, which runs for five years with effect from January 1, 2017. One of the significant changes in this agreement relates to more favorable maternity leave arrangements and paternity leave of five days for the first child and ten days from the second child onwards – an arrangement that goes beyond the minimum legal requirement. At the end of 2015, a representative council for exchanging information with employees was set up to provide a forum for senior management and employees to discuss all issues relating to the life of the company.

Furthermore, to help ensure that they properly understand CSR issues, Group companies involve unions (Berluti, Make Up For Ever) and health and safety committees (Moët & Chandon - Ruinart) in the related discussions.

## **Dialogue with employees at Group companies**

At the same time, Group companies are making great efforts to encourage employee input and discussion with management. To this end, they may use satisfaction surveys as well as more direct methods of gathering information and feedback. Consulting employees can provide a way to better measure their capacity for engagement and their expectations in this area.

- **Outreach and consultation methods**

Some Group companies operating outside France, such as Parfums Christian Dior (in 2017) and Bvlgari, have put in place whistleblowing procedures in some countries. Sephora America put in place a whistleblowing procedure in 2016. Employees at Moët & Chandon and Ruinart have access to a process for escalating complaints. HR morning meetings provide details and responses to issues that have generated complaints. In January 2017, TAG Heuer set up the services of a counselor outside the company as a neutral third party whose role is to meet with any employee wishing to discuss professional or personal problems liable to affect his or her health, with complete confidentiality. In France, at Sephora, a system for submitting concerns via an intranet forum has been set up for employees.

In 2017, Hennessy ran its third MH opinion survey, which includes a number of sections covering commitment, leadership, culture, values, the working environment, career development, pay and employee benefits. The induction process for all new hires includes an overview of the company's trade union landscape, how employee representative bodies work, and the state of labor-management relations. Moreover, all production sectors hold weekly and monthly meetings to keep staff informed and engaged. Institut Social Hennessy celebrated its 70th anniversary in 2017.

Organized dialogue with union and employee representatives does not exclude the possibility of consulting employees directly on their level of satisfaction. In 2017, Louis Vuitton introduced its Respect and Benevolence Charter to help promote dialogue between employees and management. The company's Acting Together approach is designed to help improve how issues are resolved. Many companies carry out annual surveys, an example being Hôtel Cheval Blanc. Survey findings provide true insight into employee expectations. Moët Hennessy's January 2017 opinion survey achieved a participation rate of 78% and resulted in an overall favorable opinion rate of 80%.

In June 2017, Sephora ran Sephora Voice, an employee engagement survey covering the entire workforce. With a participation rate of 87%, the survey showed that 80% of employees are engaged overall and recommend Sephora to outsiders as a good place to work. At the same time, the survey helped better identify areas for improvement in each country. All findings were shared with employees through a process involving local managers. Action plans were drawn up in each country. Minimum commitments will be put in place in 2018 for areas covering more than one country.

DFS has been developing its employer-employee dialogue mechanisms for several years. In 2017, keen to broaden inclusion, the company extended its approach to all employees, including those working in stores. Employees who are reluctant to speak out in public can use an automated email address. Meetings are held quarterly or more often, depending on needs. DFS also has a mailbox that can easily be accessed from its intranet home page, where employees can submit questions directly to the Chairman and Chief Executive Officer. In addition to the twice-yearly survey of all employees, 2017 saw the introduction of a survey open to all temporary staff. A shorter annual survey is used to gather specific comments from employees based on their answers to the twice-yearly survey. To ensure confidentiality, the survey is administered by an external provider.

Most Group companies, like Acqua di Parma and Berluti, have developed a range of tools, such as information and discussion portals, in-store workplace dialogue and information processes, and retail seminars to strengthen relationships and increase interaction. In 2017, Berluti conducted a nationwide survey on creating patina workshops including suitably adapted, safe processes to prevent health risks and improve quality of life in the workplace. Le Bon Marché adopted a similar approach, carrying out a survey of all employees on quality of life in the workplace, which was also extended to demonstrators



working in stores. Thanks to a similar survey, Les Echos was able to improve the assessment of workplace risk, upgrade workstation ergonomics, and design collaborative workspaces.

- **Corporate projects**

Adopting and running a strategic project or a development project at a Group company can also be an opportunity to involve employees in thinking about the way forward. For example, in view of its expansion in China, Kenzo ran a series of monthly talks entitled “Kenzo loves China” featuring speakers who know the country (including business leaders and experts). Similarly, Zenith, in the midst of its transformation process, held meetings for all employees in 2017 overseen by its President to talk about new products and developments within the company.

At Fendi, the 2017–2019 strategic plan was presented to all headquarters and production site staff for a total of 800 people. Various internal events were organized to facilitate discussions between employees. Labor-management dialogue therefore includes agreements reached with the unions and regular communication with employees.

In another example, employees at Céline took part in drawing up the handbook for the corporate project. This document was translated into six languages explaining the essence of the company from four angles: Company, Products, Women and Values. The handbook was distributed to around a hundred international managers on May 30, 2016 as part of a series of workshops looking in particular at the role of women in the company and Céline’s vision for women. Each member of the Management Committee then discussed it with their teams (150 participants), with an emphasis on the company’s values, after which it was communicated to international retail teams through a series of videoconferences.

As part of its centenary celebrations, Acqua di Parma brought together managers from around the world in May 2016 to present the company’s results and targets. All of the company’s employees in Italy also took part in this event. In July and September 2017, two conferences were held to give all employees the opportunity to talk about the company’s organization, projects, results and goals. A new HR intranet launched in November 2017 supports proactive communication on strategic priorities.

Lastly, as part of the project to close down the Franck et Fils store, Le Bon Marché finished reassigning employees within the Group and made arrangements to monitor how each employee was adjusting to his or her new position. Following the signing of the agreement on workforce-related support measures linked to the store transformation project, a feedback system was set up to let employees voice their concerns, along with a space dedicated to employee reassignment.

- **Values**

In conjunction with operational strategic projects, the LVMH group and its companies have launched discussions on the Group’s values. In 2017, the Group embarked on an extensive collaborative workstream under the banner “Being LVMH”, the new platform defining the Group’s values. Three new shared values were adopted: being creative and innovative, delivering excellence, and cultivating an entrepreneurial spirit. The values and actions incorporated into LVMH’s sustainable development approach emerge from a tradition that dates back to the origins of the Group’s companies and forms an integral part of its heritage. The Group’s long-term success depends not only on the strength of its business model and profitable growth strategy, but also on its unwavering commitment to creativity, excellence and sustainability in all aspects of development and corporate citizenship.



### 3. PREVENTING DISCRIMINATION AND RESPECTING INDIVIDUALITY

*The people who make up LVMH constitute the Group's most prized asset. This human capital is something that the Group intends to develop so that all employees are able to find personal fulfillment through their work. From the recruitment of talent to career guidance for all employees, the Group's human resources policy is a key performance driver. The LVMH group's CSR approach is therefore aimed at preventing any risk of discrimination, and respecting each person's individuality.*

#### **Developing shared prevention practices**

**The LVMH way** ► The LVMH Recruitment Code of Conduct has been widely disseminated to all employees active in hiring processes across the Group. It sets forth the ethical principles to be followed at LVMH for hiring in the form of 14 commitments. Special emphasis is placed on preventing any form of discrimination and on promoting diversity.



1. Promoting diversity and equal opportunity
2. Ensuring clear and transparent hiring processes
3. Posting job vacancies on our various HR websites
4. Prioritizing the professional development of our employees
5. Systematically verifying whether job applicants are involved in a hiring process with another Group company
6. Treating applicants the way we treat our customers: with respect and attention before, during and after interviews
7. Ensuring the confidentiality of job applications
8. Using tried and tested methods to select applicants, with a focus on the importance of interviews
9. Keeping applicants informed of next steps and the time frame of the hiring process
10. Providing all applicants with qualitative, constructive feedback post-interview
11. Basing our compensation policy on the principles of fairness and transparency
12. Completing the hiring process with an effective induction program for new employees
13. Making sure that external providers are aware of and comply with our Recruitment Code of Conduct
14. Constantly aiming for excellence and improvement

## **Recruitment Code of Conduct and Recruitment without Discrimination training program**

At some Group companies, the LVMH Recruitment Code of Conduct may be bolstered by a company-specific policy.

With regard to the links between continued employment and preventing discrimination, various policies and best practices have been applied by Group companies. Examples include preparing and supporting employees returning from parental leave, adapting workstations and working time for older employees, and providing staff with disabilities with a suitable working environment.

The Recruitment Code of Conduct is supported by the Recruitment without Discrimination training program, rolled out across the Group. This training program has been mandatory for all human resource managers involved in hiring processes since 2011. Specific training sessions are also rolled out across the Group's various locations to ensure this commitment is aligned with domestic legislation.

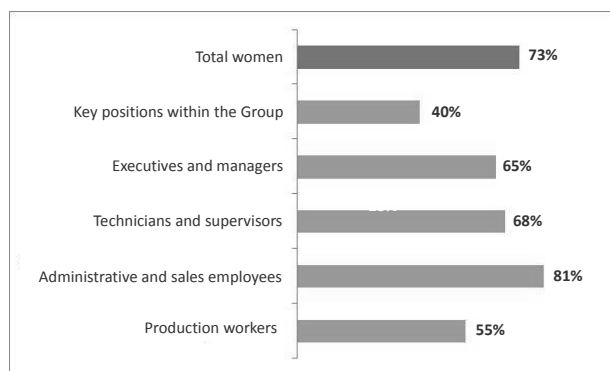
### **Discrimination testing**

To verify the effectiveness of this system, since 2008 LVMH has undertaken ongoing monitoring of its hiring practices. To this end, the Group has an independent firm carry out discrimination tests based on its own published job offers. The latest such campaign was worldwide in scope. Campaigns to test for discrimination help monitor compliance with the Group's commitments, encourage vigilance among recruiters and managers, and manage the system for avoiding discrimination in hiring.

## Promoting gender equality in the workplace

**The LVMH way** ► Gender equality is an integral part of LVMH’s corporate culture. Women account for around three-quarters (73%) of the total workforce (of staff on permanent contracts). This strong female presence is an essential characteristic of the Group, and reflects the nature of LVMH’s activities, many of whose customers are women.

Representation of women and breakdown by professional category within the Group workforce:



### Proportion of women in the Group

In 2017, women accounted for 73% of the total workforce on permanent contracts, 65% of management-level staff, and 40% of key Group positions. Women are particularly prominent in Perfumes & Cosmetics (83% women), Selective Retailing (83% women), and Fashion & Leather Goods (68% women), while men make up the majority of the workforce in Wines & Spirits, where they account for 63% of employees. To boost the representation of women in this last business group, in recent years the Group has increased the proportion of women hired (43% in 2017).

Group companies are taking action to reflect this representation of women in their workforce at all levels. At Berluti, for example, women make up 50% of managers. At Kenzo, Sylvie Colin was appointed Chairman and Chief Executive Officer in September 2017. Women account for 67% of the company’s total workforce, holding 65% of management roles and making up 50% of the Executive Committee. In Spain, Loewe has made further progress, reaching parity in the proportion of women within the management team. Women also make up 50% of the Management Committee at Les Tanneries Roux. In France, women make up 70% of the Management Committee at Guerlain, over 50% of whose subsidiaries are headed up by women.

Sephora, whose customer base and employees are predominantly women, is a particularly good example of the commitment to promote the place of women. In the majority of countries in which the company operates, women hold between 40% and 50% of management positions and can account for up to 70% of successors, as is the case for key positions in Southeast Asia, for example.

In the Wines & Spirits business group, where men make up 63% of the workforce, Moët Hennessy Diageo has continued to recruit and appoint equally qualified women to key positions, including Head of Marketing, Sales Director – Mass Market Retail (a member of the Management Committee), Brand Director – Mass Market Retail, Sales Director – Influencer Marketing, and Communications Director.

As regards key positions within the Group, to mark the 10th anniversary of the EllesVMH initiative, launched in 2007 by Chantal Gaemperle, the Group reviewed its commitment in 2017. Between 2007 and 2017, the proportion of women holding key positions within the Group rose from 23% to 40%. Given this progress, a new target has been set: to achieve parity for key positions by 2020, summarized in the slogan “50/50 by 2020”. New appointments in 2017 saw more women attain senior positions. Nine Group companies are now led by women: Krug, Céline, Kenzo, Loewe, Nicholas Kirkwood, Acqua di Parma, Fresh, Make Up For Ever and Starboard Cruise Services.

## **Commitments and opportunities for action**

Demonstrating the Group’s strong culture of gender equality, 41 Group companies have undertaken to uphold the United Nations’ Women’s Empowerment Principles (WEP). In October 2014, all Group companies based in the United States (Belvedere Vodka, Edun, Marc Jacobs, Benefit Cosmetics, Fresh, Nude Skincare and Starboard Cruise Services) became WEP signatories. The seven Women’s Empowerment Principles relate in particular to education, training and professional development for women as well as a commitment to promote gender equality at the highest corporate levels.

To mark International Women’s Day on March 8, 2017, the LVMH group organized an exceptional event on the theme “Inspire to Action”. A competition aimed at recognizing Group companies’ best initiatives to encourage gender diversity was launched under the name EllesVMH Awards. This event consisted of two stages.

First, Chantal Gaemperle invited all Paris-based employees to an exhibition showcasing 24 of the 36 gender equality initiatives implemented by Group companies, on themes as varied as “Integrating work-life balance”, “Going beyond stereotypes” and “Supporting working mothers”. A total of 600 employees registered to attend the exhibition, which was held at LVMH’s headquarters.

Secondly, an awards ceremony was held, where guest speaker neurologist Catherine Vidal of the Institut Pasteur dispelled biases about neurological differences between men and women. A panel discussion highlighted new ways of thinking by bringing together three women who are making a difference to their environment: Sarah Ourahmoune, runner-up in boxing at the Rio Olympics; Gimena Diaz, Executive Director of Strategy and Fundraising and board member of the UN Women National Committee in France; and Morin Oluwole, Luxury Vertical Lead for Facebook and Instagram. The speakers shared their vision for women today by looking back at their careers, successes and convictions. Ten selected Group company initiatives were then presented on stage in front of 280 staff and a judging panel made up of Group executives. Two of these initiatives were recognized and awarded prizes by Chantal Gaemperle, accompanied by Olympic fencing champion Laura Flessel-Colovic. Loro Piana received the Jury Prize for its Going Beyond Stereotypes initiative, and Moët & Chandon received the Audience Prize for its Opening New Trades to Women initiative.

The day was also marked by a number of international events. More than 1,000 women took part in Inspire to Action events in the town of Cognac as well as in New York, Shanghai, Hong Kong, London and Madrid, among other cities. All these celebrations were followed on social media with the hashtag #ellesVMH. In the United States, 80 people were invited to a workshop aimed at identifying obstacles to the “50/50 by 2020” target in the country, which ended with a networking event. In Japan, 4,000 employees working in 510 Group stores were encouraged to come together to convey a message of commitment. Sharing and discussion sessions were held to review local initiatives. In the Asia-Pacific region, 500 people took part in one of four events held in Hong Kong, Shanghai, Singapore and Sydney. The main aim of these events was to raise awareness and open up a dialogue about men’s commitment

to issues of gender equality. In all, 1,500 Group employees were involved in the day in some form or another.

## **Taking action**

In 2017, the LVMH group stepped up its efforts to reassert its commitment to diversity and promoting women's leadership.

- **Group initiatives**

Launched in 2007 on the initiative of Chantal Gaemperle, the EllesVMH program encompasses all actions taken in this area within the LVMH group. Its aim is to promote a mixed working environment where talent is able to flourish, by offering equal opportunities to all. Combining specific actions with coaching to provide proactive, practical support for women leaders, EllesVMH has become an international brand that channels energy into a wide range of initiatives. EllesVMH helps forge links between multiple generations of women at different Group companies and from all walks of life, thus fostering both their development and synergies within the Group. The EllesVMH program continues to develop its existing projects, including its two main training initiatives, EllesVMH Coaching and EllesVMH Connect. On average, around 40 women have taken part in EllesVMH Coaching courses every year since it was launched in 2013. In 2017, the number was 35.

LVMH continues to track the career development of its talented women through its annual organizational review, using a set of targets and key indicators.

- **Group company initiatives**

Many international initiatives were also kicked off in 2017, such as the creation of a new EllesVMH network in Switzerland. All representatives meet every two months to discuss their projects. The committee is preparing to organize an inter-company conference on diversity in 2018. In Spain, on the initiative of LVMH Perfumes & Cosmetics, EllesVMH brought together more than 1,500 women around the world on March 8, 2017.

Meanwhile, in the United States, three roadshows were held in New York and Las Vegas, involving 110 participants and 15 Group companies. These roadshows brought together staff from different Group companies to stimulate discussion and develop initiatives in connection with the Group's "50/50 by 2020" target. Six other smaller events were organized, allowing around a hundred staff to freely discuss more targeted topics. While these new projects are to be extended, all local networks and Group companies have high ambitions for the EllesVMH strategy in 2018 and the achievement of its 2020 targets.

Group companies are also developing a range of initiatives aimed at addressing the most frequently cited areas for improvement as regards career development for women: ambition, self-marketing, international mobility, and work-life balance. Like some other Group companies, Chaumet entered into a new gender equality agreement for 2016 and 2017. In 2017, and particularly on the occasion of International Women's Day on March 8, Christian Dior Couture made sure that the commitments of the agreement signed in July 2016 to support gender equality at work were communicated extensively within the company. All this information is also available to all employees on the company's intranet site. Within an industry traditionally dominated by men, Hennessy has organized the *Vignoble au féminin* campaign, providing a forum for meetings and discussion between women winemakers with the aim of encouraging women to work in the wines and spirits sector. In this same sector, Veuve



Clicquot and Krug encourage access for women to positions of responsibility as well as different types of jobs in which men are over-represented, such as tractor drivers. A training course in tractor-driving skills is open to all women, allowing them to take training to prepare for the Agro-Équipement Viticole diploma from the Corporation des Vignerons, while also training in the company's specific vineyard applications.

In a sector that is conversely very female-dominated, Sephora addresses the issue of professional equality by means of more social initiatives. In France, the United States and the Czech Republic, it has created an emergency housing fund for female employees dealing with financial or housing issues, for example in situations of domestic violence or financial difficulty.

Initiatives and tools specific to each entity are put in place to reduce any salary gaps between women and men within the same job category. During annual negotiations, a dedicated budget may be set aside to cover any required adjustments.

## Promoting employment for people with disabilities

**The LVMH way** ► Supporting access to employment for people with disabilities is at the heart of LVMH's corporate social responsibility policy. The emphasis on disability-friendly employment is an apt reflection of the Group's values: respect for each person as an individual, and the same expectations of all Group staff.

Proportion of employees with disabilities in 2017:

**4.7%** in France based on official standards (vs. 4.5% in 2016)

**1.0%** worldwide

Services entrusted to organizations or companies in the sheltered and supported employment sector: **€7.1 million** in 2017, **up 7.6%** relative to 2016 (€6.5 million).

Corresponding number of external jobs: **368 FTE** (full-time equivalent), **up 18%** in 2017 relative to 2016 (312 FTE) following a very sharp year-on-year increase in 2016 (156 FTE in 2015).

### Results of the Group's approach

By the end of 2017, the Group's redoubled efforts had enabled it to increase the proportion of employees with disabilities in France to 4.7% according to official standards (sum of direct and indirect employment). Internationally, as the status and definition of disabilities depends on local legislation, the proportion of staff with disabilities stands at 1%.

LVMH also encourages Group companies to develop their relationships with the sheltered and supported employment sector. This sector provides people with severe permanent or temporary disabilities with opportunities to work in a specially adapted environment. Services entrusted to the sheltered and supported employment sector equated to €7.1 million in 2017, up 7.6% relative to 2016. This purchasing volume is equivalent to 368 full-time equivalent jobs, an increase of 18% in 2017 relative to 2016 (312 FTE) following a very sharp increase of 100% in 2016 relative to 2015 (156 FTE).

### Support actions and programs

As regards hiring new employees, LVMH uses mandatory anti-discrimination training to raise awareness at its companies of the importance of recruiting people from all walks of life, including those with and without disabilities. During testing for discriminatory practices, one of the criteria potentially tested for is disability. Recruitment takes place at all levels, including in the retail segment, and in all countries.

The aim of the *Mission Handicap* initiative, established in 2007, is to help LVMH achieve its ambition of social integration and access to employment for people with disabilities, relying on a network of 35 disability correspondents at Group companies. It steers the Group's actions in this area by raising employee awareness and providing assistance for training people with disabilities. In addition, *Mission Handicap* supports the Group's hiring activities and its efforts to provide lasting employment for people with disabilities through partnerships with specialized nonprofits and agencies working to promote their social and professional integration.

To encourage the hiring of people with disabilities, in 2014 LVMH launched the EXCELLhanCE initiative in partnership with AGEFIPH. This initiative enables people with disabilities to simultaneously obtain a degree, significant experience within LVMH Group companies, and expertise specific to the luxury industry. It runs intensive work-linked training programs, lasting from 12 to 24 months, in three fields: sales, logistics and human resources management. Candidates are selected on the basis of role-play exercises mirroring common work situations. These innovative recruitment sessions make the hiring process more objective and serve to identify abilities and skills that can be transferred to the professional sphere. Of the sales associates and inventory managers on work-linked training having entered the program in its first year in 2014, 64% obtained a vocational qualification in logistics or earned a BTS technical diploma in Management of Commercial Units in 2016 and 74% then either moved on to a fixed-term or permanent contract with the Group or continued with their studies. The second class entered the program in fall 2016 and continued their training in 2017. Implemented at 10 Group companies, the program has enabled 13 people with disabilities to enter employment on professional training contracts, most of them retraining in a new profession, as either sales associates, inventory managers or human resources assistants. In 2017, the first two graduates from this second class in the field of human resources management completed the program. Meanwhile, in the United States, through a similar program that combines training and induction, Sephora partnered with Ability Works to recruit more hires with disabilities at its Mississippi distribution centers. Two new classes began their training in 2017, with a target of hiring 30% of participants in 2018.

Also during the year, Sephora signed its own agreement with AGEFIPH, further demonstrating the strong level of commitment by Group companies in this area. Hennessy, Christian Dior Couture and Parfums Christian Dior are each covered by an agreement.

In addition, LVMH works with a number of organizations that support young people with disabilities in training programs, and others that promote social inclusion and employment. The Group is a co-founder of ARPEJEH, a nonprofit that brings together around 60 French companies to offer advice and guidance to junior and senior high school students with disabilities. Employees lend their support to this initiative and more than 50 young people benefited from LVMH's involvement in 2017. Some Group companies such as Berluti and Christian Dior Couture are also ARPEJEH partners and have taken part in specific recruitment drives or the organization's *Atelier découverte des métiers*, a workshop introducing participants to a range of professions, held this past year on November 28, 2017.

- **Disability, Employment and Responsible Purchasing trade fair**

With almost 3,000 visitors, the second Disability, Employment and Responsible Purchasing trade fair built on the success of the first. The fair was held at the Palais des Congrès in Paris on March 27, 2017 and was organized by LVMH and Les Echos' events unit. The first trade fair to focus on direct employment and responsible purchasing while promoting employment for people with disabilities, the Disability, Employment and Responsible Purchasing trade fair is an opportunity for human resources staff to meet professionals working with disability issues. More than a hundred sheltered workshops (*établissements et services d'aide pour le travail*, ESAT) and businesses with special structures and practices in place to accommodate employees with disabilities (*entreprises adaptées*, EA) attended, organized into groups covering all industry sectors. A program of over 65 talks and training workshops was on offer to raise awareness and train attendees. Around a hundred Group employees took part.

Initiated by LVMH and organized by the Les Echos group in conjunction with the Société Générale group and Ernst & Young, the **Disability, Employment and Responsible Purchasing trade fair** aims to bring together businesses and stakeholders supporting working people with disabilities, and raise awareness of disability-related issues in the workplace. A total of 14 business sectors were represented among the exhibitors, including the food industry, IT and new technologies, direct marketing, and passenger transportation. Representing LVMH, Chantal Gaemperle, the Group's Director of Human Resources and Synergies, and Christian Sanchez, LVMH Social Development Director, took part in this meeting between executives and operators from the sector. In order to encourage discussion and overcome prejudices about disability in business, the day consisted of conferences and training workshops on three main themes: raising awareness about disability, structuring and developing responsible procurement from companies that employ people with disabilities, and developing recruitment of applicants with disabilities, from sourcing to integration. New this year, the trade show included an "Expert" series of workshops and seminars, as well as an "Innovations" session. The first series was intended for human resources personnel directly involved in disability-related initiatives to share their best practices and work on future challenges. The second session, open to the public, was to present innovative products, services and solutions to help employees with disabilities. A web TV studio at the fair welcomed a number of French presidential election candidates, who were invited to talk about their ideas on disability policy.

## Specific initiatives at Group companies

- **Integration and employability**

Both in France and abroad, Group companies are committed to facilitating the recruitment and employability of people with disabilities. They run a variety of initiatives, which are highlighted in particular during European Disability Employment Week, held from November 13 to 17, 2017.

For example, in 2017, Louis Vuitton developed a partnership in South Korea with an official employment organization to promote diversity and facilitate recruitment. Meanwhile, LVMH Fragrance Brands held another "One day, one job" action day at its production sites, providing an opportunity for people with disabilities to learn about jobs in the company with a view to future employment opportunities, whether under temporary, fixed-term or permanent contracts. Moët & Chandon and Ruinart have developed a training program based on the tutoring of interns with disabilities and have organized conferences on "invisible disabilities" and progressive chronic illnesses.

Each year, Christian Dior Couture organizes a disability awareness initiative, during which the commitments set out in the Disability agreement signed on October 21, 2015 are systematically reiterated and disseminated among employees. All this information is also available to all employees on the company's intranet site. In 2017, the company continued to implement the agreement relating to the employment of people with disabilities signed in 2015 with respect to five core priorities: recruitment, keeping people in employment, raising awareness and training, communication, and collaboration with businesses and organizations that employ people with disabilities. In order to raise awareness generally among all its employees, the company organizes events each November in Blois and each December for its Paris sites. In 2017, its awareness campaigns focused in particular on the issue of mental disability.

During the year, Parfums Christian Dior joined UPTIH (*Union Professionnelle des Travailleurs Indépendants Handicapés*), an association providing representation and support for people with disabilities who are self-employed or setting up their own business. Staff in Paris and Saint-Jean de

Braye took part in a number of awareness events and actions as well as recruitment events, notably “job dating” sessions in partnership with TH Conseil. In addition to the Disability, Employment and Responsible Purchasing trade fair, Le Bon Marché took part in the first “Jobs for everyone” virtual trade show for recruiting people with disabilities.

In Italy, LVMH group companies joined forces in partnering with the nonprofits AIPD (*Associazione Italiana Persone Down*) and AGPD (*Associazione Genitori e Persone con Sindrome di Down*). This partnership involves coordinating 13 Group companies established or active in Italy to support social integration and employability for people with Down syndrome. The partnership includes two distinct components: a donation to the nonprofits enabling them to launch vocational internships and training for mentors and young people with disabilities, and a campaign titled *Assumiamoli* (“Let’s employ them”) involving all Group employees in Italy. It is combined with a call for volunteers issued to the same population of employees to host and support these individuals. To optimize this campaign, the *Tu e Noi* (“You and us”) intranet site was set up. Almost 200 employees had registered by the end of 2017.

- **Keeping people in employment**

When it comes to keeping people employed, Group companies offer solutions to enable employees with a declared disability to continue working, for example by adjusting their working conditions or helping them transfer to a different job. Job preservation situations are usually handled on a case-by-case basis. For example, Louis Vuitton takes great care to ensure that workstations and working hours are adapted to enable people with disabilities to keep working at its workshops. Christian Dior Couture has implemented a number of solutions, such as adaptation of workstations, financing IT equipment and hearing aids, and paying for taxi fares or costs relating to flexible working arrangements, in particular working from home. Depending on the type of disability declared, employees with recognized disability status (*Reconnaissance Qualité de Travailleur Handicapé* or RQTH) can obtain an adapted workstation in terms of set-up and ergonomics (Moët & Chandon - Ruinart, Veuve Clicquot and Krug, Louis Vuitton workshops, etc.).

In March 2011, Moët & Chandon founded MHEA, a company that offers facilities designed to accommodate employees with disabilities. MHEA maintains a workforce made up entirely of people with disabilities and provides optimum working conditions for employees affected by disabilities, without any change in their compensation conditions. Since it was founded, MHEA has enabled a total of 45 people to work under fixed-term or permanent contracts and around ten of them to join one of the Group’s champagne houses on permanent contracts. In 2017, MHEA created a multidisciplinary committee for keeping people in employment and set up an adapted labeling line for people with medical restrictions working at its facilities designed to accommodate such employees.

Companies in the Wines & Spirits business group are also heavily involved in organizing training and tutoring for employees with disabilities.

In other business groups, Guerlain, Le Bon Marché and Le Parisien continued to hold various meetings with human resources, medical and social teams on keeping people in employment. Training sessions and meetings include raising awareness about sign language. Hublot also provides a workplace sign language interpreter for a hearing-impaired employee, in cooperation with the Swiss disability insurance service.

- **Partnerships with companies that employ people with disabilities**

Most of the Group's companies in France, including Hennessy, Moët Hennessy Diageo, Céline, Louis Vuitton, Make Up For Ever, Parfums Christian Dior, Chaumet, Fred and Le Parisien, have developed a number of best practices, such as a special purchasing platform to allow for a direct relationship between sheltered workshops or businesses designed to accommodate employees with disabilities and purchasing teams, or collaborations and innovative challenges in various purchasing and outsourcing categories.

Other Group companies have also put in place some original initiatives. Hennessy has made land owned by the company available to Ateliers des Vauzelles, a sheltered workshop located in Châteaubernard, for use as a market garden. In 2016, Hennessy organized a visit by sheltered workshop *L'Arche* to make a position available to a worker from the sheltered sector. Hennessy also works with sheltered workshop *L'Arche des Sapins*, employing seven individuals who help prune vines. Berluti regularly works with sheltered workshops in connection with fulfilling employee orders, preparing collection books, and providing catering services. Louis Vuitton, for example, has introduced a purchasing platform to facilitate contact between purchasing, human resources and CSR teams at its headquarters and their partners in the sheltered and supported employment sector. In Switzerland, TAG Heuer has continued to subcontract grounds maintenance and printing services to the Alfaset Foundation, a well-recognized organization that is among the largest in the sheltered employment sector.

## Providing career support for older workers

**The LVMH way** ► The importance of preserving expertise within the Group's various businesses makes the matter of knowledge transfer central to its policy in support of older workers. The Group capitalizes on its older employees with artisanal skills and valuable expertise developed over the course of their career by means of tutoring programs.

Employees aged 50 and over:	<b>23.6%</b> in France <b>13.5%</b> worldwide
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Under the leadership of the Group Human Resources Department, Group companies endeavor to implement a comprehensive approach to career management and professional development for older staff. They have been able to develop their policies according to their specific characteristics as pinpointed through diagnostic testing. In 2017, employees in France aged 50 and over accounted for a larger proportion of the workforce (23.6%) than in other countries (13.5%). It thus makes sense that the issue of helping older workers to find and keep jobs should be handled differently according to geography. This situation is mainly due to the high level of representation of young employees in selective retailing and, conversely, the long length of service and high level of representation of older employees within production workshops.

- **Contrat de génération agreements**

In France, 26 Group companies have made commitments to support career management for older employees through agreements or action plans to foster recruitment, employment and career development for staff over the age of 50. All Group companies in France, regardless of size, have renewed this commitment through the *contrat de génération* (cross-generation contract) plan to promote sustainable access to employment for young people, encourage the hiring of older employees, and ensure that knowledge and experience are transferred between generations.

For example, Chaumet has adopted a new *contrat de génération* for the 2016–2019 period and has launched a project to form a group of change leaders made up of older employees. Les Echos also adopted a new *contrat de génération* in December 2016. Meanwhile, a number of Group companies, such as LVMH Fragrance Brands, have entered into negotiations with employee representatives to finalize their agreements on the 2017–2019 *contrat de génération*.

- **Passing on expertise**

One of the strategic considerations underpinning the Group's support for older employees is the need to ensure that expertise is passed on. The Group's *contrat de génération* agreements include provisions relating to knowledge transfer between generations and provide for the implementation of a knowledge transfer strategy by developing a full-fledged tutoring policy structured around multigenerational teams. Group companies are therefore continuing to professionalize the role of tutor in order to make it a key component of this strategy by introducing a tutoring training course.

Hennessy and Moët & Chandon - Ruinart have launched a program of tutoring for young new hires and temporary workers by older employees. Similarly, Louis Vuitton has developed mentoring training for older employees at its stores in France. LVMH Fragrance Brands has put in place a system of in-



house instructors and mentors. Under its *contrat de génération* agreement, the company has developed a product training module, in a concise format and available to all newcomers on joining the company, in order to help with their integration and support their role as brand ambassadors.

- **Keeping people in employment**

As well as recognizing that older employees have acquired valuable skills, the aim is also to provide for their continuous development and to pay special attention to keeping them in employment, notably by providing ergonomic workstations, reducing physical strain, and optimizing working conditions more generally, particularly for jobs that involve the most physical or mental stress, in workshops and at production facilities. In Italy, Bvlgari gives out “senior awards” to recognize employees who have been with the company for a long time and encourage long service. Flexible working time arrangements are one example of the support provided by Louis Vuitton in France and Germany. LVMH Fragrance Brands has notified its employees over the age of 57 of new options including “annualized part-time working”, which translates to additional rest days (11 or 22 days over the course of a year). Le Bon Marché offers employees aged over 57 the opportunity to reduce their working hours with the employer maintaining and paying full pension contributions. Les Echos has set itself the target of maintaining the percentage of active employees aged 55 and over, with a view to increasing this percentage in the next three years.

As employees approach retirement, Group companies offer late-career or end-of-career interviews (Berluti, Christian Dior Couture and Hublot), specific training (Guerlain), pre-retirement working arrangements (Guerlain, Givenchy and Le Bon Marché), sometimes involving remote working (Guerlain) or even specific medical monitoring (Fred), and pre-retirement training or retirement reviews (Hennessy, Céline and Louis Vuitton). Most Group companies, like Hennessy, Louis Vuitton, LVMH Fragrance Brands, Hublot and Le Bon Marché, help prepare their employees for the major life transition to retirement. Moët Hennessy Diageo offers a wide range of internal training on the roles and duties of company mentors, information sessions on retirement, individual internships, and pre-retirement working arrangements. In 2017, Hennessy organized its sixth series of retirement workshops by organizing a day about preparing for the transition from working life to retirement with presentations on a number of topics such as basic pensions, supplementary pension plans, support for carers, estate planning, employee savings plans, cross-generation contracts, and psychologically preparing for retirement. The Louis Vuitton workshop in Sainte-Florence provides training in preparing for retirement.

- **Recruitment**

Lastly, the Group’s anti-discrimination policy – sometimes backed up by specific action plans – also leads Group companies to hire older employees. Some Group companies such as LVMH Fragrance Brands apply a reverse mentoring process, one of the new collective learning methods that allows for better connection between generations, in conjunction with digital culture, which is a core part of the company’s strategy.

As regards induction, Les Echos has set itself an initial recruitment target for employees aged 55 and over, which will be increased over the next few years. As regards training, the Les Echos group is committed to promoting access to vocational training for all employees, irrespective of age, and especially for those aged 47 and over.



## 4. SUPPORTING LOCAL COMMUNITIES AND REGIONAL DEVELOPMENT

*As some of the biggest employers in their local labor markets, the LVMH group's companies are committed to developing their businesses while addressing the specific social and economic needs of the regions in which they operate. As part of their contribution to development in the regions where they operate, Group companies have forged many ties with various organizations working on behalf of local communities, in areas such as promoting access to employment, helping disadvantaged individuals find work, and providing assistance to vulnerable, marginalized or underserved populations.*

### **Jobs and regional development**

**The LVMH way** ► A number of Group companies are historically rooted in French or European regions and play a major role in creating jobs in those regions.

Including the employees of Christian Dior Couture, which became part of LVMH in 2017, growth in the workforce between 2016 and 2017 accounted for **10,771 more jobs** worldwide in 2017, **3,551 of them on permanent contracts**, with the following key movements:

- the workforce increased by more than 8% year on year in 2017;
- the net increase in the workforce between 2016 and 2017 (10,771 jobs) was 18% higher than the net increase between 2015 and 2016 (9,130 jobs).

Investment in research and development:

**€130 million**, 17.1% higher in 2017 than in 2016 (€111 million), after an already significant increase of 14.4% in 2016 relative to 2015 (€97 million).

The tremendous growth experienced by the LVMH group's companies has enabled them to keep many people in employment and recruit new hires. This has resulted in substantial job creation in all countries where the Group is present, particularly as a result of the expansion of the Group companies' own retail networks.

A number of Group companies have been established for many years in specific regions of France and play a major role in creating jobs in their respective regions: Hennessy in the Cognac region, Veuve Clicquot and Moët & Chandon in the Champagne region, Guerlain in Chartres, Parfums Christian Dior in Saint-Jean-de-Braye (near Orléans), and Louis Vuitton in the Drôme *département*. They have developed long-standing relationships with local government, covering cultural and educational aspects as well as employment. Others have activities spread more widely across the country, like Sephora, which has stores throughout France (two-thirds of its workforce is employed outside the Paris region), enabling it to carry out a range of measures encouraging the development of job opportunities at the local level.

Hence, while the workforce grew by 5,234 between 2016 and 2017 (10,771 after taking into account the integration of Christian Dior Couture, whose employees joined the Group as of December 31, 2017), 3,349 net new permanent contract jobs were created (3,551 including Christian Dior Couture

employees). At the same time, layoffs (terminations for business reasons) accounted for 6.1% of all leavers, versus 3.2% in 2016 and 4.3% in 2015.

## **At the heart of the Paris region**

From its headquarters in central Paris, LVMH raises the profile of its Group companies, whether through their workshops and stores or through the Fondation Louis Vuitton. To underscore its attachment to the French capital, LVMH supported the city's successful bid to host the 2024 Olympic Games.

At its meeting of September 26, 2016, the Council of Paris voted to award the Jardin d'Acclimatation amusement park concession to an 80/20 partnership between LVMH, which has managed the park since 1984, and Compagnie des Alpes. The new concession was awarded for 25 years and is based on particularly ambitious renovation and modernization plans unveiled at the end of August 2017. With the work slated to last six months for an investment of €60 million, the 18-hectare site will undergo its biggest upheaval since 1860, while maintaining the essence of what makes the park so special. This is a new phase in an improvement process that began in 2000. Faithful to its public service mission, the Jardin d'Acclimatation is thus set to make an even greater contribution to the attractiveness of Paris and its region. With a goal of 3 million visitors a year, the park will further strengthen the city's profile, among Parisians as well as tourists, whose interests and expectations are a major focus of the renovation and modernization plans.

## **Cosmetic Valley**

Guerlain's skincare and makeup production site in Chartres, named La Ruche ("The Beehive"), inaugurated in 2015, was designed to meet the company's ambitions for growth, technological excellence, quality and sustainability. Since Guerlain opened its first workshop in 1828 in Paris, all of its products have been manufactured in France. By offering double the space for production compared with Guerlain's previous facility, La Ruche clearly serves as a key element in maintaining this commitment. It covers the entire manufacturing chain, from receiving raw materials to packaging finished products, with no interference between workflows.

Parfums Christian Dior has a long-established production facility in Cosmetic Valley, and as such it plays a major role in promoting employment in the perfume and cosmetics sector in France, with a total of 1,644 permanent and fixed-term staff. In this regard, the site's industrial and logistics center has seen a far-reaching demographic shift over the past ten years. Since 2007, 880 new hires have been taken on at the Saint-Jean-de-Braye operations site, across all jobs and job families, mainly with blue-collar status. A total of 330 new jobs have been created since 2007. This growth in employment is set to continue until 2020, with the aim of taking on 250 people, 150 of whom will be assigned to processing agent, packaging agent and industrial logistics manager positions. By 2020, almost 500 new jobs will have been created at the site since 2007.

LVMH Recherche is one of the major hubs in Cosmetic Valley and has achieved revolutionary breakthroughs benefiting all Perfumes & Cosmetics companies within the LVMH group. Founded in 1981, GIE LVMH Recherche enables Group companies to independently develop future products using socially responsible, environmentally friendly methods. In 2013, LVMH Recherche strengthened its foothold in Cosmetic Valley with the creation of Hélios, its new research center at the Parfums Christian Dior site in Saint-Jean-de-Braye. Hélios is now positioned as an important technology platform in the perfumes and cosmetics industry. It is staffed by 300 scientists across eight departments representing more than 25 different fields, all of which require cutting-edge expertise, who work



together in an open environment that facilitates sharing and discussion. By the end of 2017, a total of 400 projects and 1,400 new products had been developed, and 700 scientific papers and 200 patents had been presented and filed. Its state-of-the-art technology, equipment and connectivity are made available for use by LVMH Recherche scientists as well as various partner organizations, in particular through the Cosmet'up platform.

Launched in 2015, the Cosmet'up platform is now fully integrated into the cosmetics ecosystem of the surrounding region, forming the economic counterpart of the region's Cosmetosciences program, its academic component. It lends support to researchers to help their projects reach proof of concept by drawing on the expertise of LVMH Recherche and its partners. In 2017, LVMH Recherche's new Rev'Olution 2020 project was presented to management staff (170 participants) involved in the effort to achieve a new ambition in the area of research. All LVMH Recherche staff took part in the launch day on February 2, 2017.

### **Vendée (Pays de la Loire region)**

Sainte-Florence is one of Louis Vuitton's 12 leather workshops in France, preserving and perpetuating the Group company's expertise in leather goods. The site consists of two buildings, built in 1999 and 2001, every detail of which is designed to ensure the highest level of quality in manufacturing. Open and adjustable spaces mean the company can quickly and easily adapt to changing production requirements. The result is a space that reflects the demands of designing handbags for city streets or the runway.

### **Grasse region**

Dior is involved in the Grasse region, helping revitalize the area through the cultivation of flowers for perfume-making. It enters into exclusive partnerships with producers and purchases their entire harvest. On May 9, 2016, Dior officially opened the restored Château de la Colle Noire, Christian Dior's former residence at the heart of the Grasse region. Recalling the designer-perfumer's love for nature, Monsieur Dior's cherished Provençal home has been reborn as he imagined it in the 1950s. Located in Montauroux, near Grasse, the Château de la Colle Noire is nestled at the heart of the region that inspired Christian Dior to create his most iconic fragrances. The Château de la Colle Noire returned to the House of Dior's ownership in 2013, which has set itself the goal of bringing this iconic place back to life as it was at the time of Monsieur Dior. With the assistance of landscape artists, interior decorators and architects, the Maison has breathed new life into the residence's rooms and gardens by replanting the designer-perfumer's favorite flowers. This exceptional location was opened on May 9, in the presence of such notable guests as the actor Charlize Theron, the Paris Opera's current director of dance and former étoile Aurélie Dupont, the model Bella Hadid, and the singer-songwriter Benjamin Biolay.

The event was extended by the opening of Les Fontaines Parfumées, the new site in Grasse housing the creative workshops of Louis Vuitton and Christian Dior's Master Perfumers, on September 15, 2016. Nestled at the very heart of the world's perfume capital, Les Fontaines Parfumées seeks to promote the expertise of the French luxury perfume industry. Louis Vuitton and Christian Dior have made a lasting commitment to supporting growers in the Grasse region by signing preferred partnership agreements. Les Fontaines Parfumées will also be a center for passing on expertise: apprentices will be taken on to train alongside the two Master Perfumers. Entirely dedicated to the creation of fragrances, Les Fontaines Parfumées brings Louis Vuitton and Christian Dior together for the first time within a single ecosystem that integrates the full range of perfume-making expertise, from flower to bottle. By setting up their creative workshops in Grasse, Christian Dior and Louis Vuitton are helping to protect the region's perfume flowers, so vital to the creation of exceptional fragrances, and preserve

a heritage shaped by four centuries of history and innovation. Grasse represents excellence in perfumery; it is the only place in the world to bring together the expertise of flower growers, artisans and perfumers, who work in constant interaction at each stage of the creation of a fragrance.

## **Italy**

In March 2012, Berluti decided to base its Berluti Academy in the heart of Italy's Emilia-Romagna region, where unemployment is notoriously high and which suffered badly from a serious earthquake shortly thereafter, in May 2012. This decision underscored Berluti's desire to tackle a local development issue with social, ethical and economic repercussions, in partnership with the local public sector. Ferrara is also home to the new Berluti workshop for shoes and leather goods that opened in January 2015. Spanning over 8,000 square meters, the facility was built to accommodate the expansion of the brand, which has been active in this region, famous for men's shoes, since 1993. Although some production stages are mechanized, craftsmanship and expertise remain the order of the day. From prototyping to production, all stages of development are housed in the same building.

At the foot of the Alps in Piedmont, the Roccapietra spinning facility, built in 1995, illustrates the special relationship between Loro Piana and nature. Hidden away in a valley, the building sets itself apart by its facade, which draws inspiration from the stones and rocks in the rivers that surround it, while the large bay windows flood the interior with natural light. It is a unique working environment where the world's most noble raw materials are transformed into exceptional yarns and fabrics such as Andean vicuña, cashmere, baby cashmere and merino wool.

## Supporting SMEs and entrepreneurs

**The LVMH way** ► The LVMH group sees supplier relations as a key link in its value chain. As such, the Group places a priority on maintaining and promoting responsible relations with its partners, suppliers and subcontractors.

In 2017, **1,497** social and/or environmental audits were carried out across all Group companies (a **24.2%** increase over the prior year) – more than 80% of them by specialized external service providers – at **1,015** of the Group's suppliers.

The breakdown of suppliers and audits for 2017 by region is as follows:

	Europe	Asia	North America	Other <sup>(b)</sup>
Suppliers (as %)	71	17	9	3
Audits <sup>(a)</sup> (as %)	71	24	1	4

<sup>(a)</sup> Of which 57% initial audits and 43% follow-up audits.

<sup>(b)</sup> Including Africa.

The LVMH Innovation Award was presented at the Viva Technology event, held in Paris from June 15 to 17, 2017 and dedicated to digital transformation: **60,000** visitors, **6,000 start-ups**, and **32 start-up finalists** selected from a pool of over **500 applicants** from **42 countries**.

## Building responsible supplier relationships

Driven by the desire to interact closely with its suppliers, the Group helps them implement and comply with social and environmental best practices, while raising awareness and providing training on the sustainable development and responsible purchasing issues specific to their business. For a number of years, tools have been made available to suppliers to help them for example to better understand their regulatory obligations relating to REACH – the EU chemicals regulation – and to progress in this regard. Every year since 2014, a Supplier Sustainability Day has been organized, bringing together representatives of the Group's companies and their suppliers. To improve its supply chain's performance for Tier 1 suppliers and beyond, the Group joined Sedex in 2014. Its approach is based on two main objectives: for suppliers, lightening the administrative load related to the proliferation of requests for audits, certifications, etc.; for the Group, pooling supplier audits and assessments, not only among Group companies but also with other Sedex members. In 2017, through the Perfumes & Cosmetics business group, LVMH also joined the EcoVadis platform to strengthen upstream CSR evaluation of its suppliers.

Through their procurement policies, Group companies help support local communities. In France, Moët Hennessy launched the Synapse project aimed at encouraging responsible purchasing. Similarly, Loro Piana is committed to purchasing certain raw materials at prices that are independent of market forces, allowing livestock farmers and their families to make a living and encouraging them to increase production. Loro Piana also provides training to livestock farmers on sustainable breeding techniques that respect their animals, which are raised in their natural environment while remaining under strict supervision.

Hennessy called on local contractors throughout the construction of its new Pont Neuf production site: 60% of firms working on building-related lots were regional firms. In particular, the call for tenders highlighted a desire to promote social inclusion. A new tool named GRAPP has also been developed. This web portal is aimed at helping partner winegrowers and grower-distillers strengthen four key aspects of local relationships: transparency, responsiveness, reliable information exchange, and personalization.

## **Promoting start-ups**

Jointly organized by the Les Echos group and Publicis Groupe, the second Viva Technology digital transformation trade fair was held in Paris from June 15 to 17, 2017, bringing together over 60,000 visitors and 6,000 start-ups. Out of 32 start-up finalists selected from a pool of over 500 applicants from 42 countries operating in areas related to the LVMH group's sectors and challenges, the winner of the LVMH Innovation Award, presented by Bernard Arnault, chairman of the panel of judges, was Heuritech, a start-up that has developed an artificial intelligence-based solution for detecting future trends. The panel also consisted of key players from the tech and start-up worlds, business angels and well-known executives, notably including Ian Rogers, Chief Digital Officer of the LVMH group. The Audience Prize was awarded on June 17 to V-Cult, one of the 32 start-up finalists. The LVMH group took the opportunity to host its second Luxury Lab, which was visited by French President Emmanuel Macron, Finance Minister Bruno Le Maire, and Mounir Mahjoubi, Secretary of State to the Prime Minister with responsibility for digital affairs. This year taking as its title "L'Atelier LVMH", the lab served as a vibrant hub for exchanges between young entrepreneurs and representatives of the Group and its companies, highlighting the very latest innovations from Group companies and the 32 start-ups competing for the LVMH Innovation Award. With the Viva Technology event, LVMH has reaffirmed its determination to put innovation at the heart of its strategy and position itself as a key player in digital transformation.

On June 22, 2017, LVMH hosted the second Cosmetic Victories competition at its Avenue Montaigne headquarters in Paris. This competition, run by the Cosmetic Valley innovation cluster, recognizes projects supporting innovation in the perfume and cosmetics industry. Along with product safety, authentic ingredients and environmental protection, innovation – particularly in the digital arena – is one of the pillars of the cluster's "Made in France" message. Hundreds of applications were submitted for this second competition. Around 60 were selected for evaluation by a selection committee made up of leading figures in the French and international cosmetics industry, well-known experts in the field, and representatives from benchmark institutions like CNRS and Bpifrance.

## **Supporting women entrepreneurs**

Veuve Clicquot gave women's entrepreneurship pride of place on November 21, 2017 by awarding its 45th Businesswoman of the Year Award to Sarah Lavoine, interior designer and founder of Maison Sarah Lavoine, and the Clémentine Award to Bénédicte de Raphélis Soissan, founder of Clustree. The 400-strong panel of judges was made up of LVMH executives and well-known personalities as well as former winners of the Businesswoman of the Year Award. This annual award, established in 1972 to mark Veuve Clicquot's bicentennial, recognizes outstanding businesswomen who fully embody the entrepreneurial spirit and pays homage to Madame Clicquot, the founder of the champagne house and a pioneer in the business world. The Clémentine Award, introduced in 2014 and named after Madame Clicquot's daughter, recognizes women entrepreneurs under 35 whom the company believes embody essential values for the next generation of women business leaders.



In 2017, Christian Dior Couture joined JFD Connect Club, the first digital networking space for women, which brings together influential women within the digital economy. A year after its creation, JFD Connect Club's Paris premises were officially opened on September 6, 2017. The opening ceremony was attended by Marlène Schiappa, Secretary of State to the Prime Minister with responsibility for gender equality. This 300-square-meter space, one of a kind in France, offers women working in the digital world the opportunity to meet, talk and share their experiences, thus stimulating creativity and innovation.

Sephora Stands, the beauty retailer's social responsibility program in the United States, aims, among other things, to establish a community of young women entrepreneurs. In January 2017, a one-off call for applications for an entrepreneurship program was launched in the sustainable development and technology categories. Ten women were selected for the program, representing Brazil, Canada, Mexico and the United States. This initiative aims to support more than 50 women business leaders in the beauty sector by 2020.

## ***Supporting integration through employment***

**The LVMH way** ► LVMH encourages its companies to support the causes it feels are most important, which include ensuring access to education for young people and promoting the social inclusion and employment of people who have been marginalized on the job market. The Group is aware of education's role in improving living conditions, social inclusion and employment prospects. The values of excellence and skills transfer promoted by the Group are a good catalyst for such improvement. The Group's companies have forged partnerships with local government and nonprofit organizations to promote the social inclusion and employment of underprivileged populations.

*Nos Quartiers ont des Talents* (“Our neighborhoods have talent”):

**105** experienced managers served as mentors in 2017, with **49** young mentees still participating in the program at the end of the year. Since 2007, **533** young people have found jobs after being mentored by a Group employee.

*Jobstyle* job coaching sessions:

In 2017, **10** sessions were held and more than **300** people participated.

Sephora Stands program in the United States:

In 2017, **525** groups were set up as part of a program to build self-confidence, supporting a total of **4,000** women in collaboration with **225** nonprofits.

## **Helping young people access the working world**

LVMH has developed a partnership with the Paris suburbs Clichy-sous-Bois and Montfermeil. Driven by a shared commitment to excellence, this partnership helps facilitate employment for young people from underprivileged neighborhoods as well as social cohesion. Young people are the beneficiaries of a wide range of initiatives: “business discovery” internships for nearly 60 middle school students in 2017, visits to Group companies, internships for vocational school students, career orientation, etc.

An annual meeting organized as part of this partnership, the Village de l’Institut des Métiers d’Excellence LVMH is a one-day gathering of middle and high school students, parents, and adults undergoing retraining to introduce them to a wide range of professions and work-linked training options in jewelry, couture, leather goods, vineyards and wine, the culinary arts, retail design, and sales. The second IME Village was held on March 29, 2017 at Espace 93 in Clichy-sous-Bois and involved local nonprofits, several Group companies, and partner schools (Avize Viti Campus, BJO Formation, Les Compagnons du Devoir et du Tour de France, École de la Chambre Syndicale de la Couture Parisienne, EMA SUP Paris, and Ferrandi Paris). The day was also an opportunity for dialogue with apprentices from partner schools, former students of the Institut des Métiers d’Excellence LVMH, and human resources managers from various Group companies. In 2017, this gathering of professionals and future apprentices was attended by several hundred young people.

As part of this partnership, for the seventh year running the LVMH group sponsored the Cultures and Creation fashion show, held in Montfermeil on February 4, 2017. This event, launched in 2005, highlights the region’s creative talent and enables young but underprivileged fashion enthusiasts to gain recognition within the industry. Every year, it attracts an audience of more than 700 people, and

features 50 amateur and semi-professional designers and close to 200 volunteer models. Prepared by makeup artists from Guerlain, the models first attend master classes with Princess Esther Kamatari, the former top model and current Guerlain beauty ambassador. At the fashion show, the Group awards a Young Talent Prize. In 2017, the panel of judges – composed of fashion and human resources professionals – awarded the Special Jury Prize to Emeline Dufour for her design work. The Young Talent Prize was awarded to Laurie Procès. With support from LVMH in the form of a grant for purchases of materials and personal mentoring by Group staff, Procès had the opportunity to exhibit her designs at Greenshowroom, an exhibition dedicated to environmentally responsible fashion held from July 4 to 6, 2017 as part of Berlin Fashion Week. Among former winners, Anaïs Guille, winner of the 2013 Young Talent Prize, has since joined Dior’s haute couture workshop, and Audiane Cojean, winner of the 2015 Young Talent Prize, has joined the Paris Opera as a costume designer. Since the program was launched, a number of young people have had the opportunity to join Group companies under a long-term work-linked training program at École de la Chambre Syndicale de la Couture Parisienne.

The same focus on excellence behind our Group companies’ success is what drives our efforts to provide educational opportunities for young people. Group companies have developed numerous partnerships with schools, most of which are located near their sites. For example, Louis Vuitton’s production facilities in the French administrative departments of Ardèche and Drôme run a number of initiatives with local educational institutions and training providers to provide vocational training leading to a CAP (professional aptitude certificate) in leather goods or a BTS (advanced technical certificate) as a fitter technician. Similarly, the Asnières site has established a partnership with La Fabrique, a fashion and interior design school in Paris, with the aim of helping young people and adults undergoing retraining find work. Discussions have also taken place with École Simplon, which helps people undergoing retraining find work in the fashion industry. To help connect companies with job seekers, Parfums Christian Dior is behind the “*2000 emplois, 2000 sourires*” (2,000 jobs, 2,000 smiles) job fair, which was held this past year on May 11, 2017. Organized at the heart of the area covered by the Cosmetic Valley innovation cluster in France, the aim of this event is to put young job seekers in direct contact with recruiters at local companies. At this year’s fair, employment advice was provided to many attendees and 500 applications were received. At a half-day event on November 28, 2017, Kenzo also presented its business lines and the site of its Place des Victoires store in Paris to students from Lycée Simone Weil in Dijon studying for a vocational qualification in business and luxury. Lastly, TAG Heuer continued and strengthened implementation of its agreement with the regional job center in the Swiss canton of Neuchâtel to promote local jobs and reduce unemployment in the area.

To help people return to work, Veuve Clicquot continued with initiatives under its July 2016 agreement with France’s national job agency Pôle Emploi, a longstanding partnership established in 1998. This social innovation initiative aims to help job seekers in northeastern France’s Grand Est region throughout every step of the recruitment and skills development process. In 2017, Veuve Clicquot sponsored Entretiens de l’Excellence for the fifth year running. This registered nonprofit, approved by the French Ministry of Education, provides encouragement and guidance to students who are interested in moving into highly skilled sectors but lack the courage or simply do not know where to start. As corporate partners of NEOMA Business School, mainly based in Reims, Veuve Clicquot and Krug also take part in Les Cordées de la Réussite, a program that provides mentoring for over 200 high school students in the Champagne-Ardenne region. The aim is to help these young people find their bearings and define their aims in terms of careers and the world of work. Veuve Clicquot also continued its partnership with Lycée Roosevelt in Reims by organizing talks by representative staff members to high school students and students having enrolled after the Baccalaureate in a preparatory course to apply for a place at one of France’s prestigious *grandes écoles* (business or engineering schools), to introduce them to the company’s business lines and sites.

Similarly, Hennessy works with *100 Chances 100 Emplois* in the Cognac region. This nonprofit aims to help young people from underprivileged neighborhoods find work using the *100 Chances 100 Emplois* process already in place in a number of labor markets. Moët & Chandon is a “reference company” at the local public jobs office in Epernay and collaborates on local jobs and skills management initiatives in the area managed by the Epernay employment center. Moët & Chandon also participates in the authorization committee of the Initiative Marne Pays de Champagne project, in charge of promoting the creation of microbusinesses. A major partner to local organizations that promote employment and social inclusion, Moët & Chandon is the largest local investor in educational projects after the city of Epernay. It is also a partner in the work discovery week for students initiative organized by the local chapter of MEDEF, the French employers’ association, and is a member of AJE, an association that connects young people and businesses, which has certified the company for its engagement in initiatives to promote learning through entrepreneurship.

## **Helping disadvantaged individuals find work**

To promote equal-opportunity access to world-class education, for the past six years LVMH has supported the priority education program run by the *Institut d’Études Politiques* (Sciences Po Paris), by offering scholarships and enabling young people to attend the school and be mentored by Group managers. In 2017, LVMH renewed its commitment – under which it will provide financial support and mentoring by Group managers for around ten students – for four years.

The Group has also forged a lasting partnership with the charity *Nos Quartiers ont des Talents*, and serves on its board of directors. The organization offers young graduates from underprivileged backgrounds the chance to be mentored by an executive or manager working at the Group. A number of Group companies participate in this program. In 2017, 105 experienced managers served as mentors, and 49 young mentees were still participating in the program at the end of the year. Since 2007, 533 young people have found jobs after being mentored by a Group employee. LVMH also took part in the *Talents Hub* event held on November 15, which gave over 2,500 young people an opportunity to receive advice and guidance on finding work.

To speed up access to employment, LVMH organizes *Jobstyle* job coaching sessions, led by Group company recruiters and beauty consultants from Make Up For Ever and Sephora. The goal is to give job candidates all the resources they need to fully prepare for a job interview and develop their self-confidence. The program is aimed at groups that are underrepresented in the labor market, supported by partners who are active in the fields of education, disability and integration. Ten sessions were held in 2017, with more than 300 individuals followed up by LVMH’s partners (*Force Femmes*, *Nos Quartiers ont des Talents*, etc.) participating in the program.

During European Disability Employment Week from November 13 to 17, 2017, Moët Hennessy Corporate ran its first *Mets tes baskets et bats la maladie!* (“Put on your running shoes and help beat disease”) campaign, organized in conjunction with the European Leukodystrophy Association (ELA). Through a two-day walk, the campaign aimed to increase staff awareness and financially support the ELA. In connection with this event, communication was strengthened around two pillars of CSR policy: respect for individuals, and supporting people with disabilities and helping them continue to work.

Moët & Chandon and Ruinart have developed various partnerships with local authorities, educational institutions and organizations working with underprivileged groups. Along these lines, the two champagne houses have partnered with ARIFOR (a regional action group for information on training

and orientation) and Lycée Hessel in Epernay to help arrange internships for high school students with disabilities supported by local educational inclusion units.

## **Empowering women**

In May 2017, for the third year running, Benefit Cosmetics ran **Bold is Beautiful**, a beauty fundraising campaign in 17 countries aimed at helping women believe in themselves and achieve their full potential by supporting projects in many countries: Australia, Brazil, Canada, France, Ireland, Italy, Mexico, New Zealand, the Philippines, Portugal, Singapore, South Korea, Spain, Turkey, the United Arab Emirates, the United Kingdom and the United States. For this third campaign, Benefit Cosmetics raised \$4.7 million thanks to 445,911 participants at its Brow Bars – twice as many as the previous year. All of the proceeds from these brow waxes were paid over to the 34 charities that work with Benefit Cosmetics. By the end of 2017, Benefit Cosmetics had raised over \$11 million donated to charities all over the world since the **Bold is Beautiful** campaign first began. The charities supported all contribute in some way to empowering women and building their self-confidence. **Look Good Feel Better**, for example, helps women undergoing treatment for cancer face their diagnosis with greater confidence while improving their self-esteem. The charity organizes small group beauty and makeup workshops to allow them to enjoy a shared moment of well-being and closeness. **Dress for Success** helps women achieve economic independence by providing a support network, professional attire, and career development tools. Benefit Cosmetics also toured the United Kingdom and Ireland with its pink pop-up store reselling products donated by celebrities, influencers and partner brands. This tour raised an additional \$38,000 for charity.

Other LVMH group companies have lent their support to raise the profile of the **Bold is Beautiful** campaign, such as Chaumet and Céline. Meanwhile, Moët & Chandon supports CAMI Cancer, while Thomas Pink is involved in the **We Are Macmillan Cancer Support** project.

For the first time in 2017, Guerlain entered into a partnership with Association Laurette Fugain, a charitable organization dedicated to fighting leukemia, to mark International Women's Day. Makeup artists went to Hôpital Trousseau to offer "beauty breaks" to mothers of sick children and hospital staff in the pediatric hemato-oncology department. A total of 40 women were able to enjoy this moment of well-being. For the fourth year of its partnership with Les Restos du Cœur, which offers free meals to people in need, 140 Guerlain employees also offered beauty breaks to people being fed at Les Restos du Cœur centers in Paris, Chartres, Rambouillet, Strasbourg, Lille, Lyon and Marseille. The initiative ran for ten days and coincided with Mother's Day. A total of over 950 women were able to enjoy this moment of well-being.

Every year, Christian Dior Couture takes part in **Journée K**, run by the K d'Urgences Foundation to mark the Global Day of Parents, proclaimed by the UN General Assembly in 2012. This day gives single-parent families an opportunity to meet professional advisers who can help them with administrative formalities. The company's human resources and welfare teams attend the day, where they give out CV advice and information on existing forms of help. Support for single-parent families is also offered internally. New initiatives include *Mes Solutions Family*, a parents' information portal launched in September 2017. The portal, which can be accessed from any computer, tablet or smartphone, aims to make employees' day-to-day lives easier by providing information, tools and services for parents. It is aimed at employees who are future parents, parents of young children or teenagers, or responsible for a dependent parent, and provides regularly updated information organized into more than 500 topic-based pages.

Make Up For Ever is also involved in this campaign. Already in 2016, the Maison had been awarded the “Single-Parent Family Charter Award” at the charter’s awards ceremony hosted by Anne Hidalgo, Mayor of Paris.

In March 2017, Christian Dior Couture launched the Women@Dior mentoring program aimed at supporting female students to promote their place in the working world and boost their self-confidence. Each student meets and chats with a female employee of Dior at least once a quarter for a year. All mentors are aged under 30 and work either on the design and creative side or in marketing, retail, merchandising, architecture or communications, representing the diversity of the company’s business lines.

In 2017, DFS initiated discussions with Asian University for Women (AUW), which is based in Bangladesh. AUW’s mission is to provide education to women from underprivileged or marginalized backgrounds in countries where women are traditionally discouraged or prevented from accessing education. From 2018, DFS will be offering internships to AUW graduates in order to give them an opportunity to gain professional experience in multinationals based outside their home countries that encourage empowerment for women.

In 2017, Sephora continued with its Sephora Stands initiative in the Americas (Brazil, Canada, Mexico and the United States). Sephora launched this initiative in support of social and environmental impact programs. In 2017, Sephora Americas hosted and ran the first Sephora Stands Global Summit, attended by executives from other Sephora regions interested in Sephora Stands. Sephora Stands has extended beyond the Americas, with launches in Europe and the Middle East. At present, the program has three main components:

- Classes for Confidence: free 90-minute beauty classes for disadvantaged women and women undergoing cancer treatment. These classes were offered over 525 times to almost 4,000 women, in partnership with 225 nonprofits (compared with 202 classes, 1,750 women and 125 partner nonprofits in 2016). A total of 258 US stores took part, as well as five pilot stores in Canada. A new class was added to the Classes for Confidence offerings in March 2017: “Brave Beauty in the Face of Cancer”. With the same goal of regaining self-confidence at times of major transition, this class offers advice on concealing the visible effects of cancer treatment. The initiative aims to support 100,000 people in the labor market between now and 2020.

- Sephora Accelerate: supporting women entrepreneurs in the early stages of their careers through practical advice, mentoring and funding. The 2017 cohort consisted of ten women entrepreneurs representing four countries: the United States, Canada, Mexico and Brazil (compared with eight entrepreneurs and three countries in 2016). All the entrepreneurs who have taken part have found the program useful, and two are launching out with Sephora in 2018. This group of entrepreneurs has received a total of more than 600 hours of mentoring. Sephora Accelerate aims to support 50 female beauty business entrepreneurs by 2020.

- Sephora Stands Together: an emergency support fund for employees, which has been extended to include Canada and Mexico. In 2017, Sephora supported over 150 employees – many of them victims of natural catastrophes – through a \$250,000 fund. A skills sponsorship program involving volunteer assistance on leave days was also tested, with employees devoting a total of 400 vacation days to the initiative.

## ***Supporting vulnerable, marginalized or underserved populations***

LVMH and its Group companies are committed to helping disadvantaged communities in the regions where they operate. Their support may take the form of employee volunteering in these communities, product donations, or financial assistance.

### **2017 Dîner des Maisons engagées**

The fifth LVMH Dîner des Maisons engagées, celebrating the workforce-related and social commitments of the LVMH group's various companies, was held on December 13, 2017 at Fondation Louis Vuitton. The event, presided over by Chairman and Chief Executive Officer Bernard Arnault, brought together close to 400 participants this year, including representatives from 30 Group companies, various members of the Executive Committee and numerous partners, opinion leaders, and heads of NGOs and nonprofits. A total of €190,000 was raised. Of this amount, €140,000 was donated in 2017 to the team at Robert-Debré pediatric hospital in Paris working every day to offer the best care possible to children with sickle cell anemia. These funds will once again help support hospital staff and identify effective, accessible new treatments that can be made available to all patients. Affecting more than 5 million people worldwide, and 250,000 newborn babies a year, sickle cell anemia is the most widespread genetic disease in the world. More than €650,000 has been donated to the hospital since 2011. LVMH also took the opportunity to reiterate its financial support for two of its favorite charities:

- Kelina, which works to provide care for mothers and children in Benin. Money donated has helped to build a maternity unit in northwest Benin, a region with limited medical facilities. A total of €80,000 has been donated since 2015.
- K d'Urgences, which provides human, social and financial support for single-parent families in France. A total of 80,000 euros has been donated since 2014. On May 24, 2017, the Jardin d'Acclimatation welcomed 3,000 single parents with the support of LVMH staff and in partnership with other institutions and businesses for the Journée K event. The day provided an opportunity for them to directly access all the employment, legal and social services often needed by single-parent families.

In the same spirit, some Group companies opted to hold their own action days in 2017. In Germany, for example, Guerlain held an LVMH Social Day, giving employees an opportunity to dedicate a day to underprivileged children or elderly people. In France, since 2015 Guerlain has also been running a Commitment Day, when staff volunteer to take part in initiatives linked to nonprofits supported by the company. Over 150 employees took part in the day in 2016 and 2017. Lastly, for the second year running, Moët & Chandon held a charity sale in support of nonprofits working on behalf of sick children and particularly vulnerable populations.

## **Health and medical research**

- **Helping women with cancer**

In France, Guerlain has supported Belle & Bien for the past 14 years. This nonprofit organization is the French branch of the international Look Good Feel Better program, which is offered in 30 countries around the world to support women undergoing treatment for cancer. Belle & Bien offers free beauty workshops in hospitals to women with cancer to help them rebuild confidence and self-esteem. Guerlain has been a member of the board of the organization since its foundation; it provides financial support and products and communicates on the work of Belle & Bien both inside the company and to

clients. In addition, on October 1, 2017, many employees from Hennessy, Moët Hennessy Diageo, Berluti, Céline, Christian Dior Couture, Louis Vuitton, Benefit Cosmetics, Make Up For Ever, Parfums Christian Dior, Chaumet, Fred and LVMH Fragrance Brands donned the colors of Belle & Bien for the Odyssea race to raise money for breast cancer awareness, research and support for patients and their families. They also participated in Pink Fridays as part of the worldwide annual campaign during the month of October to highlight the importance of breast cancer awareness and research, promoted in France by La Ligue Contre le Cancer.

Every year, DFS employees around the world also support a breast cancer awareness campaign by raising funds and sharing information about this illness with their colleagues. The company's initiative has met with success not only at sites in places like Singapore, but also in Hawaii, Saipan and Guam, for example. In Hong Kong, DFS employees raised \$35,000, which was donated to the Hong Kong Cancer Fund. In Venice, Italy, DFS partnered with Il Cerchio, a social cooperative working on behalf of current and former women inmates, to help organize their annual fashion show, where inmates at the women's prison on the island of Giudecca had an opportunity to show off their designs.

- **Supporting sick children**

Since 2015, Sephora China has been working alongside the international NGO Operation Smile to pay for operations for children with a cleft palate, thus improving their health and quality of life. Sephora China supports this initiative that helps underprivileged children who could not otherwise benefit from surgery for financial reasons. There are two components to Sephora China's involvement. Firstly, the company has introduced a line of five products, all proceeds from which are donated to the nonprofit to enable it to operate on more children. The products, which are available in Sephora stores and through its website, help mobilize support as widely as possible in China. Secondly, Sephora also supports medical staff in China. Four visits have taken place since 2015, involving over 50 volunteers from Sephora and 110 medical volunteers from all over the world. To date, 758 children have been treated; the company's aim was to have helped a thousand children by the end of 2017.

Other initiatives during the year include the participation by 250 Le Bon Marché employees in La Virade de l'Espoir, a race held on September 24, 2017 to help in the fight against cystic fibrosis.

- **Actions in the fight against HIV/AIDS**

In 2016, Fresh joined forces with (RED), an international nonprofit whose aim is to engage millions of people in the fight to end AIDS in Africa. The company launched its SUGA(RED) Lip Treatment Sunscreen SPF 15 with 25% of the selling price donated to (RED), which used the funds to guarantee over two weeks' supply of medicines in sub-Saharan Africa. In addition, a raffle was held among Fresh companies to raise additional funds for RED. A partnership with the Bill and Melinda Gates Foundation raised \$4,000 for (RED).

At the international level, various Group companies are involved in supporting medical research on HIV/AIDS. For example, Bvlgari supports a range of humanitarian initiatives, including the Elton John AIDS Foundation (EJAF) and The Foundation for AIDS Research (amfAR).

- **Men's health**

In France, Guerlain supports Movember, an international charity raising funds to tackle men's health issues. As in 2015, Guerlain was the leading contributor to Movember France with its "La Moustache



de Messieurs” team of employees led by Thierry Wasser, the company’s in-house perfumer. Staff in the United Kingdom were also involved this year.

## **Supporting populations in emergency situations**

On January 11, 2016, Louis Vuitton entered into a partnership with UNICEF (United Nations International Children’s Emergency Fund). In its first year, the partnership raised \$2.5 million to support children in Syria and Nigeria. To step up its activities in this area, in January 2017 Louis Vuitton launched #MakeaPromise Day, its first customer awareness event to raise funds and support for the organization, which helps children in urgent need. In over 460 Louis Vuitton stores spread across more than 60 countries around the world, 12,000 Louis Vuitton sales associates focused on selling two specially developed products – the Silver Lockit pendant and the Silver Lockit Color bracelet – all profits from which are donated to UNICEF. Louis Vuitton and UNICEF invited everyone to join the campaign by making a donation or buying a Silver Lockit and sharing their promise on social media using the hashtag #MakeaPromise. Employees are also involved in supporting the work of the organization through internal fundraising campaigns. Six employees also visited refugee camps in Lebanon to see how the funds were being used. By the end of 2017, a total of €4.5 million had been raised since the Louis Vuitton for UNICEF partnership was launched, in particular to help children living in Syrian refugee camps in Lebanon.


In 2017, Christian Dior Couture entered into a partnership with Epic Foundation to fight against social inequalities affecting children. Epic provides high social impact organizations with the resources they need to address inequalities faced by youth and children around the world and improve their lives in the areas of health, education and protection. Employees were encouraged to support the partnership through a micro-donation system based on rounding down their salaries. At the end of 2017, 200 employees were participating in this initiative. The company also supported Epic by taking part in its annual gala in November 2017, where it participated in an auction.

Back in 2009, Bvlgari decided to partner with Save the Children, an international NGO whose mission is to protect the rights of millions of children and work for lasting improvements in their living conditions in 120 countries. Since then, 700,000 Bvlgari’s customers have purchased some pieces in its Save the Children jewelry collection, and the company has donated more than \$70 million from the proceeds to help 1.2 million children in need through the organization’s programs. Over 100 projects have been launched in 33 countries around the world, with a particular focus on improving services and infrastructure, and education. Bvlgari also involves its employees, with more than 250 having visited Save the Children projects on the ground. The partnership is also backed by 275 A-list celebrities who have lent their support as ambassadors since the launch of the #RaiseYourHand campaign.

In 2017, Sephora continued its partnership with *Toutes à l’école*, an NGO promoting education for young girls in Cambodia. During the festive year-end period, Sephora sells a dedicated item through its store network, with all proceeds going the organization. Thanks to the involvement of staff and customers, a total of €440,000 was raised. Sephora is also involved in initiatives in numerous countries: in Germany with AWO, offering refuge and support services to women and children who are victims of domestic violence, sexual abuse and human trafficking; in Saudi Arabia, offering comprehensive medical cover to divorced women and supporting jobs and workplace development for women; in China, through a violence prevention awareness program; in Spain, France and Portugal in cooperation with *Fondation Ana Bella*; and in Italy by supporting CAF, a nonprofit that provides education for underprivileged girls.

Among the numerous initiatives run by Group companies around the world, it is worth noting that on December 7, 2017, Kenzo took part in the 12th gala dinner organized by AEM in support of children in Rwanda. The evening, held at Pavillon Ledoyen-Yannick Alléno, was hosted by Mademoiselle Agnès and Ariel Wizman. The newspaper Le Parisien entered into a partnership with Handicap International on September 29, 2017 and took part in the *Salon Emmaüs* exhibition on June 25, 2017. Meanwhile, Zenith provides financial support to *Fondation Les Billodes*, a learning center in Le Locle, Switzerland that has been helping children and teenagers in difficulty for over 200 years. Zenith has already taken on orphans as apprentices in the past. In 2017, it financed a trip for teenagers aimed at boosting their independence and personal development. Lastly, following Hurricane Irma, which hit Florida in September 2017, Hôtel Cheval Blanc donated linens and furniture. Guerlain and Loro Piana also made donations to help people affected by the catastrophe.

## REPORTING METHODOLOGY

 As stated in the introduction, this 2017 Social Responsibility Report reiterates and expands upon some of the workforce-related and social information provided in LVMH's 2017 Reference Document (pp. 80-97) in connection with the four main social responsibility priorities adopted by LVMH.

### Training and organization

Since 2010, all staff members involved in Group reporting on workforce-related issues have had access to a training kit. The aim is to familiarize users with the objectives of reporting on employee-related issues, and deepen understanding of key indicators and the calculation methodology used. Control procedures have also been reinforced within each organizational entity. To ensure the quality of the data reported, Directors of Human Resources at all Group companies appoint a reporter for each company under their responsibility, who is in charge of collecting and declaring all workforce-related data, as well as a reviewer who is responsible for checking the data declared by the reporter and certifying that it is accurate by providing an electronic signature during the validation phase of the questionnaire completed online. Following these two preliminary validation stages, the Group company's Director of Human Resources – the supervisor – provides his or her final validation by signing a letter of representation.

### Protocol

- Mapping between organizational and legal entities ensures consistency between reporting on workforce-related data and financial reporting. Accordingly, the scope of reporting on workforce-related issues covers all staff employed by fully or proportionally consolidated Group companies, but does not include equity-accounted associates.
- For each of the social responsibility metrics, a description states its relevance, defines the data, and sets out the procedure to be applied to collect the data and the various checks made when entering the data. Furthermore, computer checks are implemented throughout the reporting cycle to confirm the reliability and consistency of the data entered.
- Group reporting on workforce-related data includes a survey of corporate social responsibility practices and initiatives. This survey, which is carried out in all Group companies, covers the most common social responsibility issues: respect for human rights, diversity and the prevention of discrimination, skills development, working conditions, listening to and dialoguing with employees, and engaging with local communities. For each of these topics, the survey form includes references to the conventions and recommendations of the International Labor Organization.

### Scope

- Workforce information set out below includes all consolidated companies as of December 31, 2017, including Christian Dior Couture and LVMH's share in joint ventures, with the exception of certain companies that have been part of the Group for less than a year. Other workforce-related indicators were calculated for a scope of 705 organizational entities covering more than 99% of the global workforce and encompass all staff employed during the fiscal year, including those employed by joint ventures.
- LVMH's employees in China are included in the number of staff working under permanent contracts (11,962 as of December 31, 2017). Although Chinese law limits the duration of employment contracts, which become permanent only after several years, the LVMH group considers employees working under such contracts as permanent, given the nature of Chinese labor law.

**Verification:** Since fiscal year 2007, selected employee-related disclosures for the Group have been verified each year by one of the Statutory Auditors. For fiscal year 2017, company data was verified by Ernst & Young, in accordance with Article R.225-105-2 of the French Commercial Code. Their findings are expressed in a report following the section entitled "LVMH and the environment" of the Reference Document (pp. 112-114).

## SUMMARY REPORT OF SOCIAL RESPONSIBILITY DATA

### *Indicators according to GRI Standards*

	2017 Social Responsibility Report	2017 Reference Document
<b>Employment</b>		
401. Employment	pp. 22 and 77-88 pp. 4, 23, 65-75	pp. 80-82, 83-84 and 89
<b>Health and safety</b>		
403. Occupational health and safety	pp. 45-54 and 55-61	p. 93
416. Consumer health and safety	–	pp. 50-51 and 110-111
<b>Training</b>		
404. Training and education	pp. 29-36	pp. 91-92
<b>Equal treatment</b>		
405. Diversity and equal opportunity	pp. 63-75	pp. 44-45, 46, 51, 64-66, 82-83, 87-91 and 95-97
<b>Regional, economic and social impact</b>		
202. Market presence	pp. 17-20, 37-41 and 77-88	pp. 2-3 and 10-22
203. Indirect economic impacts	pp. 77-92	pp. 94-97
<b>Stakeholder relations</b>		
402. Labor-management relations	pp. 57-59	p. 94
<b>Subcontractors and suppliers</b>		
204. Procurement practices	pp. 81-83	pp. 59-61 and 63-65
414. Supplier social assessment		
<b>Actions in support of human rights</b>		
406. Non-discrimination	pp. 10-11, 63-75 and 81-89	pp. 44-45, 46, 51, 64-66, 82-83, 87-91 and 95-97
407. Freedom of association and collective bargaining	pp. 10-11 and 57-59	pp. 44-47, 51, 64-65 and 94
408. Child labor	pp. 10-11	pp. 44-45, 51, 64-65, 91 and 95
409. Forced or compulsory labor	pp. 10-11	pp. 44-45, 51 and 64-65

410. Security practices	–	pp. 62-66, 82-83, 93 and 101-102
411. Rights of indigenous peoples	–	p. 110
412. Human rights assessment	–	pp. 44, 47, 51, 59, 64-65, 95-97 and 102
413. Local communities	pp. 77-83 and 84-92	pp. 94-97

#### Fair business practices

205. Anti-corruption	–	pp. 44-45, 59, 65-66 and 87
206. Anti-competitive behavior	–	pp. 46 and 56
415. Public policy	pp. 9-11, 12-16 and 17-20	pp. 47-66, 87 and 101-102
417. Marketing and labeling	–	pp. 38, 49-50, 101 and 110-111
418. Customer privacy	–	pp. 49-50 and 51
419. Socioeconomic compliance	–	pp. 102 and 231

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## Topics and indicators from the French Decree of April 24, 2012 (Grenelle II)

2017 Social Responsibility Report	2017 Reference Document
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### Employee-related information:

#### a) Employment

Total headcount and breakdown by gender, age group and region	pp. 4, 23, 65-68 and 74-75	pp. 80-82
Hiring and dismissals	–	pp. 83-84 and 89
Compensation and changes	p. 42	pp. 86-87

#### b) Organization of work

Organization of working time	pp. 55-56	p. 85
Absence rate	pp. 5 and 51	pp. 85-86

#### c) Labor-management relations

Organization of labor-management dialogue, in particular staff information and consultation procedures, and for negotiations with employees	pp. 57-61	p. 94
Overview of collective agreements	pp. 57-59	p. 94

#### d) Health and safety

Occupational health, safety conditions and quality of life at work	pp. 45-56	p. 93
Work accidents (in particular their frequency and severity), occupational illnesses	p. 45	p. 93
Review of agreements signed with trade unions and employee representatives on occupational health and safety conditions	pp. 57-59	p. 93

#### e) Training

Training policies implemented	pp. 29-36	pp. 91-92
Total number of training hours	p. 29	p. 92

#### f) Equal treatment

Measures taken to promote gender equality	pp. 63-68	pp. 88-89
Measures taken to promote employment and integration of people with disabilities	pp. 69-73	pp. 66, 90-91, 96 and 97
Anti-discrimination policy	pp. 63-75	pp. 44-45, 46, 51, 64-66, 82-83, 87-91 and 95-97

#### g) Promoting and complying with the fundamental ILO conventions

Respect for freedom of association and the right to collective bargaining	pp. 10-11 and 57-59	pp. 44-47, 51, 64-65 and 94
Elimination of discrimination in the field of employment and occupation	pp. 10-11, 63-75 and 81-90	pp. 44-45, 46, 51, 64-66, 82-83, 87-91 and 95-97

Elimination of forced or compulsory labor	pp. 10-11	pp. 44-45, 51 and 64-65
Effective abolition of child labor	pp. 10-11	pp. 44-45, 51, 64-65, 91 and 95

### Data on corporate commitments in favor of sustainability

#### a) Regional, economic and social impact of the company's operations

On employment and regional development	pp. 77-88	pp. 94-97
On neighboring and local populations	pp. 77-83 and 84-92	pp. 94-97

#### b) Relationships maintained with persons or organizations interested in the company's operations, including social inclusion and employment bodies, educational institutions, environmental protection organizations, consumer associations and neighboring populations

Conditions for dialogue with these persons or organizations	pp. 14-15, 17-20 and 57-59	pp. 94-97
Partnership or corporate sponsorship initiatives	pp. 16, 17-20, 24-27, 69-73, 81-83 and 84-92	pp. 94-97

#### c) Subcontractors and suppliers

Taking social and environmental issues into account in the purchasing policy	pp. 81-83	pp. 59-61 and 63-65
Importance of subcontracting and taking suppliers and subcontractors' social environmental responsibility into account in relationships with them		

#### d) Fair business practices

Anti-corruption initiatives	pp. 44-45, 59, 65-66 and 87
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Measures taken to safeguard consumers' health and safety	pp. 50-51 and 110-111
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e) Other actions initiated under this point 3 in support of human rights	pp. 44, 47, 51, 59, 64-65, 95-97 and 102
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