|  |
| --- |
| **United Nations Global Compact**    **Communication On Progress 2019**  ***November, 13, 2019*** |

**Summary**

|  |  |  |  |
| --- | --- | --- | --- |
| |  |  | | --- | --- | | **Statement from the CEO** |  | | 4 |
| ***Implementing the Ten Principles into Strategies & Operations:*** |  |
| **Criterion 1: The COP describes mainstreaming into corporate functions and business units** | 11 |
| **Criterion 2: The COP describes value chain implementation** | 22 |
| ***Robust Human Rights Management Policies & Procedures:*** |  |
| **Criterion 3: The COP describes robust *commitments, strategies or policies* in the area of human rights** | 39 |
| **Criterion 4: The COP describes effective *management systems* to integrate the human rights principles** | 40 |
| **Criterion 5: The COP describes effective *monitoring and evaluation mechanisms* of human rights integration** | 50 |
| ***Robust Labour Management Policies & Procedures:*** |  |
| **Criterion 6: The COP describes robust *commitments, strategies or policies* in the area of labour** | 51 |
| **Criterion 7: The COP describes effective *management systems* to integrate the labour principles** | 51 |
| **Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labour principles integration** | 56 |
| ***Robust Environmental Management Policies & Procedures:*** |  |
| **Criterion 9: The COP describes robust *commitments, strategies or policies* in the area of environmental stewardship** | 60 |
| **Criterion 10: The COP describes effective *management systems* to integrate the environmental principles** | 67 |
| **Criterion 11: The COP describes effective *monitoring and evaluation mechanisms* for environmental stewardship** | 77 |
| ***Robust Anti-Corruption Management Policies & Procedures:*** |  |
| **Criterion 12: The COP describes robust *commitments, strategies or policies* in the area of anti-corruption** | 79 |
| **Criterion 13: The COP describes effective *management systems* to integrate the anti-corruption principle** | 81 |
| **Criterion 14: The COP describes effective *monitoring and evaluation mechanisms* for the integration of anti-corruption** | 81 |
| ***Taking Action in Support of Broader UN Goals and Issues:*** |  |
| **Criterion 15: The COP describes core business contributions to *UN goals and issues*** | 84 |
| **Criterion 16: The COP describes strategic social investments and philanthropy** | 86 |
| **Criterion 17: The COP describes advocacy and public policy engagement** | 97 |
| **Criterion 18: The COP describes partnerships and collective action** | 97 |
| ***Corporate Sustainability Governance and Leadership:*** |  |
| **Criterion 19: The COP describes CEO commitment and leadership** | 110 |
| **Criterion 20: The COP describes Board adoption and oversight** | 110 |
| **Criterion 21: The COP describes stakeholder engagement** | 110 |

|  |  |
| --- | --- |
| About main facts and best practices **for the year 2018-2019**, see more particularly informations indicated by a specific pictogram.   * The other informations (policies and processes) are always available and **pursued by LVMH**. * Informations disclosed only come from **public reports**. | **2018-19** |

|  |  |
| --- | --- |
| The following pictogram highlights particular informations contributing to the **17 SDGs** adopted by all United Nations Member States in 2015. |  |

|  |
| --- |
| In order to lighten the document and to avoid duplication and repetition of informations, we refer as far as possible to criteria already dealing with the information concerned. From this point of view, the first part named “***Implementing the Ten Principles into Strategies & Operations”*** represents a central issue in the COP 2019 [Criterion 1 and 2: "mainstreaming into corporate functions and business units" and "value chain implementation"]. |

**The Communication on Progress is in the following format:**

**☑ Stand-alone document**

**What is the time period covered by your COP ?**

Year “2018” in accordance with all public reports and documents of LVMH:

|  |  |
| --- | --- |
| “2018 Reference Document” | <https://r.lvmh-static.com/uploads/2019/03/document-de-reference-2018_va_interactif.pdf> |
| “2018 Annual Report” | <https://r.lvmh-static.com/uploads/2019/03/rapport-annuel-lvmh-2018_va.pdf> |
| “2018 Environmental Report” | <https://r.lvmh-static.com/uploads/2019/09/lvmh__ra_environnement_2018_gb-1.pdf> |
| “2018 Social Responsibility Report” | <https://r.lvmh-static.com/uploads/2019/05/2018-social-responsibility-report.pdf> |
|  |  |
| “LVMH Code of Conduct” (revised/published in December 2017) | <https://r.lvmh-static.com/uploads/2017/12/lvmh-code-of-conduct-2017_122017.pdfhttps://r.lvmh-static.com/uploads/2017/12/lvmh-code-of-conduct-2017_122017.pdf> |
| “LVMH Supplier Code of Conduct” (revised/published in December 2017) | <https://r.lvmh-static.com/uploads/2008/12/lvmh-supplier-code-of-conduct_122017.pdf> |

**Does your COP contain a statement by the CEO (or equivalent) expressing continued support for the Global Compact and renewing your company's on-going commitment to the initiative and its principles ?**

**Y**/~~N~~

**Statement from the CEO**

|  |  |
| --- | --- |
| **«**LVMH comprises a family of iconic brands that cultivate their magic and perpetuate exceptional know-how, a consistent strategy and an exceptionally broad, high-quality retail network. In addition to the intrinsic stability and financial strength of our company, our brands have been patiently built up over time.   * They take into account issues that are inseparable from our long-term strategy, namely the safeguarding of the natural environment, to which LVMH owes so much, corporate social responsibility, and strict ethical standards which we share with our suppliers, customers and shareholders. This intangible capital is paramount to our future success. * LVMH is committed to stronger corporate citizenship: we strive to pass on our expertise, promote diversity and fulfilment among our employees, coach talent and support young designers, and protect the sometimes very scarce natural resources used in our products. The world is more and more concerned with such issues, and so are we as they form the foundation of our Group’s future. Alongside the development of our business, they must serve as a permanent wellspring of creativity.   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. * As the world leader in luxury, it is the duty of LVMH to be exemplary. Our Maisons make use of rare and precious natural raw materials in the formulation of their products. We have no option other than to seek to preserve these resources which constitute our common heritage. With regard to the environment, just as in our products, we strive for excellence. | |
| With this “Communication On Progress 2018-2019”, LVMH reminds that CSR and Sustainable development are inseparable from LVMH’s strategy based on four important dimensions: Social policy ; Economic performance ; responsible Environment ; commitment to citizenship. This COP represents a clear contribution to the Sustainable Development Goals (SDGs).**»**  **Bernard Arnault, Chairman and Chief Executive Officer** |  |

**Does your COP contain a description of actions and policies related to the following issue areas ?**

|  |  |  |  |
| --- | --- | --- | --- |
| Human Rights | Labour | Environment | Anti-Corruption |
| **Yes** | **Yes** | **Yes** | **Yes** |

**Does your COP include qualitative and/or quantitative measurement of outcomes illustrating the degree to which targets/performance indicators were met ?**

**Y**/~~N~~

**How does your organization share its COP with stakeholders ?**

**☑ Through the UN Global Compact website only**

**How is the accuracy and completeness of information in your COP assessed by a credible third-party** **?**

**☑ Information is assured by independent assurors (e.g., accounting or consulting firm) against recognized assurance standard (e.g., ISAE3000, AA1000AS, other national or industry-specific standard)**

The Statutory Auditors and Independent Verifier ERNST & YOUNG & Associés conducted the work in accordance with the professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which an independent verifier should conduct its mission, and with regard to the limited assurance and the reasonable assurance report, in accordance with the international standard ISAE 3000.

This report includes a reasonable assurance report on a selection of environmental Information.

|  |
| --- |
| **🕮** See “Independent verifier’s report on consolidated employee-related environmental and social information” in “2018 Reference Document” (pp. 56-60). |

**The COP incorporates the following high standards of transparency and disclosure:**

**☑ Provides information on the company’s profile and context of operation**

|  |
| --- |
| **🕮** See:   * “2018 Reference Document” (<https://r.lvmh-static.com/uploads/2019/03/document-de-reference-2018_va_interactif.pdf> ): * “History” and “Financial Highlights” (pp. 1-3) * “The LVMH business model” (pp. 9-12) * “Business overview, highlights and outlook” (pp. 13-32) * “2018 Annual report” (<https://r.lvmh-static.com/uploads/2019/03/rapport-annuel-lvmh-2018_va.pdf>): * “The LVMH Group” (pp. 5-43) * “Performance measures” (pp. 130-135). * “2018 Environmental Report” (<https://r.lvmh-static.com/uploads/2019/09/lvmh__ra_environnement_2018_gb-1.pdf> ): * “Key dates” (pp. 6-7) * “The framework for action” (pp. 8-14) * “Note on the methodology of environmental reporting” (pp. 68-71). * “2018 Social Responsibility Report” (<https://r.lvmh-static.com/uploads/2019/05/2018-social-responsibility-report.pdf>): * “The Group’s values and priorities” (pp. 6-13) * “Corporate governance and social responsibility” (pp. 47-51) * “LVMH Snapshot – 2018 figures” (January 2019)   (<https://r.lvmh-static.com/uploads/2019/01/snapshot-2018-va.pdf>)   * “Snapshot shareholders 2018” (February 2019)   (<https://r.lvmh-static.com/uploads/2019/02/snapshot-actionnaires-2018-va.pdf>) |

**Which of the following Sustainable Development Goals (SDGs) do the activities described in your COP address?** *[Select all that apply]*

**☑** **SDG 1: End poverty in all its forms everywhere**

**☑ SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture**

**☑ SDG 3: Ensure healthy lives and promote well-being for all at all ages**

**☑** **SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

**☑ SDG 5: Achieve gender equality and empower all women and girls**

**☑ SDG 6: Ensure availability and sustainable management of water and sanitation for all**

**☑ SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all**

**☑ SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

**☑ SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**

**☑ SDG 10: Reduce inequality within and among countries**

**☑ SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable**

**☑** **SDG 12: Ensure sustainable consumption and production patterns**

**☑ SDG 13: Take urgent action to combat climate change and its impacts**

**☑ SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development**

**☑ SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**

**☑ SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

**\***

**\* \***

**☑ SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development**

▼

**With respect to your company’s actions to advance the Sustainable Development Goals (SDGs), the COP describes:** *[Select all that apply]*

**☑ Opportunities and responsibilities that one or more SDGs represent to our business**

*E.g., new growth opportunities; risk profiles; improved trust among stakeholders; strengthened license to operate; reduced legal, reputational and other business risks; resilience to costs or requirements imposed by future legislation.*

|  |
| --- |
| LVMH supports the SDGs initiative and wishes to participate in the efforts made.  **1.** Like Bernard Arnault (Chairman and Chief Executive Officer) explains in his statement, it is the duty of LVMH as the world leader in luxury to be exemplary. Because the Group aims to sustainably guarantee the fate of future generations, SDGs are a clear contribution to LVMH CSR Strategy.  **2.** Several SDGs represents an opportunity for the Group in order to:  - share common values and objectives all over the world with our employees and our stakeholders ;  - mitigate our strategic and operational risks: Group’s image and reputation, better anticipating expectations of customers, better managing strategic human competencies, better ensuring compliance by our business activities with societal and environmental impacts, better taking into account expectations and satisfaction of employees ; respect of human rights and health & safety of persons, etc.  - improve the peace, the exchanges and the stability between all geographic region: events likely to reduce the exchanges (geopolitical instability and insecurity, weakening of the economic environment, climate change, natural disasters, etc.) could have an adverse impact on Group activities. |

**☑ Where the company’s priorities lie with respect to one or more SDGs**

*Conducting an assessment on the current and potential, positive and negative impacts that your business activities have on the SDGs throughout the value chain can help you identify your company’s priorities.*

|  |
| --- |
| **1.** **Commitment:** For the third year, LVMH publishes tables summarizing its contribution to the SDGs.  **[🕮** See “2018 Environmental Report” (p. 8) and “2018 Social Responsibility Report” (p. 49).] In the continuity of SDGs, LVMH Group supported previously, since 2007, the United Nation’s Millenium Devclopment Goals.  **2.** **Materiality:** These tables remind that the business activities and corporate responsibility policy have a link with most of goals and, in some cases, a “strong contribution” with some goals. This approach is coherent with the ESG analysis and our dialogue with stakeholders and rating agencies allowing to identify key priorities, trends and changes for each business group.   * Concerning for example “environmental issues”, in 2017 LVMH has launched a review aimed at **assessing the contribution to the SDGs** of its own strategic Program called “LIFE”. More than 150 measures, covering 12 objectives and 34 targets, have been reviewed in detail. Analysis showed that the Group made a particularly large contribution particularly in two areas: responsible consumption (Goal 12) and combating climate change (Goal 13). But the COP 2019 demonstrates how the other goals are also taken into account. * Within the **CRITERION 1**, the COP 2019 presents very clearly the commitments and objectives related to the Group’s strategy: * Environmental LIFE 2020 program * the 4 pillars of the Group’s social responsibility strategy * the policies linked to the implementation of the Law of March 27, 2017 concerning the duty of reasonable vigilance by parent and ordering companies that has resulted in improved identification of risks and helps to prevent serious abuses of human rights and fundamental liberties, health and safety of persons, and the environment. This new regulation gave the opportunity to revise the presentation of “Management of non-financial and financial risks” particularly linked to the “value chain implementation”. * the policies linked to the Group’s statement of non-financial performance, as required by Article L.225- 102-1 of the French Commercial Code. * Through the **CRITERION 12**, the COP 2019 describes how the year 2018 was committed by the law n°2016- 1691 of December 9, 2016, known as the Sapin II Law (combating corruption) and also by Article L.225- 102-1 of the French Commercial Code requiring to address “fight against corruption” in the Group’s statement of non-financial performance. * As a last example, the **CRITERIA 16** and **18** give a comprehensive approach of the wide diversity of initiatives, projects and partnerships having a positive impact upon the society and local communities. |

**☑ Goals and indicators set by our company with respect to one or more SDGs**

*Setting specific, measurable and time-bound sustainability goals helps foster shared priorities and drive performance. To do this: Define scope of goals and select KPIs ; define baseline and select goal type ; set level of ambition ; announce commitment to SDGs ; select indicators and collect data.*

|  |
| --- |
| **The LVMH Reports and the “COP 2019” include different informations, policies and indicators/KPIs concerning the issues taken into account by SDGs.**  **As examples of our initiatives and programs:**  - **SDG1.** Actions supporting vulnerable, marginalized or underserved populations.  **- SDG2.** Actions concerning sustainable viticulture and ethno-botany. As an example, in terms of food waste, La Grande Épicerie de Paris has several fresh food production workshops where fresh food is concerned. The Maison has developed an accurate sales forecasting system in order to adjust production to production volumes on a daily basis. A partnership has been entered into with the French Red Cross, which collects the unsold production every day.  **- SDG3.** Improving health & safety and quality of life in the workplace and in the supply chain.  **- SDG4.** Supporting integration through employment ; apprenticeship of young people ; protection of critical know-how ; supporting disadvantaged persons, women and children through education, health and self-confidence ; supporting populations in emergency situations…  **- SDG5.** Promoting gender equality in the workplace and society ; preventing all discriminations (peoples with disabilities, older workers…).  **- SDG6.** Water consumption and supply according to local constraints (example of areas where water stress is close to 100%, meaning that water requirements in these areas are close to the level of available resources).  **- SDG7.** Measures taken to reduce energy consumption, to improve energy efficiency and renewable energy use.  **- SDG8.** Through its activities, LVMH participates in the regional development of the areas in which it operates: jobs creation and regional development ; supporting SMEs and start-ups ; addressing the specific social and economic needs of the regions ; suppliers’ responsibility.  **- SDG9.** Sustainable construction and renovation ; soil use ; prevention of losses such as fires, water damage or natural catastrophes.  **- SDG10.** As an example, 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.  **- SDG11.** Security and accessibility of stores ; contribution to sustainable cities (GHG Emissions, green transport,…).  **- SDG12.** Environmental design ; securing access to strategic raw materials and supply channels ; preserving biodiversity ; product life span and reparability.  **- SDG13.** Reducing greenhouse gas emissions ; promotion of renewable energy.  **- SDG14.** Adapting to climate change ; prevention of pollution and waste management, water and soil discharges ; promotion of eco-design particularly in terms of refills in order to reduce packaging; as an example, Kenzo support the “Blue Marine Foundation”.  **- SDG15.** Strategy for Biodiversity ; preservation and certification of strategic raw materials ; material and product traceability and compliance.  **- SDG16.** LVMH Group ensures that its practices reflect the highest standards of integrity, responsibility and respect for its partners (Code of Conduct, fight against corruption and influence peddling, Internal Competition Law Compliance Charter, risk management and duty of reasonable vigilance,…). |

**☑ How one or more SDGs are integrated into the company’s business model**

*Integrating sustainability has the potential to transform all aspects of the company’s core business, including its product and service offering, customer segments, supply chain management, choice and use of raw materials, transport and distribution networks and product end-of-life. It involves anchoring sustainability goals within the business up to the board level, embedding sustainability across all functions, and engaging in partnerships.*

|  |
| --- |
| **1.** Some SDGs are clearly integrated in our **business model**, like SDG 12(“Ensure sustainable consumption and production patterns.”) and SDG 13(“Take urgent action to combat climate change and its impacts.”). Thus, protecting natural resources is both an imperative and an opportunity for our Group. It is an imperative, because our business activities depend directly on ecosystems, on the quality of our raw materials and our supply chains: we are genuinely striving to secure our company’s long-term future, while our position as the leading global luxury goods group requires us to set an example. It is an opportunity, because protecting the environment is not a restriction for us, but an innovation driver that constantly broadens our development, attractiveness, performance and furthermore our ability to be resilient and adapted to societal issues.  **2.** Because the “**value chain implementation**” is central for the business model of LVMH, the presentation by the COP 2019 of the CRITERION 2 aims to better understand the different issues for our activities. See also Criterion 1 “mainstreaming into corporate functions and business units”, Criterion 16 (“Strategic social investments and philanthropy”) and Criterion 18 (“Partnerships and collective action”).  **3.** For example, our answers to different issues (for example CRITERIA 6-8 / Labour Management and CRITERIA 9-11 / Environmental stewardship) includes a large choice of **informations, indicators and KPIs which demonstrate the robustness of our strategy**. |

**☑ The (expected) outcomes and impact of your company’s activities related to the SDGs**

*Example: For a food company that sells nutritionally balanced breakfasts and lunches to primary schools, an output is the number of meals served. An outcome is the rate of malnutrition among children served. Impact is the company’s contribution to SDG Target 2.1, “end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.”*

|  |
| --- |
| **1.** As an example of societal impact promoted by the SDGs, since October 2012, LVMH is fully involved in the implementation of the french “National Strategy for Biodiversity”. LVMH has been awardedfor its project “Improving, from upstream to downstream, the footprint on biodiversity of LVMH’s activities”. The SNB followed France’s ratification of the United Nations Convention on Biological Diversity (CBD) adopted in 2010 in Nagoya. LVMH’s commitment is for 2012-2020. The first corporate initiatives taken relate to notably assessing the impact of the implementation of the Nagoya Protocol on **Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (ABS)** for the supply channels affected. **This project allows to better recognize the right of “indigenous population”.**  **2.** Another example, the involvement of each company in the **stake of “adapting to climate change”** is crucial for the planet. Thus, LVMH has also reviewed the various issues in this area. In the medium term, changing winegrowing practices is the main component of the Group’s adaptation strategy. Several solutions are available for European vineyards depending on the extent of climate change, from altering harvest dates to developing different methods of vineyard management (wider rows, increasing the size of grapevine stocks, employing irrigation in certain countries, etc.) and testing new grape varieties. For vineyards in Argentina and California, the main issue is the availability of water. Finally, according to current scientific knowledge, vineyards in New Zealand and western Australia are the least susceptible to climate change. |

**☑ If the companies’ activities related to the SDGs are undertaken in collaboration with other stakeholders**

*E.g., United Nations agencies, civil society, governments, other companies*

|  |
| --- |
| LVMH participates regularly to **professional exchanges** organized by different stakeholders concerning the improvement of SDGs implementation (French Government, Comité 21, ORSE, EpE, Orée,…) and the publication of different guides sharing best practices. (See Criterion 18: “Partnerships and collective action”).  By reminder, LVMH is member of **“Global Compact France”** in which are discussed the issues of SDGs integration and of business reporting. |

***Implementing the Ten Principles into Strategies & Operations***

**Criterion 1: The COP describes mainstreaming into corporate functions and business units:**

**☑ Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs**

**☑ Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts**

**Blueprint For Corporate Sustainability Leadership**

**Mainstreaming into Corporate Functions and Business Units:**

**☑ Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc.) ensuring no function conflicts with company’s sustainability commitments and objectives:**

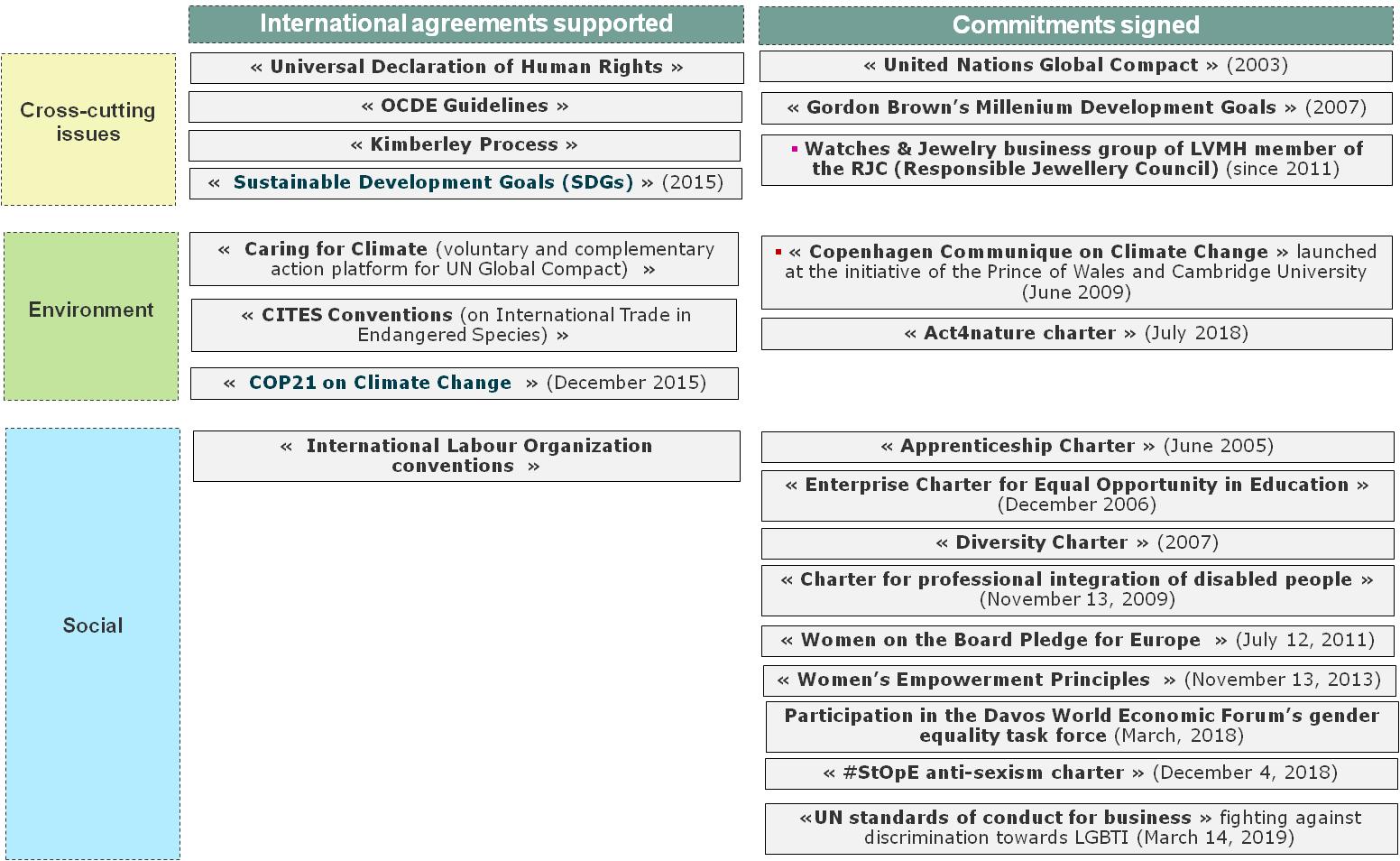
**☑ Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy**

**☑ Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary**

**1. Commitment and involvement at the highest level:**

The long-term corporate sustainability strategy is led by the Group and its Maisons under the responsibility of the **Board of Directors** and the **Executive Committee**.

* The declarations and commitments in the field of CSR and sustainable development have been approved by **Bernard Arnault, Chairman and Chief Executive Officer**.



|  |  |
| --- | --- |
| * On March 8, 2018, Antoine Arnault – a member of the LVMH Group’s Board of Directors – officially confirmed LVMH’s participation **in a public-private task** | **2018-19** |

**force to promote gender equality**, at the invitation of the French President and at the proposal of the Secretary of State for Gender Equality. The **World Economic Forum in Davos** is behind the initiative, which for the past five years has invited volunteer countries to set up a public-private consortium with the aim of drawing up a three-year action plan with associated targets to discuss and promote best practice in the area of workplace gender equality. France is the first European country to take part in the initiative. (“2018 Social Responsibility Report”, p. 16)

|  |  |
| --- | --- |
| * In July 2018, the Group once again demonstrated its proactive approach by signing **a charter of 10 commitments within the context of** **Act4nature** | **2018-19** |

launched by Entreprises pour l’environnement (EpE), the French association of businesses for the environment. Ten of these commitments are collective and should allow for the incorporation of the issue of biodiversity into all activities of the signatory companies, from governance and strategy to the most concrete operations so that they make a net positive contribution to nature. Each company also commits to implementing new actions adapted to its businesses. By participating in this action for progress, LVMH will contribute to preparations for two major deadlines in 2020: the World Congress of the International Union for Conservation of Nature to be held in Marseille, France, and the COP15 of the Convention on Biological Diversity organized in Beijing, China.

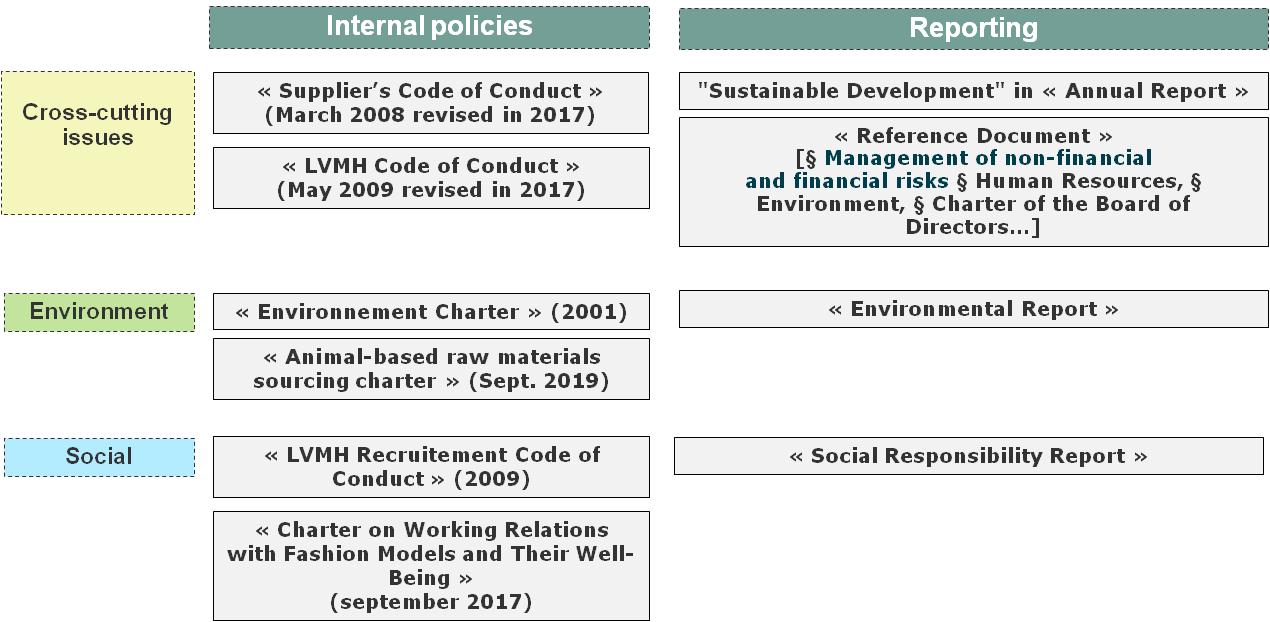
|  |  |
| --- | --- |
| * In December 2018, LVMH signed the **#StOpE charter**, committing to fight “everyday” sexism in the workplace and to implement one of the eight priority actions set out in the charter starting in 2019. | **2018-19** |

|  |  |
| --- | --- |
| * On March 14, 2019, LVMH strengthens its commitment to building an inclusive company culture by signing the **UN standards of conduct for business**, which | **2018-19** |

fight against discrimination towards **LGBTI (Lesbian, Gay, Bisexual, Transgender, Intersex) people** (https://www.lvmh.com/news-documents/news/lvmh-strengthens-its-commitment-to-building-an-inclusive-company-culture-by-signing-the-un-standards-of-conduct-for-business-which-fight-against-discrimination-towards-lgbti-people/ ). On June 26, 2019, LVMH Maisons in the U.S. sign United Nations Standards of Conduct, joining the fight against LGBTI + discrimination (https://www.lvmh.com/news-documents/news/lvmh-maisons-in-the-u-s-sign-united-nations-standards-of-conduct-joining-the-fight-against-lgbti-discrimination/ ).

|  |  |  |
| --- | --- | --- |
| * **Sustainable Development Goals (SDGs):** The “Environmental Report 2018” (p. 8) and the “2018 Social Responsibility Report” (p.49) present the different contributions of LVMH to the Sustainable Development Goals” (SDGs). | **2018-19** |  |

* **Internal Codes and Processes:**



* **The LVMH Code of Conduct**: The common foundation of the Group and its companies, the Code of Conduct adopted in 2009 and disseminated to all employees was revised in 2017 in order to reassert, specify and refine the principles of conduct intended to guide the actions of all employees. [**🕮** See “2018 Reference Document” (p. 47).]
* **The Supplier Code of Conduct**: In 2017, the Supplier Code of Conduct was revised in order to provide more detail about the principles of conduct expected of suppliers, particularly in terms of professional integrity. The revised Code specifies requirements relating to labor (prohibition of forced labor, child labor, harassment, discrimination, provisions regarding pay, working hours, freedom of association, health and safety), environmental provisions, business conduct (in particular relating to legality, customs, security and subcontracting) and measures to prevent and combat corruption and influence peddling that must be respected by suppliers and any subcontractors in managing their business. [**🕮** See “2018 Reference Document” (p. 47).]
* In 2017, LVMH drew up a **Charter on Working Relations with Fashion Models and their Well-Being**, in consultation with Kering and sector professionals. Among the measures laid down in the charter, the two luxury groups committed to ensuring that their Maisons exclude size 32 models from their castings and only work with models whose agencies have submitted a medical certificate dated within the six months preceding any fashion shoot or show. They also provide models with access to a psychologist or therapist and, more gener­ally, treat models with respect and professionalism. All LVMH Maisons committed to implementing this charter with immediate effect.

|  |  |
| --- | --- |
| In 2018, magazines *Elle* and *Version Femina* both signed the Charter on Working Relations with Fashion Models and their Well-Being. | **2018-19** |
| Following on from the charter, in Feb­ruary 2018 the Group also launched wecareformodels.com. This website sets out the Group’s commitments (on working conditions, well-being and measures relating to underage models) and provides expert advice for models (from nutritionists, psychologists and coaches). | **2018-19** |

[**🕮** See “2018 Social Responsibility report” (p.32).]

|  |  |
| --- | --- |
| * On September 25, 2019, LVMH presented new commitments including its brand-new **Animal-based Raw Materials Sourcing Charter**. | **2018-19** |

* In a context where demand for fur and leather remains strong, LVMH reaffirms its leading position in sustainability by providing a solution to the environmental concerns that are often times associated with the fur and 1eather sector. As such, the Group revealed its Animal based Raw Materials Sourcing Charter, the fruit of a long process of scientific research and collaboration between its Environment department, Maisons and suppliers. Through a comprehensive approach and concrete medium and long-term commitments for progress, the Charter considers the topic of fur, leather, exotic leather, wool and leathers sourcing in all its complexity. These commitments are classified into three pillars:
* **traceabilitv** of origin and in-depth knowledge of the supply chains;
* farming and trapping conditions with the aim of continuing to implement the most stringent certifications in **animal welfare**;
* **respect for workers, the environment and biodiversity** throughout the different stage of each of the animal-based supply chains.
* The LVMH standard for responsible crocodilian leather sourcing, whose launch and rollout the Group announced back in February, is also a part of the new Charter.
* **Strategy:**
* The strategic **LIFE Program** (LVMH Initiative For the Environment) **[🕮** See “2018 Environmental Report” (pp. 10-11)] is based on:
* **nine challenges** that are key to the Group’s environmental performance, from product design, the procurement of raw materials, industrial, the transportation and sale of products. For each challenge selected, annual improvement objectives have been set. The Maisons have then implemented the action plans to achieve them, accompanied by indicators that monitor the results. The main challenges for each business sector include, for example: saving water for Wines and Spirits; the lighting and air-conditioning of stores for Fashion and Leather Goods; the eco-design of packaging for Perfumes and Cosmetics; the managing of waste electrical and electronic equipment for Watches and the preservation of precious stones and metals for Jewelry; and the transportation of products for the Selective Retailing sector.
* **four shared targets to be achieved by 2020 (the baseline year being 2013):** sustainable product design ; suppliers and raw materials ; cutting energy-related CO2 emissions by 25%; make all production sites and stores more environmentally friendly.
* **sustainable product design:** by 2020, Group companies must make all their products more environmentally friendly. LVMH’s Perfumes and Cosmetics companies and Wines and Spirits companies undertake to improve their Environmental Performance Index (EPI) score by 10%. Fashion and Leather Goods companies and Watches and Jewelry companies establish sustainable design guidelines to be applied during product development ;
* **suppliers and raw materials:** Group companies must ensure that optimum standards are rolled out in their procurement of raw materials supplies and among their suppliers across 70% of the supply chain by 2020 and 100% by 2025 ;
* **cutting energy-related CO2 emissions** by 25% ;

|  |
| --- |
| A specific study assessing the environmental impact of the production of raw materials and the supply chain was performed in 2016. 50% of the emissions across the Group’s quantified value chain are generated by the production of raw materials, and 30% by upstream and downstream transportation. These are followed by emissions produced by the Maisons’ manufacturing sites, logistics centers, offices, and stores (20%), whether these emissions are direct (scope 1) or indirect (scope 2). |

* **make all production sites and stores more environmentally friendly:** Group companies undertake to reduce at least one of the following indicators – water consumption, energy consumption or waste production – by 10% at each of their sites, and to have an effective environmental management system focused on ongoing improvement. Stores must be made 30% more energy efficient and new stores will have to achieve a minimum performance of 50% according to the LVMH Store Guidelines score chart.
* Even before rolling out the “LIFE 2020” program, and as early as 1998, LVMH therefore designed a reporting tool that covers the main issues relating to the environment.
* The **Group companies** can use the tool’s questionnaires to monitor and steer their own indicators, while every company is free to adjust them in accordance with its environmental impact, and the frequency of the measurements gathered.
* The data gathered are checked by the **Statutory Auditors**, and supplemented by audits, which have been consolidated in LVMH’s management report since 2004.
* They may also be disclosed, upon request, to **stakeholders** such as environmentaland social rating agencies, shareholders, investors and customers.
* **The four pillars of the Group’s social responsibility strategy [🕮** See “2018 Social Responsibility Report” (pp. 12 and 48)]:
* Based on an analysis of the challenges facing the Group and interactions with its stakeholders, LVMH has identified four priorities for all its companies that form the foundation of the Group’s social responsibility initiatives throughout the world:
* developing talent and skills
* constant attention to working conditions
* preventing all forms of discrimination and respecting individuality
* engaging with local communities.
* 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.

**2. Management and control of actions:**

**2.1. Responsibility for control and implementation:**

|  |  |
| --- | --- |
| * To ensure effective dissemination and respect for the principles and values set out in this Code of Conduct, LVMH has established corporate governance aligned with the profile of the Group and its operational realities. **[🕮** See "LVMH Code of Conduct" revised in 2017 (pp.25-26).] This organization is based on: | **2018-19** |

* International charters and agreements signed by LVMH that provide the framework for the initiatives led by the Group and its Maisons under the responsibility of the **Board of Directors** and the **Executive Committee**.
* The Board of Directors of LVMH, to which the Executive Management of the Group submits each year a report on the implementation of the LVMH Code’s principles, is the body which ensures its correct application.
* In accordance with the principle of subsidiarity inherent to LVMH, the executive management team of each operational and legal entity is responsible for compliance with the principles of this Code.
* A **Board of Directors’ Ethics and Sustainable Development Committee** whose duties are: to contribute to the definition of rules of conduct inspiring the Group’s executives and employees in the areas of ethics, corporate social and environmental responsibility; to ensure the respect of these rules; to review the Group’s strategy and reports in these areas. In 2017, the Board of Directors appointed a new independent member to the Ethics and Sustainable Development Committee Three of its members are Independent Directors.

|  |  |
| --- | --- |
| The Committee met once during the year, with all of its members in attendance. At that meeting, the Ethics and Compliance Director gave a progress update on the | **2018-19** |

Group’s compliance program, notably in connection with the Sapin 2 Act and the

law on the duty of care for parent companies. **[🕮** See “2018 Reference Document” (page 151).]

* The **Group’s Executive Management** coordinates the efforts of LVMH’s Audit & Internal Control, Operations, Purchasing, Environment, Social Development, Ethics & Compliance and Financial Communications Departments, which work together to raise awareness and help the Maisons make progress – especially in the areas of risk management and supplier relations – with regard to environmental, social and integrity issues.
* The **Ethics & Compliance Department** is led by the Group’s Ethics & Compliance Director, who reports to the Group Managing Director. The department draws up behavioral standards and makes available various tools designed to help Group entities implement applicable regulations. It has its own budget and headcount and is also supported by representatives from various Group departments so as to promote coordination on cross-functional projects led by it. Around this central function, a **network of Ethics & Compliance Officers**, designated by the President of each Maison, coordinate implementation of the compliance program within each Maison and help share best practice across the Group.
* A **network of Ethics and Compliance correspondents** appointed at each Maison to encourage experience sharing, sharing of best practices and consistent and uniform application of the principles and values promoted by the Code of Conduct.
* The governance structure also includes:
* The **Financial Communications Department** which is responsible for managing relationships with investors and sustainability rating agencies.
* The **network of 35 Social Responsibility correspondents** at Maisons, who help organize the measures to be implemented and facilitate their application by the Maisons, who will then make the necessary adjustments in line with their own values, their environment, and the expectations of their employees and customers;
* The **Environment Committee**, which brings together a **network of 60 Environment Officers** from the Maisons. This body provides a forum for reflection and discussion about major objectives (LIFE program), environmental challenges and opportunities;
* Reporting to the LVMH Operations Department, the **Purchasing Department** whichhas a team of several expert purchasers and can rely on a network of many purchasing managers and correspondents at Group companies. Responsible Purchasing seminars bring together all representatives from the Maisons responsible for purchasing, supply chains and supplier relations to review priority issues, launch new initiatives and share their views on best practice within the Group.
* The **network of Internal Control Officers** led by the Audit and Internal Control Department, which coordinates the implementation of internal control and risk management systems. These officers are responsible, within the Maisons, for ensuring compliance with the Group’s internal control procedures and preparing controls tailored to their business.
* **Alert and whistleblowing system:**

**[🕮** See “2018 Reference Document” (pages 54-55, 110 and 151).]

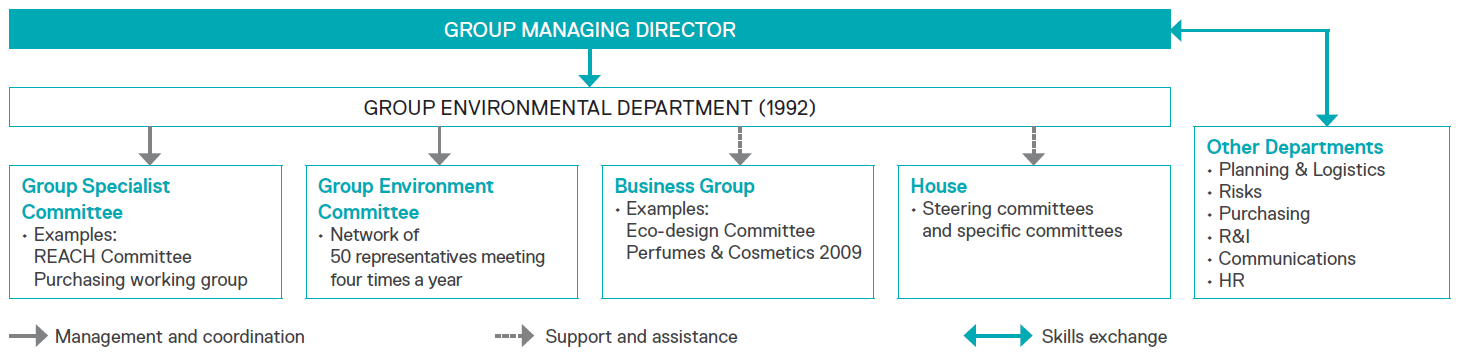
* In addition to the LVMH Code of Conduct, the Group has **internal guiding principles** – a set of documents that apply to all entities intended to be used as a reference guide to help employees adopt appropriate behaviors in various areas to do with business ethics.

|  |  |
| --- | --- |
| * LVMH’s internal control framework was revised in 2018, notably to incorporate new or more stringent ethical and compliance requirements and to ensure that the Group’s various entities meet those requirements. | **2018-19** |

* In addition to the usual existing communication and warning channels within the Group and Maisons, LVMH has set up centralized whistleblowing system, available in around ten languages, to collect and process reports from all employees concerning infringements or serious risks of infringement of laws, regulations, the provisions of the LVMH Code of Conduct and other principles, guidelines and internal policies. The system covers the following behaviors: corruption and influence peddling; money laundering, fraud and falsification of accounting records; embezzlement; anti-competitive practices; data protection breaches; discrimination, harassment, violence and threatening behavior; infringements of social standards and labor law, illegal employment; infringements of occupational health and safety regulations, violation of environmental protection laws; practices contrary to ethical principles.
* Alerts handled through dedicated whistleblowing systems help improve risk identification procedures, as part of a continuous improvement approach. If employees fail to abide by rules laid down in the Code of Conduct, the guiding principles or, more generally, the Internal Rules (or equivalent document) of their employing Maison, the Group will take appropriate and timely steps to put an end to the infringement in question, including appropriate disciplinary sanctions proportionate to the severity of the infringement, in accordance with the provisions of the Internal Rules (or equivalent document) and applicable laws and regulations.

|  |  |
| --- | --- |
| **2.2. Organisation:** In order to ensure CSR implementation and compliance a dedicated **Steering Committee** has been put in place. The collaboration developed between LVMH and the Houses allow discussing the stakes concerning sustainable development and CSR through different tools and meetings: committees and specific international networks (social, environment, supply chain, financial communication...), local committees, annual conventions, working groups, collaborative tools, events, etc. |  |

* **Environment:** Set up in 1992, the Environmental Department defines the Group’s strategy and as such reports to **Antonio BELLONI, Group Managing Director of the Executive Committee and member of Board of Directors**. The Group’s Environmental Department supports the Maisons in their respective initiatives, ensuring that the Environmental Charter is observed, and running the **Environment Committee** which brings together a **network of some 100 environmental correspondents** from the Maisons several times a year. The Environmental Department also runs a variety of specialist in-Maisons working groups which deal, for example, with the European REACH regulation, eco-design and energy consumption in stores.
* LVMH’s historical commitment to the environment explains why the company was one of the first to set up a **Department dedicated to the Environment**.



* This pioneering body was **set up in 1992**, the year of the Third Earth Summit organized in Rio, Brazil.
* The Department reports directly to **Antonio Belloni, the Group’s Deputy Chief Executive Officer**, and now includes abouta **dozen experts**.
* LVMH’s Environment Department has beencharged with instilling a shared view, and with setting the broadlines of action in all areas relating to the protection of naturalresources. It implements the LIFE Program, acts as an interfacebetween the Executive Committee and the Maisons’ managementteams, and coordinates cross-divisional initiatives. It steersthe global environmental reporting process and ensures thatthe commitments made are respected. The Department also helps the Maisons implement successfully their own environmental policy, and offers each Maison useful information, practicaltools, and tailor-made support.
* LVMH’s Environment Department works very closely with a **network of 60 Environment Officers at the Group’s Maisons**. To act effectively, the company has in fact prioritized an organizational structure that is both decentralized and unified, which unifies various activities and businesses with highly specific features, without standardizing them. The network of Environment Officers now includes about 60 men and women from diverse backgrounds: agronomists, finance managers, communications specialists, and packaging specialists, etc. They all share a high level of environmental expertise and one mission: to back, convey and roll out the LIFE Program within their Maison. Several times a year, the Environment Department gathers these Officers together in **Environment Committee meetings**. These regular meetings are special occasions for exchanging views and learning from each other. They enable the attendees to be updated on the rollout of the LIFE Program and the achievement of its objectives, to share best practices, and to meet international experts on specific subjects such as the new energies.
* In order to supplement and extend these meetings, the Environment Department, as it does every year, has organized **specialist in-house working groups**, such as groups dealing with eco-design or the environmental management of the stores.

Although the Maisons are represented within the Group’s Committee agent network, they also have their **own steering committees**. Each Maison has additional means, depending on local conditions and the size of its in-Maison projects. The Houses have incorporated the LIFE objectives into their road maps. Like the Group, several Houses have restructured their organization to support their environmental policy. Some Houses place the emphasis on networking in order to mobilize their teams:

* **Louis Vuitton** has entrusted its environmental strategy to a dedicated department. Approximately one hundred correspondents and local *Green Teams* representing the key positions for environmental performance relay its action at all sites and in all activities. In countries such as Japan, China, Italy and Switzerland, Louis Vuitton also has CSR ambassadors and store correspondents, the *Green Advisors*. In order to act more effectively, the Houses often target insight building by creating specific steering or working groups on issues with major environmental challenges.
* **Guerlain**, for example, established a Sustainable Development Department in 2007 and a steering committee composed of 18 people from all businesses of the company. Each of them writes and deploys an action plan adapted to their site or department based on their area of expertise or targeting a specific annual objective. This organization can coherently cover all activities and provide both

|  |  |
| --- | --- |
| pragmatic and comprehensive responses.In June 2018, Guerlain took an additional step by making Director of Sustainable Development Sandrine Sommer a new | **2018-19** |

member of its Executive Committee. With this symbolic appointment, the House affirms the integration of sustainable development at the center of its governance and its goal to strengthen its action in this area, particularly for the preservation of natural resources.

* **Fendi** has set up a LIFE Committee, which is attended by representatives of all its departments.
* **Hennessy** has established, within its environment committee, three sub-committees respectively dealing with production and shipment, administration and brandies.

On September 20, 2017 LVMH celebrated the 25th anniversary of its Environment Department at two evening events named “Future LIFE”. This anniversary brought together the Maisons’ Chairmen, as well as the community of experts that works on protecting natural resources on a daily basis within the Group. It provided an opportunity to review LVMH’s pioneering environmental initiatives between 1992 and 2016. The event also focused on the future, via the presentation of the **LIFE 2020 Program**, which will enable the company to go further along the path of environmental excellence in coming years.

|  |  |
| --- | --- |
| The evening was also marked by an announcement that **the size of the internal Carbon Fund set up by LVMH** in late 2015 has been doubled in 2018. | **2018-19** |
| For the first time ever, in 2018 an **Energy Officer** was appointed, eligible to manage the carbon fund. The Energy Officer’s role is to reduce energy consumption while ensuring operational continuity and quality at the sites. | **2018-19** |

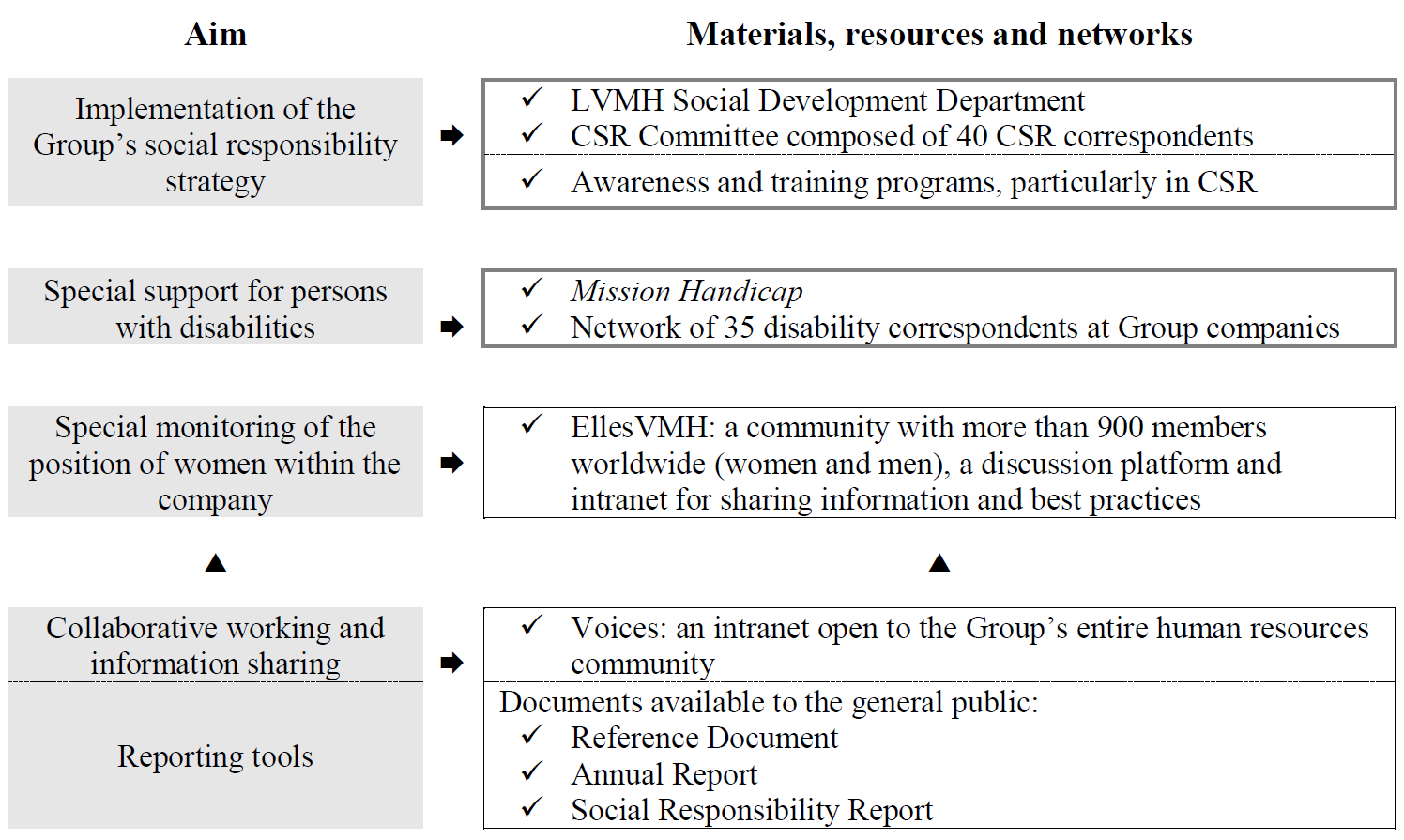
|  |  |
| --- | --- |
| On **September 25, 2019**, Bernard Arnault gathered at LVMH’s headquarters top executives of the Group and its Maisons around its LIFE program (LVMH Initiatives | **2018-19** |

For the Environment), spotlighting pioneering initiatives in biodiversity and providing tangible elements about its environmental performance as well as ambitions in products’ eco-design, circular economy and energy consumption. The Group also presented new commitments including its brand-new Animal-based Raw Materials Sourcing Charter, which is based on a sound scientific approach and addresses the environmental, social and ethical issues faced by the fur, leather, wool and feather industries by providing a new and clear frame of reference and sourcing rules.

|  |  |
| --- | --- |
| On this occasion, LVMH presented new commitments including the creation of a **Scientific Committee**. As a part of the Animal-based Raw Materials Sourcing Charter, | **2018-19** |

LVMH will research and pilot scientific projects, assessed by a dedicated multidisciplinary Scientific Committee composed of highly regarded, independent experts who are external to the Group and internal specialists: Pascal Picq, paleoanthropologist; Christian Huyghe, Deputy Scientific Director Agriculture, INRA; Alexandre Morel, Program Director, CARE; Edouard Mauvais-Jarvis, Environmental Director & Scientific Communication Director, Parfums Christian Dior; Dilys Roe, Specialist Group Chair, IUCN Sustainable Use and Livelihoods Specialist Group and Principal Researcher & team leader biodiversity & conservation, IIED.

* **Social:** The functional departments of the Group, like RH Department and particularly **Social Development Department**, will support the Brands (in the implementation of commitments and regulations about CSR stakes linked to labour conditions) with a view to a consistent and uniform application of commitments and principles. The Social Development Department defines the Group’s strategy in the field of Social Responsibility and as such reports to **Mrs Chantal GAEMPERLE, Director of Group Human Resources and Synergies and member of the Executive Committee**.



* The LVMH Holding relies on a **network composed of 35 Correspondents** belonging to business groups and Maisons. A special support for persons with disabilities is led by the **Mission Handicap**initiative and a **network of 35 disability correspondents**.
* Group companies, particularly in France, have works councils, employee representatives, as well as **health and safety committees**.
* Generating even greater synergies between the Maisons, the LVMH ecosystem was set up in 2012 to provide a new, highly collaborative approach, with the creation of a global HR community on the **Group intranet, “Voices”**, an intranet dedicated to the entire human resources community.
* **LVMH Mind** is an intranet dedicated to CSR, available to all staff.

**2.3. Employee representation:**

Employee representation is one of the pillars of the LVMH Code of Conduct, which upholds the principles of the Global Compact on fundamental rights in the workplace, such as freedom of association and the right to collective bargaining. The code ensures that all Group employees are able to exercise their rights without distinction, notably as far as their political con­victions or union affiliation are concerned. The Supplier Code of Conduct extends the scope of these commitments to the Group’s entire ecosystem, in particular the principle of freedom of association: “We require our suppliers to respect and recog­nize the right of workers to negotiate collectively, and to create or join labor organizations of their choice without any sanction, discrimination or harassment.”

In addition to the standard channels of communication and whistleblowing systems that already exist at the Maisons, LVMH has set up a centralized whistleblowing system, available in around 10 languages. This system records and processes reports by any employee regarding a violation (or serious risk of violation) of a law, regulation, provision of the LVMH Code of Conduct or any other Group principles, guidelines or policies.

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

* The Maisons’ **works councils** handle most employee-related issues, in keeping with the Group’s decentralized culture. Dialogue with union and employee representatives has led to agreements on a broad range of issues including gender equality in the workplace, the *compte épargne-temps* system (which allows employees to receive compensation for unused days off), working on Sundays, well-being and quality of life in the workplace, the *contrat de génération* system (which helped companies hire young people and retain older employees), employing people with disabilities, remote working trials, three-year incentive agreements and vacation bonuses, the mandatory annual bargaining agreement, using video surveillance at work sites, and personal assistance services. In France, depending on their workforce, the Group’s Maisons may have additional bodies such as employee representative bodies and health and safety committees.

|  |  |
| --- | --- |
| Pursuant to the French government order of September 2017, the Group’s Maisons have until December 31, 2019 to set up a *comité social et économique,* a new type of | **2018-19** |

committee that will either replace the combined staff representative body (if there is one) or com­bine the Maison’s employee representatives, works council and health and safety committee into a single committee.

|  |  |
| --- | --- |
| * The “2018 Reference Document” (p. 96) reports that, in France and in 2018, employee representatives attended 1,809 meetings: Works council (626), Employee representatives (559), Health and Safety Committee (374), Other (250). | **2018-19** |

|  |  |
| --- | --- |
| * The “2018 Social Responsibility Report” (p. 36) communicates also about international initiatives and best practices in the field of “Employee feedback and whistleblowing” and “Examples of systems to promote feedback and dialogue”. | **2018-19** |

|  |  |
| --- | --- |
| * The **Group Works Council** was formed in 1985. This body – which covers the whole of France and currently has 30 members, whose terms of office were renewed | **2018-19** |

in 2018 – holds one plenary meeting each year. Delegates meet with the Presidents of all the Group’s business segments to hear about and discuss the Group’s strategic direction, economic and financial issues, employment trends at the Group and future prospects.

|  |  |
| --- | --- |
| * The **SE Works Council** is an employee representative body established in 2014 that has 28 members from the 22 European countries where the Group is present. The | **2018-19** |

committee, which has one full meeting a year, handles transnational issues at the European level. The rules for this representative body are laid down in an agreement that was unanimously approved on July 7, 2014 by employee representatives from these 22 countries and by the Group’s Executive Management. In 2018, the SE Works Council held a plenary session on April 25.

**3. Incentive schemes:**

* Certain Group companies have implemented an incentive program with assessments based on **ESG (Environmental, Social and Governance) performance criteria**.

**2018-19**

|  |  |
| --- | --- |
| 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.

* Different subsidiaries developed initiatives for some employees categories aiming to take into account and experiment several topics in the performance appraisal:
* **Health & Safety issues** (for example: decrease of work-related accidents), **decrease of turn-over and absenteeism**, **HR and satisfaction performance**, KPIs aiming to develop a more effective way to manage business (develop a team spirit and a better service to the customers).
* **Environmental performance** is also taken into account: Some employees are offered incentives, such as environmental criteria included in profit-sharing contracts in the Wines and Spirits Houses, criteria being the reduction of energy or water consumption, or the quality of waste sorting. In order to encourage employees to go all out and achieve results, environmental criteria have been included in the calculation of profit-sharing since 2003 at Veuve Clicquot and since 2007 at Moët & Chandon. At Veuve Clicquot, three criteria were taken into consideration: water and energy consumption and the quality of selective sorting. At Moët & Chandon, an indicator has been developed, based on electricity consumption, which takes into account all the activities, from grape production to the final product, including all stages pressing, assembly, fermentation, racking, corking and packaging. In 2008, Hennessy included an environmental indicator in the calculation of employee incentive compensation. Approved by its social partners, this new criterion is based on paper consumption in terms of number of sheets used per person compared to Hennessy’s total consumption at its two sites in Cognac and Paris. The goal is to achieve a 3% reduction. This initiative is part of the new environmental policy signed in June 2008 that sets, among other objectives, a means for employees to have a financial interest in the results achieved from their environmental commitment.

**Criterion 2: The COP describes value chain implementation:**

**Blueprint For Corporate Sustainability Leadership**

**Value Chain Implementation:**

**☑ Analyse each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts**

**☑ Implement monitoring and assurance mechanisms (e.g. audits/screenings) for compliance within the company’s sphere of influence**

**☑ Undertake awareness-raising, training and other types of capacity building with suppliers and other business partners**

* **Group Ethics and Code of Conduct:**
* **Compliance with international conventions:** Since 2003, the LVMH group has shown its support for universal values as a signatory of the United Nations Global Compact. It is committed to aligning its operations and its strategy with 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, OECD guidelines, the International Labor Organization’s Fundamental Conventions, the United Nations’ Millennium Development Goals and Sustainable Development Goals, Women’s Empowerment Principles, the French Diversity Charter and #StOpE anti-sexism charter.
* **Codes of conduct and principles:**
* **The LVMH Code of Conduct:**

The common foundation of the Group and its companies, the Code of Conduct adopted in 2009 and disseminated to all employees was revised in 2017 in order to reassert, specify and refine the principles of conduct intended to guide the actions of all employees. The revised Code sets out all of the principles 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. In particular, the Group applies a “zero tolerance” policy towards corruption. Lastly, the Code guarantees consistency and ongoing improvement in the practices of all Group companies.

It is based on the following six core principles:

- acting responsibility and with solidarity ;

- offering a fulfilling working environment and making the most of talented people;

- committing to protecting the environment ;

- earning customers’ trust ;

- earning shareholders’ trust ;

- making concrete and promoting integrity in business conduct.

In addition to the Code of Conduct, a series of **internal documents** has been put together that aim to guide employees of the Group and Group companies in implementing the Code on a day-to-day basis: the guiding principles. These documents, which can also be accessed by employees on the Ethics and Compliance Intranet, constitute reference guides for certain topics relating to business ethics.

* **Supplier Code of Conduct:**

The Supplier Code of Conduct was revised in 2017 in order to provide more details about the principles of conduct expected of suppliers, particularly in terms of professional integrity. The revised Code specifies **requirements** relating to labor (prohibition of forced labor, child labor, harassment, discrimination, provisions regarding pay, working hours, freedom of association, health and safety), environmental provisions, business conduct (in particular relating to legality, customs, security and subcontracting) and measures to prevent and combat corruption and influence peddling that must be respected by suppliers and any subcontractors in managing their business.

The Supplier Code of Conduct specifies that suppliers of LVMH and Group companies are **guarantors of the work carried out by their own subcontractors and suppliers** and guarantee that the latter comply with the principles set out in the Code as well as relevant obligations.

It also gives LVMH an **audit right** that allows it, as far as possible, to ensure that these principles are effectively observed.

If the Supplier Code of Conduct is violated by one of its suppliers or a supplier or subcontractor of a supplier, LVMH or the Group company concerned reserve **the right to review and, possibly, end the commercial relationship subject to the conditions provided by law**.

* Other LVMH charters and strategic policies have been already implemented: **“Environmental Charter”**, **“LVMH Recruitment Code of Conduct”**, **“Charter on Working Relations with Fashion Models and Their Well-Being”**, **“Internal Competition Law Compliance Charter”**, **“Internal IT Systems Security Charter”**…
* Definitions and objectives of risk management and internal control.
* **Risk Identification:**

|  |  |
| --- | --- |
| The **non-financial risk-mapping exercise** was undertaken in 2018 with the assistance of global risk and strategic consulting firm Verisk Maplecroft, which specializes in analyzing political, economic, social and environmental risks. | **2018-19** |

It was based on an assessment comparing external benchmarking indicators provided by Verisk Maplecroft with qualitative and quantitative information provided internally by various Group entities, such as their level of activity, the amount of purchases by category, the number of production, logistics and retail sites, and the number of employees.

The exercise analyzed a wide variety of factors by geography and sector: corruption index, child labor, decent pay and working hours, workplace discrimination, freedom of association and trade union membership, health and safety, forced labor, air quality, waste management, water stress, water quality, deforestation, climate change, risk of drought, etc.

The resulting risk map separates out administration, production and distribution activities across these various risks, highlighting the severity of potential risks arising from the Group’s own activities and those of its supply chain.

Based on an array of data – including this mapping work, feedback from the Maisons’ networks of Ethics & Compliance, Social Responsibility and Environment correspondents, and an assessment of the impact and probability of occurrence of the various risks identified – different risks have been classified by representatives of the Group’s central functions and senior management as “key risks” in light of the Group’s activities. Two main regulations have impacted the mapping of risks. These new regulations gave the opportunity to revise the presentation of “Management of non-financial and financial risks” particularly linked to the “value chain implementation”.

|  |  |
| --- | --- |
| * In accordance with Article L.225-102-1 of the French Commercial Code, the “2018 Reference Document” includes the Group’s statement of non-financial performance which identified the main risks/opportunities [**🕮** See “2018 Reference Document” (pp.61-65)] | **2018-19** |

|  |  |
| --- | --- |
| **Social consequences**  [see also "2018 Social Responsibility Report" p.10] | - Loss of key skills and expertise.  - Health and safety issues faced in the Group’s business activities.  - Implementation of a policy of employee inclusion and fulfillment. |
| **Respect for human rights** | - Setting up and maintaining responsible supply chains (aspects relating to respect for human rights).  - Implementation of a policy of employee inclusion and fulfillment (aspects relating to the fight against discrimination and the promotion of diversity).  - Shortcomings in the implementation of rules governing the protection of personal data. |
| **Environmental consequences**  [see also "2018 Reference Document" p.72] | - Business impacts on ecosystems.  - Depletion of natural resources (including aspects relating to the fight against climate change).  - Setting up and maintaining Responsible supply chains. |
| **Fight against corruption** | - Shortcomings in the implementation of business practice compliance arrangements. |

* The implementation of the Law of March 27, 2017 concerning the duty of reasonable vigilance by parent and ordering companies has resulted in improved identification of risks and helps to prevent serious abuses of human rights and fundamental liberties, health and safety of persons, and the environment. The **“vigilance plan”** takes into account “first tier suppliers” in accordance with Article L.225-102-4 of the French Commercial Code which requires to integrate subcontractors or suppliers with whom an “established business relationship is established”. [**🕮** See “2018 Reference Document” (pp. 66-68)]

|  |  |  |
| --- | --- | --- |
| **Human rights and fundamental freedoms** | **Individuals’ health and safety** | **Environment** |

* In accordance with the other regulations established for the publication of the management report, the “2018 Reference Document” (pp.104-109) reminds the main **“strategic, operational and financial risks”** whose following in particular:

|  |  |
| --- | --- |
| **Social consequences** | - Seasonality.  - Strategic competencies. |
| **Environmental consequences** | - Industrial, environmental and meteorological risks. |

* **Risk Management:**

In keeping with its aim of constantly improving its management of non-financial risks, the Group has set up a system for regularly monitoring risks relating to ethical, social and environmental responsibility.

Risk mapping details will be updated on a regular basis, and the system includes an assessment questionnaire filled out by each Maison, which is used to determine its current level of maturity in relation to risk management practices in the areas of anti-corruption, respect for human rights, and the protection of the environment, for each of the countries identified as particularly significant given the Company’s level of risk exposure and the scale of its business activities there (revenue, amount of purchases, number of employees).

Based on the results of this questionnaire, the Maisons draw up and implement action plans that outline the initiatives to be taken in order to improve preventive measures for the identified risks and the next steps.

This information is taken into account in letters of representation concerning risk management and internal control arrangements under the “ERICA” internal approach, an overview of which can be found in the “Management of financial and operational risk and internal control” section.

Each year, the Ethics & Compliance Department reports to the Ethics & Sustainable Development Committee of the Board of Directors on the implementation of the Group’s ethics and compliance policy.

The policies put in place to manage the key risks identified above, together with their results, where relevant, are set out in the following documents:

|  |  |
| --- | --- |
| **Social consequences** | * See “2018 Reference Document” (pp. 53 and 86-102). * See “2018 Social Responsibility Report” |
| **Environmental consequences** | * See “2018 Reference Document” (pp. 70-83). * See “2018 Environmental Report” |
| **Supply chain** | * See “2018 Reference Document” (pp. 50-52). * See “Objective Sector” in “2018 Environmental Report” (pp. 30-39) * See “Working with companies specifically employing people with disabilities” and “Contributing to local economies and employment” in “2018 Social Responsibility Report” (pp. 19-20 and 40-41). |
| **Quality and safety** | * See “2018 Reference Document” (pp. 52-53). |
| **Integrity in business** | * See “2018 Reference Document” (pp. 53-55). |
| **Responsible management of personal data** | * See “2018 Reference Document” (p. 55). |

The **risk management relating to supply chain** is based on a combination of the following:

* **identifying priority areas**, informed in particular by the non-financial risk-mapping exercise covering the activities of the Group and its direct suppliers:
* The non-financial risk-mapping exercise determine which suppliers should be audited as a priority. It takes into account country risk, category risk and the amount of purchases in question.

|  |  |
| --- | --- |
| * In addition, in 2018 the Group stepped up its use of the EcoVadis platform, which also helps identify priority suppliers by assessing their ethical, social | **2018-19** |

and environmental performance through the collection of documentary data and external intelligence. More than 500 suppliers to the Group have been invited to use the platform, which Sephora has joined in its own right, alongside the Group Purchasing Department, Louis Vuitton and the Perfumes and Cosmetics business group. The portfolio of Group suppliers that have been assessed have achieved scores higher than the EcoVadis average, notably on environmental and social aspects.

|  |
| --- |
| Two of the four shared targets strategic **LIFE 2020 Program** to be achieved by 2020 (the baseline year being 2013) are particularly linked to the supply chain:   * **Sustainable product design:** By 2020, Group companies must make all their products more environmentally friendly. LVMH’s Perfumes and Cosmetics companies and Wines and Spirits companies undertake to improve their Environmental Performance Index (EPI) score by 10%. * **Suppliers and raw materials:** Group companies must ensure that optimum standards are rolled out in their procurement of raw materials supplies and among their suppliers across 70% of the supply chain by 2020 and 100% by 2025. This “supply chains and suppliers” objective involves all the company’s business sectors, but in different ways, given their respective challenges. |

**Example of the “LVMH Lighting Programme”:**

|  |  |
| --- | --- |
| In 2018, LVMH continued to boost the **LVMH Lighting program**. | **2018-19** |
| To optimize the quality of facilities and cut costs, the Group has reduced the number of its **LED equipment suppliers** to 15. It now wants to develop contracts to govern relations between its suppliers and its Houses. Some of them have begun this process. DFS, for example, signed a two-year contract with its **supplier**. LVMH also contributes to the emergence of high-tech facilities. LVMH is heavily involved in the LED End-Customers Club and in Certiled, a forum for discussions with manufacturers, and opened, during an LED Expo in May 2018, a “LAB” designed **to present innovative solutions to its suppliers**. The LVMH Store Lighting Working Group, a space for dialog with the Houses about green lighting in the boutiques, has generated discussions on new trends such as the white laser. Its desire for excellence also pushes LVMH to work for the consideration of environmental challenges in the design of eco-lighting solutions. This is why it participated in the creation of a think tank of manufacturers in May 2018. The objective is to encourage the marketing of LED equipment with a longer life cycle, and that is repairable, reusable and completely recyclable through the establishment of an eco-design label.  **[🕮** See “2018 Environmental report” (p. 44)] | |

**Example of Socially Responsible Procurement** :

|  |  |
| --- | --- |
| **Partnerships with companies that employ people with disabilities:** | **2018-19** |
| - Services entrusted to organizations or companies in the sheltered and supported employment sector: **EUR 8.3 million** in 2018, **up + 17%** relative to 2017 (EUR 7.1 million).  - Corresponding number of external jobs: **415 FTE** (full-time equivalent), up **+12.7%** in 2017 relative to 2017 (368 FTE).  [**🕮** See “2018 Social Responsibility report” (pp. 19-20).] | |

**Example of promoting startups** :

|  |  |
| --- | --- |
| The LVMH Innovation Award was presented at the Viva Technology event, held in Paris from May 24 to 26, 2018 and dedicated to digital | **2018-19** |
| transformation: **100,000** visitors, **9,000 start-ups**, and **30 start-up finalists** selected from a pool of over **820 applicants** from **58 countries**.  [**🕮** See “2018 Social Responsibility report” (pp. 40-41).] | |

**Example of management of suppliers across the Carbon Footprint** :

|  |  |  |
| --- | --- | --- |
| * A study conducted in 2016 on the environmental impact of the production of the raw materials necessary in the manufacture of the | | **2018-19** |
| Houses’ products was updated in 2018. The study stresses that more than 70% of the emissions are generated by leather, grapes and the glass used in packaging. | | |
| * With the help of its partners, the Group is continuing with its efforts to quantify these emissions within the **scope 3 of greenhouse gas emissions in 2018:** | **2018-19** | |
| - production of raw materials: the main sources of greenhouse gas emissions are leather production (432,000 tCO2e), winegrowing (172,000 tCO2e, which includes vineyards belonging to Maisons as well as grape suppliers) and glass for packaging (158,000 tCO2e);  - inbound transport: movement of raw materials and product components to production sites. Only the main materials and components are taken into account;  - outbound transport: movement of finished products from production sites to distribution platforms.  **[🕮** See:   * “2018 Environmental Report” (p. 44) * “2018 Reference Document” (p. 78).] | | |

**Example of the local procurement:** Special value is placed on the criterion of local sourcing for a good number of our sites, particularly as regards the choice of service providers. Through their procurement policies, Group companies help support local communities. [**🕮** See “2018 Social Responsibility report” (pp. 40-41).]

* **site audits to check that the Group’s requirements are met on the ground:**

The Maisons apply reasonable due diligence measures and audit their suppliers – and, above Tier 1, their subcontractors – to ensure they meet the requirements laid down in the LVMH Supplier Code of Conduct. LVMH also has environmental audit grids adapted to the buyers in a 10-question or 35-question version. Training sessions for LVMH buyers are organized on a regular basis. The Houses can launch compliance audits with their suppliers at any time and are increasingly using this right.

Contracts entered into with suppliers with whom the Group maintains a direct relationship include a clause requiring them to disclose their subcontractors.

|  |  |
| --- | --- |
| For some Maisons, the majority of audits are above Tier 1: at Fendi, for example, 60% of audits completed in 2018 were of subcontractors of direct suppliers. Maisons maintain collaborative working relationships with direct suppliers, helping them conduct audits and draw up any corrective action plans that might be required. | **2018-19** |

|  |  |
| --- | --- |
| The Group uses specialist independent firms to conduct these audits. In 2018, 1,092 audits (not including EcoVadis assessments) were undertaken at 877 suppliers and | **2018-19** |

subcontractors; Maisons using the Sedex platform also had access to the findings of a further 37 audits. The majority of audits cover both workforce-related aspects (health and safety, forced labor, child labor, decent pay, working hours, discrimination, freedom of association and collective bargaining, the right to strike, etc.) and environmental aspects (environmental management system, water usage and pollution, gas emissions and air pollution, management of chemicals, waste management, types of raw materials used, etc.). Some cover workforce-related aspects only (30%) or environmental aspects only (13%). In 2018, the policy to increase the responsibility of LVMH suppliers was again enhanced through pooling. LVMH now has an in-house platform to share audit results and joined EcoVadis, another outside platform to assess the social and environmental responsibility of the suppliers. For example, the Houses of the Perfumes & Cosmetics business sector conducted 20 packaging supplier audits and 26 audits of raw materials suppliers using this pooled method. A total of 105 audits of the same type are scheduled by 2020.



|  |  |
| --- | --- |
| The Maisons focus their efforts on follow-up audits (which accounted for 22% of audits completed in 2018) and preproduction audits of potential suppliers (in 2018, | **2018-19** |

13 potential commercial relationships were not pursued as a result of unsatisfactory audit findings).

|  |  |
| --- | --- |
| In 2018, some Maisons rolled out solutions for directly gathering opinion from suppliers’ employees. For example, to improve its ability to assess human rights and | **2018-19** |

satisfaction levels at supplier sites, Sephora US coordinated three surveys in China with Elevate, a responsible supply chain consulting firm, to directly gather comments from 91 employees via the WeChat platform.

|  |  |
| --- | --- |
| In 2018, 20% of suppliers audited failed to meet the Group’s requirements based on a four-tier performance scale that takes into account the number and severity of | **2018-19** |

compliance failures observed; 4% were found to have critical compliance failures. In such cases, the Group always works with the supplier to draw up a corrective action plan, implementation of which is monitored by the buyer responsible for the relationship within the relevant Maison. Support from specialized external consultants is sometimes offered: this is always the case for Fendi, Loro Piana and Bvlgari’s jewelry business.

|  |  |
| --- | --- |
| When, in spite of the support offered by LVMH, a supplier or its subcontractors prove unwilling to make the effort required to meet the relevant requirements, the | **2018-19** |

relationship is terminated. Nine such relationships were terminated in 2018, the vast majority of them with Tier 2 subcontractors, in agreement with the direct supplier.

* **supplier and buyer support and training:**

|  |  |
| --- | --- |
| In keeping with its aim of providing continuous support and fostering continuous improvement, the Group regularly offers its suppliers training opportunities. For example, in 2018: | **2018-19** |

* 200 Group suppliers took part in training on responsible cotton suppliers, in partnership with members of the Better Cotton Initiative;
* Bvlgari hosted a meeting with around 60 of its suppliers to discuss key issues and actions relating to social and environmental responsibility;
* Targeted training was once again offered through the multiparty Sedex platform, of which LVMH is a member. In 2018, Marc Jacobs added a dedicated CSR training module offered to around 60 employees of its suppliers.
* Working with grape-growers and other partners in the cognac industry, Hennessy supports efforts to preserve ancestral knowledge and skills in areas such as vine-pruning and distillation, and to con­serve plant species to help fight trunk diseases.
* LVMH encouraged by initiatives like the training day organized in March 2018 in Portugal to introduce to their suppliers the advantages of Better Cotton.
* The Houses also know how to anticipate in order to improve the scores obtained during the audits.
* For example, in November 2018, Belvedere organized its 13th seminar in Poland based on a partnership program set up with scientists and its raw materials suppliers to improve the quality of the spirits, deploy agricultural methods that protect the environment, and guarantee the purchase of local rye.
* In 2018, Fendi had 314 audits conducted. The company developed specific criteria to assess the performances of its suppliers at the social and environmental levels. These performances now count for 20% in the total assessment, along with price, delivery time, quality and development. Between 2017 and 2018, Fendi sharply increased the audits of raw materials suppliers for the production of its ready-to-wear and fur items. Audits jumped from 103 to 149, an increase of 44%. The House is now preparing the next step. It will audit the suppliers of threatened raw materials in 2019.

|  |  |  |
| --- | --- | --- |
| **Prudent use of chemical compounds in production processes** [**🕮** See “2018 Reference Document” (p. 52)]**:**   * LVMH is committed to safeguarding against risks inherent in the use of chemical compounds, and complies with regulations, industry group recommendations and opinions issued by scientific committees in this field. The Group is constantly seeking to anticipate changes in this area, drawing on its employees’ expertise to produce only the safest products. * The Group’s experts regularly take part in working groups set up by domestic and European authorities and play a very active role within industry groups. Their ongoing monitoring of changes in scientific knowledge and regulations has regularly led LVMH to prohibit the use of certain substances and make efforts to reformulate some of its products. * The Group’s Maisons have customer relations departments that analyze customer complaints, including those relating to adverse effects. * The **Perfumes and Cosmetics** business group has a dedicated team of specialists who provide the Maisons with access to a European network of healthcare professionals able to quickly respond to help consumers experiencing side effects. Such post-market surveillance makes it possible to explore new avenues of research and constantly improve the quality and tolerance with respect to the Group’s products. The Maisons in this business group comply with the most stringent international safety laws, including the EU regulation on cosmetics. Their products must meet very strict internal requirements covering development, quality, traceability and safety. * Maisons in the **Fashion & Leather Goods** and **Watches & Jewelry** business groups abide by the **LVMH Restricted Substances List**, an internal standard that prohibits or restricts the use of certain substances in products brought to market, as well as their use by suppliers. This standard, which notably applies to metal parts, goes beyond regulatory requirements and is regularly updated  |  |  | | --- | --- | | in response to ongoing monitoring of scientific developments. In 2018, more than 300 employees and around 100 suppliers received training in how to apply it. | **2018-19** |  * To help suppliers eliminate the substances on this list, the Group’s Environment Department has produced specific technical guides suggesting alternatives. Training is regularly offered on this subject. * Another in-house tool, the LVMH Testing Program, reinforces the control system of Maisons in the Fashion and Leather Goods business group, allowing them to test the highest-risk substances for different materials at five partner laboratories. * For example, in 2017 **Sephora** was particularly active in its two major supply categories [indirectly and on behalf of its own brand (S+)] providing CSR coaching and training for its main suppliers in order to help them to improve their performance in annual reassessments. |

|  |  |
| --- | --- |
| At the same time, the Group ensures that its buyers receive training in issues relating to responsible purchasing. For example, in 2018: | **2018-19** |

* five training sessions were made available to the Purchasing community on assessing environmental risk at supplier sites;
* the Perfumes and Cosmetics business group trained 15 buyers in how to effectively monitor corrective action plans;
* Louis Vuitton delivered dedicated training to buyers tasked with monitoring SA8000 certification audits and corrective action plans;
* over a hundred people took part in the annual Responsible Purchasing seminar run in November by the Group Purchasing Department, in cooperation with the Environment Department. The seminar is an opportunity for attendees from different Maisons to share experience and best practice in relation to social and environmental responsibility.

|  |  |  |
| --- | --- | --- |
| **Training:**   * In 2017, the Group’s Internal Control Department launched the LVMH Internal Control Academy, the main aim of which is to provide structured management for the entire network of controllers, internal auditors and officers in these areas. As such, this three or four-day training course called “The Fundamentals” was implemented in France and abroad; this training course was entirely created and run by senior internal controllers within LVMH group companies. * The Group’s training efforts also include a number of programs and modules dedicated to the environment, such as safety and preventing risks at work.  |  |  | | --- | --- | | * The Environment Department thus works to inform, train and raise awareness among employees with regard to the conservation of natural | **2018-19** |   resources. In 2016, the Group established an Environment Academy to serve this role. The Academy designs courses in line with the objectives of the LIFE program, employing a range of educational methods and materials – face-to-face training sessions, e-learning modules, virtual classes, etc. – and covering a large number of subjects, from eco-design to environmental audits. In addition, almost all Maisons continued with their employee environmental training and awareness programs. These programs totaled 20,196 hours. [**🕮** More information in the “2018 Environmental Report” (p. 13)] |

* **participating in cross-sector initiatives covering high-risk areas:**

In addition to its actions aimed at direct suppliers, LVMH takes part in initiatives intended to improve visibility along supply chains and throughout subcontractor networks, to ensure that it can best assess and support all stakeholders.

|  |  |
| --- | --- |
| Working groups have been put in place and targeted programs rolled out to address issues specific to each of the industry sectors in which the Group operates. To | **2018-19** |

maximize efficiency and optimize influence over subcontractors’ practices, preference is generally given to sector-specific initiatives covering multiple purchasing entities.

* For Maisons in the Watches and Jewelry business group, the mining sector, which is highly fragmented and relies substantially on the informal economy, carries significant risks to human rights. As such, the Maisons have formally committed under the LIFE 2020 program to ensuring that all diamond and gold supplies are certified by the Responsible Jewellery Council (RJC). Alongside suppliers and other pioneering competitors, LVMH also participates in the Coloured Gemstones Working Group run by sustainable development consultancy The Dragonfly Initiative, aimed at optimizing oversight of supply arrangements for colored gemstones.
* Maisons in the Perfumes and Cosmetics business group have signed up for the Responsible Beauty Initiative run by EcoVadis, working with major sector players to develop action plans in response to business-specific issues. Work to map Indian mica supply chains began in 2015, followed by a program of audits down to individual mine level. Over 80% of the supply chain has been covered to date. The business group is also involved in the Responsible Mica Initiative, which aims to pool sector stakeholders’ resources to ensure acceptable working conditions in the sector by 2022. Lastly, the Maisons in the Perfumes and Cosmetics business group have exceeded their target of using at least 50% RSPO (Roundtable on Sustainable Palm Oil) certified palm oil derivatives by the end of 2018 (79% of certified derivatives, by weight).
* For Maisons in the Fashion and Leather Goods business group, specific traceability requirements applicable to the leather and cotton sectors have been incorporated into the LIFE 2020 program. Leather traceability is taken into account via the score resulting from audits of the Leather Working Group standard. Meanwhile, 70% of cotton supplies must meet responsible criteria (such as the GOTS, Certified Recycled or BCI standards) by 2020.
* For all Maisons, and more specifically those in the Selective Retailing, Wines and Spirits and Perfumes and Cosmetics business groups, particular attention is paid to purchases of packaging materials due to fragmentation of production processes in this sector.
* **Assessment and control procedures in place.** [**🕮** See “2018 Reference Document” (p. 110-115)]

**Blueprint For Corporate Sustainability Leadership**

**Value Chain Implementation:**

**☑ Communicate policies and expectations to suppliers and other relevant business partners:**

**1. Codes of Conduct:**

* The LVMH ethical and good governance principles are included in the **LVMH Code of Conduct**, which has been adopted at the Board meeting following the AGM on May 14th 2009 and revised in 2017 (inspired by the Group’s values as well as the principles of the Universal Declaration of Human Rights, the Global Compact and the OECD Guidelines for Multinational Enterprises). This Code of Conduct serves as the common foundation and source of inspiration in this area for all of our brands or business lines. This Code indicates that *«**LVMH supports its partners to establish and respect good corporate social and environmental practices and encourages their awareness of the importance of these issues. In particular, LVMH requires suppliers to comply with the ethical principles set out in the Supplier Code of Conduct. This Code specifies requirements to be respected by its suppliers, including any subcontractors they employ, in the management of their business regarding social issues (prohibition of forced labor and child labor, harassment and discrimination, measures related to wages, working hours, the free exercise of union rights, health and safety), environmental issues and operational issues (notably respect for laws, customs regulations, safety and subcontracting) and measures to fight corruption and illicit influence. This Supplier Code of Conduct also gives LVMH the right to conduct audits to ensure, as far as possible, supplier compliance with these principles. LVMH maintains balanced commercial relations with its partners and places special emphasis on respect for contractual agreements and terms of payment.**»* (pp. 10-11).
* In 2017, the **Supplier Code of Conduct** was revised in order to provide more detail about the principles of conduct expected of suppliers, particularly in terms of professional integrity. The revised Code specifies requirements relating to labor (prohibition of forced labor, child labor, harassment, discrimination, provisions regarding pay, working hours, freedom of association, health and safety), environmental provisions, business conduct (in particular relating to legality, customs, security and subcontracting) and measures to prevent and combat corruption and influence peddling that must be respected by suppliers and any subcontractors in managing their business. The Supplier Code of Conduct specifies that suppliers of LVMH and Group companies are guarantors of the work carried out by their own subcontractors and suppliers and guarantee that the latter comply with the principles set out in the Code as well as relevant obligations. It also gives LVMH an audit right that allows it, as far as possible, to ensure that these principles are effectively observed. If the Supplier Code of Conduct is violated by one of its suppliers or a supplier or subcontractor of a supplier, LVMH or the Group company concerned reserve the right to review and, possibly, end the commercial relationship subject to the conditions provided by law.
* **"Environmental Charter" and “LIFE 2020”:** The commitment to protect environment is formalized in the Environmental Charter adopted in 2001 and applied by all LVMH Maisons. It is also embodied by the strategic LIFE Program 2020 (LVMH Initiatives For the Environment) which has been incorporated by all LVMH Maisons to structure their initiatives and focus them on nine shared priority areas and objectives , and particularly to promote environmental and social responsibility of suppliers and work with them to ensure best-in-class environmental standards across our supply chain;

|  |  |
| --- | --- |
| **2. Targets relating to specific challenges for groups of activities:**  [**🕮** See “2018 Reference Document” (pp. 74-76) and “2018 Environmental Report” (pp. 30-39)] |  |

* **Compliance with regulations:** LVMH’s sustainable procurement policy is based on one foundation: the very high level of attention paid to the traceability and compliance of the materials and substances used to manufacture the products marketed.
* LVMH’s sustainable procurement policy begins with very careful attention to the compliance of the materials and substances used to manufacture the products. The Group scrupulously ensures compliance with national and international regulations in this area. For example, it ensures application of the regulations resulting from the implementation of the **Nagoya protocol**, which is intended to provide better protection for the planet’s species and ecosystems, and share the benefits more equitably; application of the **CITES** for trade in certain exotic plants and leathers; the **2013 European Wood Regulation** and the environmental obligations related to the **Common Agricultural Policy** for grapes.
* Compliance with regulations is the vital foundation on which LVMH has constructed a much more ambitious approach that is equal to its push for excellence. To develop this approach, the Group takes into account the opinion of scientific committees and the recommendations of professional associations. It has established internal rules for the development of new products and ensures they are applied by its suppliers. It has also established a virtuous circle by identifying the most stringent regulations and assisting its Houses and their partners to comply with them. Thus, since 2013, each supplier has undertaken by letter to comply with the **REACH regulation** (Registration, Evaluation, Authorization and Restriction of Chemicals), which has governed the registration, evaluation and authorization of chemical products within the European Union since 2007 (or similar regulations such as **Proposition 65** in California). To provide greater support for the Houses in their substitution and innovation projects, LVMH has set up a network of REACH correspondents who meet regularly with the Environment Department.
* The Group has taken this one step further for its Fashion, Leather Goods and Watchmaking Houses, and has its own **LVMH Restricted Substances List (RSL)**, which prohibits or restricts the presence of certain substances in the items sold and their use by suppliers. The Fashion & Leather Goods Houses also have access to the **LVMH Testing Program**. This program allows them to use partner laboratories to test substances considered riskier because of the materials. In addition to these initiatives, specific guides have been developed to assist suppliers to eliminate substances and use alternatives.

|  |  |
| --- | --- |
| * In late 2018, LVMH joined the **Zero Discharge of Hazardous Chemicals program**. This membership is a first step and symbolizes the goal of the Group’s | **2018-19** |

Houses to not only have a Product Restricted Substances List but also a Manufacturing Restricted Substances List, which controls the use of substances directly at the manufacturing sites.

* Concerning **security and health related to Perfumes and Cosmetics products**, the LVMH Group has already been working for several months on establishing procedures so that it is ready when the new european regulation n° 1223/2009 on cosmetic products adopted on November 30, 2009 took effect on July 2013. Finally, the LVMH Group is in compliance with the Globally Harmonized System Regulation, intended to harmonize the classification and labeling of chemicals.
* A **legal intelligence** team has also been set up in order to better manage the heightened risk of liability litigation, notably that to which the Group’s brands are particularly exposed.
* Particularly in the Perfumes & Cosmetic activities the Group remains particularly vigilant to ensure continuing compliance with regulatory requirements, while monitoring the opinions of scientific committees, and the recommendations of industry associations in Europe and throughout the world. Moreover, new products must abide by a set of strict internal guidelines imposed by the Group as criteria for their development. The Group also requires that its suppliers adhere to these same guidelines.
* Honoring its commitments in this area for the last several years, the LVMH group has accompanied this policy with an approach that aims to anticipate developments in international regulations. This anticipation is made possible thanks to the efforts of the Group’s experts, who regularly take part in the working groups set up by national and European authorities, and are very active in professional organizations. Ongoing monitoring of changes in regulatory frameworks and the development of scientific knowledge by the Group’s experts has regularly led LVMH to prohibit the use of some substances and make efforts to reformulate some of its products.
* **Sourcing and safeguarding raw materials:**

The LVMH Group has a specific strategy for sourcing and safeguarding raw materials. The choice of components and raw materials used in product manufacture is key to safeguarding the environment and precious resources. The attractiveness of the Group’s products depends, from a quantitative and qualitative standpoint, on being able to ensure adequate supplies of certain raw materials. In addition, from a qualitative perspective, these products must meet the Group’s exacting quality standards.

* **Table tracking LIFE 2020 sector objectives:**

|  |  |
| --- | --- |
| The “2018 Environmental Report” (page 39) publishes a table with the **different performances and objectives concerning raw materials**: | **2018-19** |
|  | |

* **Certifications and partnerships:**

|  |
| --- |
| See:  ▶ Criterion 18: Partnerships and collective action. |

To develop its responsible purchasing, LVMH relies on certification, which is a guarantee that practices comply with the highest environmental standards in its supply chains.

Since 2018, for example, nearly 80% of the palm oil by-products purchased by the Group are RSPO (Roundtable on Sustainable Palm Oil) certified. Within the framework of LIFE 2020, the Group has set new objectives. By 2020, 100% of the volumes of gold and diamonds purchased by its Houses will have to be certified. In addition, 70% of the leathers will have to come from LWG (Leather Working Group) certified tanneries; 70% of the cotton purchased must meet responsible criteria (such as the GOTS, Certified Recycled or BCI standards) by 2020; 70% of fur farm stock purchased will have to be certified. In 2025, these rates must be raised to 100%. The Group is at the ready to help its Houses achieve these objectives. For example, since 2017, it has conducted a campaign for LWG certification of the tanneries that supply its leathers. Five new tanneries were certified in 2018, which raises the rate of leather volumes purchased by LVMH from LWG certified tanneries to 48%.

For all Maisons, and more specifically those in the Selective Retailing, Wines and Spirits and Perfumes and Cosmetics business groups, particular attention is paid to purchases of packaging materials due to fragmentation of production processes in this sector.

|  |  |  |
| --- | --- | --- |
| |  |  | | --- | --- | | On May 14, 2019, LVMH announces signature of a **five-year partnership with UNESCO** to support **Man and Biosphere (MAB) biodiversity** | **2018-19** |   **program.** LVMH and the Group’s Houses will rely on UNESCO’s scientific expertise in the sustainable industries sourcing program via its network of 686 biosphere reserves. As a result, the Houses benefit from regional and international networks of experts useful for the creation and success of their actions to protect biodiversity. This partnership will also facilitate the implementation of innovative solutions for sustainable management of natural resources and the identification of products and new markets based on the quality and traceability of the materials. In addition, LVMH will participate in the scientific research projects supported by the MAB and will contribute to some of its infrastructures to set up pilot sites for the conservation and responsible use of biodiversity over the long term. |

|  |  |  |
| --- | --- | --- |
| In the context of BSR, LVMH participated in 2016 in the drafting of a new version of the Animal Sourcing Principles and promotes its distribution with the suppliers affected. Launched at the end of 2018, to strengthen the existing approaches and to supplement the LIFE program, an in-depth project to formalize more ambitious, cross-divisional commitments on animal supply chains,   |  |  | | --- | --- | | including animal well-being, have been fully unveiled. On September 25, 2019, LVMH presents **Animal-based Raw Materials Sourcing Charter**. | **2018-19** |   The fruit of extensive scientific research and collaboration between its Environment Department, Maisons and suppliers, the Animal-based Raw Materials Sourcing Charter addresses the complex issues involved in sourcing of furs, leathers, exotic leathers, wool and feathers. The Charter takes an exhaustive approach supported by concrete resources and long-term commitments encompassing three areas: animal husbandry and trapping, traceability, and respect for people, the environment and biodiversity. |

* **Fashion & Leather Goods :**
* **Better Coton:** The cotton purchasing policy of LVMH is one illustration. While cotton fiber is highly appreciated around the world, its use has a number of impacts on the environment, which can lead to heavy water consumption, the use of pesticides and the erosion of soils. Therefore, the Houses are replacing conventional cotton with alternatives, such as **Better Cotton or organic cotton**.

|  |  |  |
| --- | --- | --- |
| |  |  | | --- | --- | | All the Houses have begun transition to more sustainable alternatives. Today, for example, Louis Vuitton is supplied with Better Cotton to | **2018-19** |   manufacture 100% of the protective covers for its items before they are given to the customers. Organic cotton is also used: it now represents 100% of the cotton used at Baby Dior, and Celine Leather Goods and Loewe use it to manufacture all their packaging for leather goods. |

* **Fur**, a key resource for LVMH. On this sensitive issue, the Group respects each individual’s personal choices. The Group’s intention is to provide customers who want to wear fur with a product that has been made in the most responsible and ethical manner possible: compliance with all regulations governing the fur trade, no use of fur from endangered species, and a supply composed of certified skins. LVMH and its Houses work hand in hand with primarily European and American suppliers. Absolute priority is given to certified skins coming from farms that are audited regularly, with the results verified by independent third parties. These audits are based on recognized quality standards, such as the European **WelFur label** or the standards developed by **SAGA** and the American players. In addition, LVMH actively works on the development of the **FurMark certification** with the **International Fur Federation**, which will serve as an umbrella for all existing certifications and will have a more direct and active control of the existing standards.
* **Exotic leathers:** LVMH is also extremely attentive to its supplies of exotic leathers, such as crocodile leathers. As part of a global approach on the conditions under which animals are raised and animal well-being, LVMH is far ahead of the regulations governing supplies of crocodile leathers by launching a brand new standard. These new criteria have been developed and validated by a committee of technical experts, including the independent **NSF International** organization. The new certification has already been awarded to three farms that supply Singapore-based Heng Long, a tannery wholly owned by LVMH. It strengthens the traceability requirement already met by the tannery. Around 20 farms that supply Heng Long and are situated in Australia, Zambia, Zimbabwe, Kenya and the United States will be certified by the end of 2020. This new standard is based on four pillars:

**-** the preservation of the species and respect for local communities;

**-** the well-being of the animal through the stages of its life;

**-** the working conditions of the men and women on the farms;

**-** the protection of the environment.

In order to control the entire supply chain for crocodile leathers, a first important step was initiated by the Group in 2011 with the acquisition of Heng Long, a tannery of high-quality crocodile leathers. Heng Long is the first and only tannery of exotic leathers in the world to be **Leather Working Group (LWG) certified** since 2017 for its respect for the environment and the working conditions of its teams. It is recognized and appreciated by the world’s largest luxury goods groups and supplies the Group’s Houses and other players in the sector. For six years, the tannery has worked hand in hand with its partner farms and with scientific experts and veterinarians to improve the conditions in which the crocodiles are raised. The results of the research projects conducted and the texts of the Crocodile Specialist Group of the International **Union for Conservation of Nature (IUCN)** served as the bases for the new LVMH standard. The audit protocol was created by a committee of internationally recognized experts, including NSF International, which led and facilitated the process thanks to its expertise in the development of animal breeding conditions. The first three farms to supply Heng Long have already obtained certification by NSF International. The Group is committed to have all farms that supply Heng Long certified under this standard by the end of 2020.

In this way, LVMH guarantees respect for the well-being of the animals on these farms (handling, intervention of a veterinarian on site, quality of the living space and food) in addition to the traceability of 100% of the skins already in place. Work is also under way on animal well-being for the production of reptile and semi-exotic leathers. In 2018, for example, LVMH made its collaboration with the **SARCA** official. This collaboration will lead to the development of a diagnostic on the numbers of animals and the species used by the sector, a prelude to a study on improving practices. The Group sees in these initiatives a significant, long-term investment for social, ethical and sustainable development that contributes to the protection of breeders and animal species that are otherwise threatened.

|  |  |  |
| --- | --- | --- |
| |  |  | | --- | --- | | As part of a global approach to the conditions under which animals are raised and for animal well-being, LVMH is far ahead of the | **2018-19** |   regulations governing supplies of crocodile leathers by launching a brand new standard at the start of 2019. *“Due to insufficient rules regarding the supply of crocodiles, the Group is setting up a new frame of reference by launching a pioneering standard for the industry,”* says Jean-Baptiste Voisin, Chief StrategyOfficer, LVMH Group.  A first important step was initiated by the Group in 2011 with the acquisition of Heng Long, a Singapore-based tannery of high-quality crocodile leathers.  For seven years, the tannery has worked hand in hand with its partner farms and with scientific experts and veterinarians to improve the conditions in which the crocodiles are raised.  The results of this work as well as the reports of the Crocodile Specialist Group of the **IUCN** have enabled the Group to go further in mastering the entire supply chain and have served to underpin a new LVMH standard which rests on four pillars:  – the preservation of the species and respect for local communities;  – the well-being of the animal throughout the stages of its life;  – the working conditions of the men and women on the farms;  – protection of the environment.  These new criteria have been developed and validated by a committee of technical experts, including the independent **NSF International organization**. Three farms supplying Heng Long have now been audited and certified by an independent body. The Group is committed to have all farms (in Australia, Zambia, Zimbabwe, Kenya and the United States) that supply Heng Long certified under this standard by the end of 2020. |

* **Wool:** Animal well-being in the wool supply chain is another priority for LVMH. The Group is working to improve sheep breeding practices, particularly by encouraging breeders of merino sheep in Australia to develop satisfactory and effective alternatives to mulesing. It is encouraging its suppliers to deploy alternatives and to adopt sustainable standards like the **Responsible Wool Standard (RWS)**.

The Houses are aware of their responsibility in the well-being and conservation of the animals raised for their wool. This explains the commitment of **Loro Piana to protect the vicuña**. This small camelid typical in the high-altitude areas of South America is threatened with extinction. The House has taken action, finding outlets for its high-quality wool, importing breeding techniques from Australia, and even creating a natural park where 3,000 animals now live. These efforts have been successful. The herd has grown from 55,000 twenty years ago to 400,000 today.

|  |  |
| --- | --- |
| In Peru, Loro Piana strengthened its commitment to the vicuña by launching the **“Acqua” project** in mid-2018. The goal is to protect | **2018-19** |

the water, which is becoming scarce in certain sectors because of global warming. This change has irreversible effects on the habitat of the vicuñas and, more generally, on the fauna, flora and local populations. As a result, Loro Piana decided to act to control the situation. In the region of Arequipa, the House has been working for several months to test different technical solutions designed to collect the water in reservoir basins and then to use it to irrigate pastures and create wet zones. The most efficient solutions will be rolled out on a large scale, including in other regions of Peru.

Several projects are also being monitored and deployed by LVMH and its Houses for the cashmere supply chain via the **Sustainable Fiber Alliance** and the **Textile Exchange platform**.

* **Leather:** With regard to the traditional leathers from cattle, sheep and goats, LVMH knows that the quality of the finished products is linked to good breeding and raising conditions, for the breeders and for the animals. This explains the Group’s commitment for many years to improve breeding and raising practices in close collaboration with the relevant professional organizations. This collective and participative approach promotes the dissemination of improvements and their validation by scientists. It also prevents a “race to the bottom” competition, which is a source of bad practices. LVMH also participates in the **Responsible Leather Initiative** led by **Textile Exchange**, which is aimed at defining the best environmental and social practices, from breeding through to tanning.
* **Watches & Jewelry:** For Maisons in the Watches and Jewelry business group, the mining sector, which is highly fragmented and relies substantially on the informal economy, carries significant risks to human rights.
* The Maisons have formally committed under the LIFE 2020 program to ensuring that all diamond and gold supplies are certified by the Responsible Jewellery Council (RJC). Today, all the Houses of the Watches & Jewelry business sector are certified **RJC**.
* Bvlgari has become the first company in its market to earn the **CoC (Chain of Custody) “Traceability Chain” certification** introduced by the RJC. This certification for the production of gold jewelry guarantees the exclusive use of responsible gold – from the point of extraction to the point of sale. At the end of 2018, almost all gold purchased by Bvlgari was certified.
* Alongside suppliers and other pioneering competitors, LVMH also participates in the Coloured Gemstones Working Group run by sustainable development consultancy **The Dragonfly Initiative (TDI)**, aimed at optimizing oversight of supply arrangements for **colored gemstones**.
* **Perfume & Cosmetics:**
* Maisons in the Perfumes and Cosmetics business group have signed up for the **Responsible Beauty Initiative** run by **EcoVadis**, working with major sector players to develop action plans in response to business-specific issues. Work to map Indian mica supply chains began in 2015, followed by a program of audits down to individual mine level. Over 80% of the supply chain has been covered to date.
* The business group is also involved in the **Responsible Mica Initiative**, which aims to pool sector stakeholders’ resources to ensure acceptable working conditions in the sector by 2022.

|  |  |
| --- | --- |
| * Lastly, the Maisons in the Perfumes and Cosmetics business group have exceeded their target of using at least 50% **RSPO (Roundtable on** | **2018-19** |

**Sustainable Palm Oil)** certified palm oil derivatives by the end of 2018 (79% of certified derivatives, by weight).

* The Perfumes & Cosmetics Houses are working to establish a supply chain while preserving plant resources. Guerlain, in particular, has set up several sustainable chains for its **exotic raw materials**. Following Chinese orchids, Indian vetiver, and even French lavender, the company has recently developed a new supply chain for Australian sandalwood. After establishing contact with the company Santanol during a trade show, Guerlain’s perfumer Thierry Wasser visited this producer’s sandalwood fields. Seduced by their potential, he offered his expertise to assist Santanol in obtaining an excellent product, through a responsible process aimed mainly at preserving local biodiversity. This Australian sandalwood made a remarkable entry at Guerlain, since it is used as one of the signature ingredients of *Mon Guerlain,* the women’s perfume launched in 2017.
* **Wines & Spirits (sustainable viticulture):**
* Champagne Houses were the first in the region to receive **sustainable viticulture** **certification** in 2014, and then in 2015 to earn the double sustainable viticulture and high environmental value agriculture certification for their entire vineyard. Since 2016, they have been assisting their grape suppliers to follow suit, particularly through training actions.

|  |  |
| --- | --- |
| * In April 2018, an additional step was taken. In conjunction with the renewal of their approval to provide phytopharmaceutical product | **2018-19** |

services, the Champagne Houses were also qualified as **“sustainable viticulture service providers”**. With this dual recognition, the Houses can now encourage the deployment of sustainable viticulture by working with their vineyard partners that entrust the Houses with their plots.

|  |  |
| --- | --- |
| * The Houses are also continuing their actions to increase awareness of the challenges and opportunities of sustainable wine growing in Champagne, | **2018-19** |

as illustrated by the **conference** they organized on this subject **during Green Week 2018**.

|  |  |
| --- | --- |
| * In order to develop sustainable viticulture, LVMH innovates. Hennessy’s policy in this area is an illustration. The company joined the **DEPHY** | **2018-19** |

**network of farms**, charged with promoting the establishment of cropping systems that reduce the use of phytosanitary products. In 2018, it continued its work in this area, using the technique of sexual confusion over 46 hectares of land to limit the use of insecticides and testing new options, such as the use of an algae-based green fungicide. As a result of its commitment, Hennessy achieved the objectives of the **Ecophyto 2025 plan** during the year, six years ahead of schedule.

|  |  |
| --- | --- |
| * For many years, the House has also conducted agri-environmental trials. In 2018, for example, it experimented with a mix of Chinese radishes, | **2018-19** |

oats and vetch grass for plant covers between the rows and a varied mix of green fertilizers on the resting plots. In addition to these initiatives, measures beneficial to the local biodiversity were also taken, including the establishment of 10 hectares of fallow land of nectar plants intended to prepare the soil before a new planting, the preservation of 6 hectares of prairie, and even the planting of 685 meters of shrub hedges.

***Robust Human Rights Management Policies & Procedures***

**Criterion 3: The COP describes robust *commitments, strategies or policies* in the area of human rights:**

**☑ Commitment to comply with all applicable laws and respect internationally recognized human rights, wherever the company operates (e.g., the Universal Declaration of Human Rights, Guiding Principles on Human Rights) (BRE1 + ARE1)**

* **Commitments:**

The Group is committed to acting responsibility in every business sector, and to ensuring that human rights are respected in all of its establishments including in countries where these rights are not sufficiently entrenched. LVMH is very careful to promote Human Rights and the respect of ILO’s fundamental principles.

|  |
| --- |
| ▶ See also in CRITERION 1: “1. Commitment and involvement at the highest level”. |

* **Compliance with international conventions:**

[**🕮** See:

- “2018 Reference Document” (pp. 46-47)

- “2018 Social Responsibility Report” (pp. 8-9).]

* Group companies provide an overview of their corporate social responsibility initiatives in a **yearly CSR (Corporate Social Responsibility) reporting survey**, which supplements the Group’s reporting on employee-related issues. This survey, which is carried out across all Group companies, 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**.

|  |  |
| --- | --- |
| * **Last commitments in the field of “on discrimination” and “social diversity”:** |  |

|  |  |
| --- | --- |
| * On March 8, 2018, Antoine Arnault – a member of the LVMH Group’s Board of Directors – officially confirmed LVMH’s participation **in a** | **2018-19** |

**public-private task** **force to promote gender equality**, at the invitation of the French President and at the proposal of the Secretary of State for Gender Equality. The **World Economic Forum in Davos** is behind the initiative, which for the past five years has invited volunteer countries to set up a public-private consortium with the aim of drawing up a three-year action plan with associated targets to discuss and promote best practice in the area of workplace gender equality. France is the first European country to take part in the initiative. (“2018 Social Responsibility Report”, p. 16)

|  |  |
| --- | --- |
| * In December 2018, LVMH signed the **#StOpE charter**, committing to fight “everyday” sexism in the workplace and to implement one of the eight priority actions set out in the charter starting in 2019. [**🕮** See “2018 Social Responsibility report” (pp. 9 and 15).] | **2018-19** |

|  |  |
| --- | --- |
| * On March 14, 2019, LVMH strengthens its commitment to building an inclusive company culture by signing the **UN standards of conduct for** | **2018-19** |

**business**, which fight against discrimination towards **LGBTI (Lesbian, Gay, Bisexual, Transgender, Intersex) people** (https://www.lvmh.com/news-documents/news/lvmh-strengthens-its-commitment-to-building-an-inclusive-company-culture-by-signing-the-un-standards-of-conduct-for-business-which-fight-against-discrimination-towards-lgbti-people/). On June 26, 2019, LVMH Maisons in the U.S. sign United Nations Standards of Conduct, joining the fight against LGBTI + discrimination (https://www.lvmh.com/news-documents/news/lvmh-maisons-in-the-u-s-sign-united-nations-standards-of-conduct-joining-the-fight-against-lgbti-discrimination/ ).

**☑ Integrated or stand-alone statement of policy expressing commitment to respect and support human rights approved at the most senior level of the company (BRE 1 + BRE5 + ARE 1 + ARE 5)**

**☑ Statement of policy stipulating human rights expectations of personnel, business partners and other parties directly linked to operations, products or services (BRE 1)**

**☑ Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties (BRE 1 + BRE 5 + ARE 1 + ARE 5)**

|  |
| --- |
| ▶ See also in CRITERION 1: “1. Commitment and involvement at the highest level”. |

The following statements and documents are publicly available on the LVMH website (<http://www.lvmh.com/investors/profile/governance-sri/> ) and on the intranet website (“LVMH Mind”) launched in 2009 in order to better communicate internally the Group’s commitment to responsible corporate citizenship.

In addition to the Code of Conduct:

* a series of **internal guiding principles** has been put together that aim to guide employees of the Group and Group companies in implementing the Code on a day-to-day basis: the guiding principles. These documents, which can also be accessed by employees on the Ethics and Compliance Intranet, constitute reference guides for certain topics relating to business ethics. [**🕮** See “2018 Reference Document” (pp. 54 and 113).]
* The **LVMH Recruitment Code of Conduct**, adopted in 2009, has been widely disseminated to all employees involved in recruitment processes across the Group. It sets forth the ethical hiring principles to be observed at LVMH in the form of fourteen commitments. Special emphasis is placed on preventing any form of discrimination and on promoting diversity. 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. With regard to the links between continued employment and preventing discrimination, various policies and best practices have been applied by Group companies.

**Criterion 4: The COP describes effective *management systems* to integrate the human rights principles:**

**☑ Process to ensure that internationally recognized human rights are respected**

**☑ On-going due diligence process that includes an assessment of actual and potential human rights impacts (BRE 2 + BRE 3 + ARE 2 + ARE 3)**

* **Risk identification:**

|  |  |
| --- | --- |
| Human rights and fundamental liberties are clearly identified in the **“risk identification” process**. [**🕮** See “Risk identification”. in “2018 Reference Document” (p. 49).] | **2018-19** |

|  |
| --- |
| « (…)The non-financial risk-mapping exercise was undertaken in 2018with the assistance of global risk and strategic consultingfirm Verisk Maplecroft, which specializes in analyzing political,economic, social and environmental risks.  It was based on an assessment comparing external benchmarking indicators provided by Verisk Maplecroft with qualitative and quantitative information provided internally by various Group entities, such as their level of activity, the amount of purchases by category, the number of production, logistics and retail sites, and the number of employees.  The exercise analyzed a wide variety of factors by geography and sector whose in particular child labor, decent pay and working hours, workplace discrimination, freedom of association and trade union membership, health and safety, forced labor…  The resulting risk map separates out administration, production and distribution activities across these various risks, highlighting the severity of potential risks arising from the Group’s own  activities and those of its supply chain.  Based on an array of data – including this mapping work, feedback from the Maisons’ networks of Ethics & Compliance, Social Responsibility and Environment correspondents, and an assessment of the impact and probability of occurrence of the various risks identified – the following have been classified by representatives of the Group’s central functions and senior management as “key risks” in light of the Group’s activities, in particular:  - setting up and maintaining responsible supply chains;  - safeguarding health and safety at work;  - implementation of a policy of employee inclusion and fulfillment;  - shortcomings in the implementation of rules governing the  protection of personal data;  - shortcomings in the implementation of business practice compliance arrangements. (…) » |

“Human rights and fundamental freedom” are also two of the components of the vigilance plan developed in accordance with Article L.225-102-4 of the French Commercial Code (the implementation of the Law of March 27, 2017 concerning the duty of reasonable vigilance). By reminder, the French law requires the establishment of a reasonable “vigilance plan” to identify risks and to prevent serious violations of human rights and fundamental freedoms, human health and safety and the environment as a result of the activities of the company and those of the companies it controls, directly or indirectly, as well as the activities of subcontractors or suppliers with whom an established business relationship is maintained. [**🕮** See “2018 Reference Document” (pp. 66-68).]

|  |  |
| --- | --- |
| * In accordance with Article L.225-102-1 of the French Commercial Code, the information constituting the Group’s statement of non-financial performance | **2018-19** |

includes main social and human rights risks that may impact its stakeholders whose suppliers and their workers. [**🕮** See “2018 Reference Document” (pp.61-65)]

|  |  |
| --- | --- |
| **Social consequences** | In particular:  - Implementation of a policy of employee inclusion and fulfillment. |
| **Respect for human rights** | In particular:  - Setting up and maintaining responsible supply chains (aspects relating to respect for human rights).  - Implementation of a policy of employee inclusion and fulfillment (aspects relating to the fight against discrimination and the promotion of diversity).  - Shortcomings in the implementation of rules governing the protection of personal data. |

* The implementation of the Law of March 27, 2017 concerning the duty of reasonable vigilance by parent and ordering companies has resulted in improved identification of risks and helps to prevent serious abuses of human rights and fundamental liberties, health and safety of persons, and the environment. The **“vigilance plan”** takes into account “first tier suppliers” in accordance with Article L.225-102-4 of the French Commercial Code which requires to integrate subcontractors or suppliers with whom an “established business relationship is established”. [**🕮** See “2018 Reference Document” (pp. 66-68)]

The three issues and among them “Human rights and fundamental freedoms”:

|  |  |  |
| --- | --- | --- |
| **Human rights and fundamental freedoms** | Individuals’ health and safety | Environment |

* **Risk management:**

|  |
| --- |
| ▶ See in CRITERION 2: “Risk management”. |

* **Internal warning mechanism, sanctions and monitoring:**

|  |
| --- |
| ▶ See in CRITERION 1: “Alert and whistleblowing system”. |

**☑ Process and programs in place to support human rights through: core business; strategic philanthropic/social investment; public policy engagement/advocacy; partnerships and/or other forms of collective action (BRE 6 + ARE 6):**

|  |
| --- |
| In this COP 2019, see also:  ▶ CRITERION 16: Strategic social investments and philanthropy.  ▶ CRITERION 18. Partnerships and collective action.  Below “☑ Internal awareness-raising and training on human rights for management and employees” |

|  |  |
| --- | --- |
| * In the respect of **“Children’s Rights and Business Principles”** LVMH gives the opportunity **to young people to develop a professional experience.** | **2018-19** |

* As a signatory of the **Apprenticeship Charter** and in the respect of “Children’s Rights and Business Principles”, LVMH gives the opportunity to young people to develop a professional experience. As of December 31, 2018, over **1,443 young people** across the Group’s French entities were working under apprenticeship or vocational training contracts (including IME – LVMH Institut des Métiers d’Excellence), up 14.8% from 2017.
* **Facilitating employment for people with disabilities** [**🕮** See “2018 Reference Document” (p. 99)]

|  |
| --- |
| ▶ See in CRITERION 16: “Helping disadvantaged individuals find work”. |

* **Helping those in need**  [**🕮** See “2018 Social Responsibility Report” (pp. 44-45)]

|  |
| --- |
| ▶ See in CRITERION 16: “Helping disadvantaged individuals find work”. |

* **Indigenous people:** Since October 2012, France’s Minister of Ecology, Sustainable Development and Energy has awarded LVMH the “National Strategy for Biodiversity” prize for its project “Improving, from upstream to downstream, the footprint on biodiversity of LVMH’s activities”.
* Since October 2012, France’s Minister of Ecology, Sustainable Development and Energy has awarded LVMH the **“National Strategy for Biodiversity” prize** for its project “Improving, from upstream to downstream, the footprint on biodiversity of LVMH’s activities”. The SNB followed France’s ratification of the **United Nations Convention on Biological Diversity (CBD)** adopted in 2010 in Nagoya. LVMH’s commitment is for 2012-2020. The first corporate initiatives taken relate to notably assessing the impact of the implementation of the Nagoya Protocol on **Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (ABS)** for the supply channels affected.
* The French National Biodiversity Strategy is structured around six major goals divided into 20 targets, **three of which have been selected by LVMH**, namely “Making biodiversity a positive issue for decision-makers” (target 3) ; “Guaranteeing the sustainable use of biological resources” (target 12) ; and “Sharing the benefits of using biodiversity in a fair manner at every level” (target 13).

**☑ Internal awareness-raising and training on human rights for management and employees:**

**Blueprint For Corporate Sustainability Leadership**

**Issue-Based and Sector Initiatives:**

**☑** **Join and help advance one or more existing UN Global Compact initiatives, e.g. Caring for Climate, CEO Water Mandate, Women’s Empowerment Principles, and Global Business Initiative on Human Rights.**

**Introduction:**

* Employees are sensitized during **training about labour law and human rights**. Besides, the topics of moral and sexual harassment are specifically tackled during these prevention trainings. The Group makes every effort to prevent and deal with phenomena such as harassment and stress in the workplace.
* Within the **Ethics and Compliance Intranet**, an online training tool was made available to all employees in 2017 covering the principles of the LVMH Code of Conduct in order to encourage understanding and assimilation by everyone of the rules, practices and values that form a common ethical framework for the Group and Group companies worldwide.
* In 2017, the Group’s Internal Control Department launched the **LVMH Internal Control Academy**, the main aim of which is to provide structured management for the entire network of controllers, internal auditors and officers in these areas. As such, this three or four-day training course called “The Fundamentals” was implemented in France and abroad; this training course was entirely created and run by senior internal controllers within LVMH group companies.

**1. Global frame about diversity and non-discrimination:**

* **Commitments:**

|  |
| --- |
| ▶ See in CRITERION 1: “1. Commitment and involvement at the highest level”.  ▶ See CRITERION 3: Robust commitments, strategies or policies in the area of human rights. |

* **Responsibility for control and implementation:**

|  |
| --- |
| ▶ See in CRITERION 1: “Internal Codes and Processes”. |

* **Processes and tools:**

|  |
| --- |
| **🕮** See “2018 Reference Document” (pp. 110-115)  ▶ See in CRITERION 1: “Internal Codes and Processes”. |

**2. Equality of opportunity for men and women**:

|  |  |
| --- | --- |
| * **Results:** | **2018-19** |

* In 2018, women accounted for almost two-thirds (73%) of LVMH’s total workforce (staff on permanent contracts). The proportion of female employees is very high in some business groups, such as Perfumes & Cosmetics (83%), Selective Retailing (83%) and Fashion & Leather Goods (69%). Conversely, men make up the majority of staff in the Wines & Spirits business group, where they account for 62% of the workforce, though the proportion of women recruited has risen in recent years (45% in 2018 versus 43% in 2017).
* In 2018, 65% of management positions and 42% of key positions across the Group were held by women (compared with 59% and 23%, respectively, in 2007), and 13 entities were led by women.

|  |  |
| --- | --- |
| **Proportion of female in 2018** | |
| TOTAL | 73 % |
| Key positions | 42 % |
| Executives and managers | 65 % |
| Technicians and supervisors | 68 % |
| Administrative and sales employees | 81 % |
| Production workers | 58 % |

* **Drivers:**
* To ensure that women are highly represented at all levels of seniority, LVMH has put in place career support systems and mechanisms to detect potential high-fliers. This is a critical ambition. LVMH has set itself a target of achieving gender parity for key positions by 2020, summed up in the slogan **“50/50 by 2020”**. To reach this goal, the Group runs an annual coaching program for its most promising female employees. In 2018, 33 high-potential female employees took part in this program (bringing the total to 200 since it was launched in 2013).
* Regarding compensation, entity-specific tools are put in place to identify and reduce any pay gaps between women and men within the same job category. For example, Hennessy and Groupe Les Echos both have spe­cific annual budgets for addressing gaps that might reflect potential gender discrimination.

|  |  |
| --- | --- |
| * Launched in 2007, the **EllesVMH program** encompasses all actions taken within the LVMH Group with the aim of promoting a fulfilling working environment | **2018-19** |

and fostering career develop­ment for women by guaranteeing equal opportunities. Now a truly international brand, EllesVMH serves as an umbrella for a range of initiatives and helps forge links between women from different generations, Maisons and walks of life, thus contributing to their development within the Group. Other components of the program include **EllesVMH Coaching** (which had 33 partic­ipants in 2018) and **EllesVMH Connect** training. In 2018, an EllesVMH version of the DARE intrapreneurship program (see page 27) was rolled out. DARE EllesVMH aims to leverage open innovation to improve the gender balance within the LVMH Group. In particular, DARE EllesVMH provided an opportunity to think together about how to achieve the “50/50 by 2020” target. Of the nearly 750 employees who submitted innovative solutions to diversity challenges, 60 talented individ­uals from the Group and its Maisons attended the event, held from March 6 to 9, 2018 near Venice, Italy. At the end of the event, three projects were selected to be taken into the devel­opment phase, with the winning teams receiving support and mentoring to help make their ideas a reality.

|  |  |
| --- | --- |
| * **Many international initiatives** were also kicked off in 2018by the Maisons. | **2018-19** |

[**🕮** See “2018 Social Responsibility Report” (p. 17)]

* **Christian Dior Couture** actions are underpinned by a company-wide agreement that includes four key levers: workforce diversity, guaranteed equivalent levels of compensation, career develop­ment for women and work-life balance.
* **Guerlain** is a partner of Cosmetic Executive Women (CEW), the leading international network for beauty professionals, whose mission is to promote professional growth and career develop­ment for managers and future managers in the beauty sector. It currently has 10,000 members across three groups: CEW US, CEW UK and CEW France.
* For the period 2016–2018, **Hennessy** adopted an agreement on workplace gender equality that included parenting initiatives: career interviews upon returning to work after maternity or adoption leave; extending paternity leave by nine days for a single birth and 16 days for multiple births; full consideration of childcare leave when calculating benefits relating to length of service; payment of a parenting bonus (4,500 euros gross per year of leave) for full-time childcare leave lasting over three months. Operating in the traditionally more male-dominated wines and spirits sector, Hennessy also runs the *Vignoble au Féminin* program, providing a forum for meetings and discus­sion between women winemakers with the aim of encouraging women to work in this sector.
* **Louis Vuitton** has implemented an annual gender equality action plan covering recruitment, job mobility, compensation, family commitments and occupational health. In 2018, 74% of employees promoted were women, even though they only accounted for 67% of the total workforce. Louis Vuitton also puts out videos reinforcing positive perceptions of the role of men in sales positions and of women in management positions.

**3. Actions in favour of employees aged 50 and up**:

|  |  |
| --- | --- |
| * For LVMH, employing older staff is a key priority that must be approached differently depending on the geographic region: in 2018, **23.3%** of the Group’s workforce in France | **2018-19** |

was made up of older employees (aged 50 and over), while the equivalent percentage outside France was only **13.3%**. This is due to young people accounting for a significant proportion of the Selective Retailing workforce, while those working at the Group’s produc­tion workshops tend to be older and to have served longer. The Group’s Human Resources Department encourages a comprehensive approach to career management and development for older employees, structured around various stages:

* Recruitment: Implementation of anti-discrimination measures and specific action plans
* Passing on expertise: Mentoring of young recruits and temporary staff by older employees
* Employee retention: Skills development; measures focused on workstation ergonomics and reducing strain, particularly for those roles most exposed to physical or mental stress
* Preparing for retirement: Pension information sessions run by external providers, followed by one-on-one interviews with employees
* All of the Group’s entities in France, regardless of size, have adopted **a system mirrored on the French government’s *contrat de génération* plan** with three goals: expanding access to employment for young people, retaining older employees and ensuring that skills and expertise are passed on between gen­erations. In particular, these agreements establish a mentoring policy, with mentors receiving dedicated professional training.

|  |  |
| --- | --- |
| * Among **best practices**: | **2018-19** |

* Christian Dior Couture maintained its commitment in 2018, recruiting six older employees and retaining older employees through vocational training contracts and measures designed to improve working conditions and reduce strain. In 2018, all employees aged 55 and over were offered end-of-career interviews, with the possibility of adjusting their terms of employment or working hours. Lastly, options for paying to access full retirement earlier and entering partial retirement are available to employees who wish to do so.
* Kenzo has adopted a *contrat de génération* plan for 2017–2020 under which 5% of new hires each year and 15% of the total workforce will be made up of older employees (aged 50 and over). Older employees who have been with the Group at least three years qualify for particularly favorable job-specific and financial arrangements.
* Moët Hennessy Diageo has renewed its combined jobs and skills projection contract / *contrat de génération,* signed in 2013, under which older employees will continue to account for 8% of the company’s workforce.
* In 2016, Parfums Christian Dior formalized an agreement aimed at boosting recruitment of older employees, improving their working conditions and offering end-of-career part-time working options.

**4. Employment of disabled persons** [**🕮** “2018 Social Responsibility Report” (pp. 19-20) and "2018 Reference Document" (pp. 91-92)]:

LVMH encourages its Maisons to hire talented people, irrespective of whether they have disabilities. This topic is covered in compulsory anti-discrimination training and forms part of discrimination testing campaigns.

**2018-19**

* **Results:**

By the end of 2018, the Group’s redoubled efforts had enabled it to increase the proportion of employees with disabilities in France to **4.4%** 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 **1.1%**.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **% of Disabled persons:** | | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| **France** | *global employment rate* | *3.57 %* | *3.72 %* | *4.1 %* | *4.1 %* | *4.1 %* | *4.5 %* | *4.5 %* | *4.7 %* | ***4.4%*** |
| **Group** | 0.93 % | 0.84 % | *0.87%* | *0.85 %* | *0.85 %* | *1 %* | *1 %* | *1 %* | ***1.1%*** |

The share of disabled employees in the total workforce in France has largely increase over the period 2009-2018 from 3.20% to 4.4 % (i.e. by **+ 37.5 %**) (French AGEFIPH standards).

In 2018, 2.2% of Louis Vuitton’s workforce in Japan was made up of employees with disabilities, with a target of achieving the Japanese government’s target of 2.3% by 2020. Louis Vuitton is one of Japan’s most proactive and effective companies in this area, working with five recruitment agencies with the aim of hiring candidates with disabilities.

* **Organization and drivers:**
* 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 non-profits and agencies working to promote their social and professional integration.
* In 2018, LVMH teamed up with Agefiph to launch the third ***EXCELLhanCE* program**, enabling people with disabilities to obtain a degree while gaining significant experience at the Group’s Maisons. This program is based on work-linked training programs, lasting 12 to 24 months, in three professional fields: sales, logistics and human resource management. Candidates are selected using the ***Handi-Talents* process**, based on work-related simulation exercises, which help objectively identify each individual’s aptitudes and skills. In partnership with seven Maisons, this intake gave 12 people with disabilities the opportunity to enter employment on work-and-training contracts.

|  |  |
| --- | --- |
| * To mark the **International Day of Persons with Disabilities** on December 3, 2018, LVMH celebrated its Maisons’ commitment in a newsletter issued to all employees worldwide. | **2018-19** |

|  |  |
| --- | --- |
| * **“Sheltered” and “supported” employment sector:** LVMH encourages its Maisons to develop their relationships with **companies specifically employing** | **2018-19** |

**people with disabilities**, and the volume of business entrusted to such companies rose sharply in 2018.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Working with companies specifically employing people with disabilities** | | **2015** | **2016** | **2017** | **2018** |
| **France** | *Purchases in M€* | 6.2 | 6.5 | 7.1 | **8.3** |
| *Representing full-time-equivalent (FTE) jobs* | 156 | 312 | 368 | **415** |

Most of the Group’s Maisons in France have developed dedicated initiatives, including dedicated purchasing platforms to directly connect companies specifically employing people with disabilities with purchasing teams, and innovative partnerships and chal­lenges in a range of purchasing and subcontracting categories.

|  |  |
| --- | --- |
| In 2018, LVMH’s *Mission Handicap* published a new edition of its directory of suppliers that specifically employ people with disabilities, distributed to human resources managers and buyers at all of the Group’s Maisons. | **2018-19** |

|  |  |
| --- | --- |
| At the initiative of LVMH and the Les Echos events division, the third Disability, Employment and Responsible Purchasing trade fair was held in May 2018, | **2018-19** |

attracting nearly 3,500 visitors. More than 150 companies specifically employing people with disabil­ities attended, representing all industry sectors. A program of over 60 talks and training workshops was on offer to raise awareness and train attendees, featuring nearly 500 experts.

|  |  |
| --- | --- |
| * **Among best practices:** | **2018-19** |

* **Recruitment:**
* Loro Piana has developed a partnership with Jobmetoo, an Italian job search platform for people with disabilities that helps the Maison select qualified candidates for vacant positions.
* LVMH Fragrance Brands held another *Un Jour, Un Métier* day-long initiative at its production sites, an opportunity for people with disabilities to learn about the types of jobs available with a view to future employment opportunities, whether under temporary, fixed-term or permanent contracts.
* **Retention:** LVMH’s Maisons offer solutions to employees with disabilities to enable them to continue working, whether by adapting their workstations or helping them move into different roles.
* For example, Guerlain’s La Ruche production site in Chartres now has a manual production line enabling employees with disabilities to keep working, thus preserving five jobs.
* In 2016, Christian Dior Couture’s company-wide agreement to promote employment for people with disabilities was renewed for a further three years. In 2018, the Maison invested in job-specific tools such as IT equipment and magnifying devices, and relocated workstations for employees with disabilities.
* In 2011, Moët & Chandon set up disability-friendly company MHEA, whose entire workforce is made up of people with disabilities. The company offers optimum working conditions for employees with disabilities, enabling them to keep working and maintaining the terms of their compensation.
* **Partnerships :** Initiatives sponsored by Maisons include the following:
* In Italy, the Maisons have joined forces in partnership with non-profits AIPD (Associazione Italiana Persone Down) and AGPD (Associazione Genitori e Persone con Sindrome di Down) to support social inclusion and access to employment for people with Down syndrome.
* Chaumet supports Présédys, a non-profit that collects writing equipment and distributes it to students with disabilities.
* In 2018, Louis Vuitton supported the *Handi-Avenir* scheme, which arranges support and career planning help for people with disabilities, monitored by volunteer sponsors, employees and managers.
* For the past three years, Moët Hennessy Diageo has taken part in the *Mets Tes Baskets Dans l’Entreprise* (“Get moving at work”) initiative to raise funds for the European Leukodys­trophy Association (ELA). In 2018, the Maison also supported Le Rire Médecin, a non-profit that helps hospitalized children face illness through play and laughter. The organization’s 100 professional clowns visit 46 pediatric departments, putting on almost 80,000 performances a year tailored to children, their families and caregivers

**5. Raising awareness on Psychosocial Risks:**

|  |
| --- |
| ▶ See in CRITERION 7: “2. Health & Safety”. |

The prevention of psychosocial risks is a matter that captures the attention of all Group companies, which particularly look out for stressful situations that could affect their employees. The Group makes every effort

|  |  |
| --- | --- |
| to prevent and deal with phenomena such as harassment and stress in the workplace and tackle psychosocial risks. [**🕮** See “2018 Social Responsibility Report” (p. 33).] | **2018-19** |

**☑ Operational-level grievance mechanisms for those potentially impacted by the company’s activities (BRE 4 +ARE 4):**

|  |
| --- |
| See also “Grievance mechanism, communication channels and other procedures (e.g. whistle-blower mechanisms)” in:  ▶ CRITERION 7: Effective management systems to integrate the labour principles. |

* **New Code of Conduct:**
* Revised at the end of 2017, the “LVMH Code of Conduct” includes **“Alert procedures”** [**🕮** pp. 26 and 28: <https://r.lvmh-static.com/uploads/2017/12/lvmh-code-of-conduct-2017_122017.pdf> ]:

***«*** *(…) All employees who have questions about the appropriate behavior to be adopted or the interpretation of the principles set out in this Code of Conduct, or those who become directly or indirectly aware of violations of this Code of Conduct, are invited to contact their manager, Ethics and Compliance correspondent, human resources manager, the Group’s Ethics and Compliance Director or any other authorized persons.*

*The LVMH Group has established an internal alert procedure enabling reporting and processing of alerts raised by employees regarding violations or risks of violation of the measures set out in this Code of Conduct.*

*This alert procedure is available to all employees. In compliance with applicable regulations, this procedure guarantees confidentiality for the person raising the alert to the extent reasonably possible and unless otherwise required by law (in particular in France with the conditions stipulated by the French Data Protection Authority Cnil single authorization N°. AU-004).*

*Retaliations are prohibited against people who use this procedure in good faith even when the suspicions at the origin of the alert prove groundless. (…)****»***

* In addition to the Code of Conduct, a series of internal documents has been put together that aim to guide employees of the Group and Group companies in implementing the Code on a day-to-day basis: the guiding principles. These documents, which can also be accessed by employees on the Ethics and Compliance Intranet, constitute reference guides for certain topics relating to business ethics.
* **Monitoring:**
* Main duties of the **Ethics and Sustainable Development Committee** are in particular to monitor the functioning of whistle blowing systems put in place within the Group.
* The **Ethics & Compliance Department** which reports to Executive Management draws up professional standards and makes available various tools designed to help the Group’s different Maisons implement applicable regulations related to business ethics and the protection of personal data. It takes part in the updating of the internal control framework, to make sure that its requirements are met by all entities. Thus it administers the Group’s centralized whistleblowing system and contributes to the identification and assessment of the main risks. The department is assisted by representatives from the Group’s various departments, and by the network of Ethics & Compliance Officers appointed at each of the Maisons, and reports on its actions to the Ethics & Sustainable Development Committee.

|  |  |
| --- | --- |
| * **Dialogue and labor-management relations:** At the same time, Group companies are making great efforts to encourage employee input and discussion with management. | **2018-19** |

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. [**🕮** See “2018 Reference Document” (pp. 95-96) and "2018 Social Responsibility Report" (pp.35-36)]

|  |  |
| --- | --- |
| * **Internal warning system:**  In 2017, LVMH has set up a centralized whistleblowing system, available in around ten languages, to collect and process reports from all employees concerning infringements or serious risks of infringement of laws, regulations, the provisions of the LVMH Code of Conduct and other principles, guidelines and internal policies. | **2018-19** |

|  |
| --- |
| ▶ See in CRITERION 1: “Alert and whistleblowing system”.  **🕮** Relating the "whistleblowing system" see “2018 Reference Document” (pp. 110 and 151).  **🕮** See also “2018 Social Responsibility Report” (p. 36):  - “Employee feedback and whistleblowing”  - “Examples of systems to promote feedback and dialogue”. |

**☑ Allocation of responsibilities and accountability for addressing human rights impacts:**

|  |
| --- |
| ▶ See also in CRITERION 1: “Commitment and involvement at the highest level”. |

* **Risk management:**

|  |
| --- |
| ▶ See in CRITERION 2: “Risk management”. |

* **Internal warning mechanism, sanctions and monitoring:**

|  |
| --- |
| ▶ See in CRITERION 1:   * “1. Commitment and involvement at the highest level” * “Alert and whistleblowing system”. |

**Criterion 5: The COP describes effective *monitoring and evaluation mechanisms* of human rights integration:**

**☑ System to monitor the effectiveness of human rights policies and implementation with quantitative and qualitative metrics, including in the supply chain (BRE3 + ARE3):**

**☑ Monitoring drawn from internal and external feedback, including affected stakeholders:**

**☑ Leadership review of monitoring and improvement results:**

**☑ Process to deal with incidents the company has caused or contributed to for internal and external stakeholders (BRE 4 + ARE 4):**

**☑ Outcomes of integration of the human rights principles:**

No incidents to report for the year 2018.

|  |
| --- |
| ▶ See above “☑ Internal awareness-raising and training on human rights for management and employees”.  ▶ See in CRITERION 1:   * “1. Commitment and involvement at the highest level” * “Alert and whistleblowing system”.   ▶ See in CRITERION 2: “Risk management”. |

***Robust Labour Management Policies & Procedures***

**Criterion 6: The COP describes robust *commitments, strategies or policies* in the area of labour:**

**☑ Reference to principles of relevant international labour standards (ILO Conventions) and other normative international instruments in company policies:**

**☑ Written company policy to obey national labour law, respect principles of the relevant international labour standards in company operations worldwide, and engage in dialogue with representative organization of the workers (international, sectorial, national).**

**☑ Reflection on the relevance of the labour principles for the company:**

**☑ Inclusion of reference to the principles contained in the relevant international labour standards in contracts with suppliers and other relevant business partners:**

LVMH is very careful to promote the respect of ILO’s fundamental principles. The system ensuring fair business practices is based on different commitments and policies.

|  |
| --- |
| **With regard to standards, commitments and internal codes, see:**  ▶ See in CRITERION 1: “1. Commitment and involvement at the highest level”.  **🕮** See also:   * “2018 Social Responsibility Report” (pp. 8-9). * “2018 Reference Document” (pp. 46-48)   **With regard to commitments through supply chain, see:**  ▶ CRITERION 2: Value chain implementation.  **With regard to shared values, see:**  **🕮** See:   * “2018 Social Responsibility Report” (p. 8) * “2018 Reference Document” (P. 12) |

**Criterion 7: The COP describes effective *management systems* to integrate the labour principles:**

**☑ Risk and impact assessments in the area of labour:**

* **Social Responsibility Report:** Since 2011, Social Development Department of LVMH published a specific report giving a very clear picture of the way in which the Group’s sense of responsibility is put into practice and presenting all the social responsibility initiatives carried out over the year by its firms. The fields were selected to cover – in a way that is relevant, global and exhaustive – the various areas usually observed by credit rating agencies, investors and, more generally, all stakeholders involved in the problems of sustainable development and social responsibility. In particular, this report enables us to meet Global Compact requirements. It also aims to identify more clearly best practices in firms and to facilitate their dissemination and reproducibility in-house. [**🕮** See "2018 Social Responsibility Report"]
* The “2018 Social Responsibility Report” communicates about the effective management systems allowing to integrate the labour principles through the mapping of “**processes and support tools**” allowing to understand the main drivers of performance and reputation. LVMH’s policy is structured by a number of different elements (page 48):
* General key processes ensure that the issues associated with each strategic priority are addressed and the objectives met (1)
* Each process is based on a number of tools and partnerships defined at the Group level (2)
* Group companies also develop their own initiatives to ensure that local and activity-specific considerations are fully taken into account (3).

|  |
| --- |
| ▶ See “Risk identification” and “Risk management” in Criterion 2 (Value chain implementation). |

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

|  |
| --- |
| ▶ Criterion 3: Robust commitments, strategies or policies in the area of human rights.  ▶ Criterion 4: Effective management systems to integrate the human rights principles. |

* **Skills, talent and mobility management** is a significant aspect of internal control. LVMH pays special attention to matching employees’ profiles with corresponding responsibilities, formalizing annual performance reviews at individual and organizational level, ensuring the development of skills through training programs custom-designed for each level of seniority and encouraging internal mobility. In a Group that is essentially decentralized, the human resources function’s remit includes promoting the sharing of knowledge and cross-functionality in general.
* The **annual strategic Organizational Management Review (OMR)** 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. **Forty Group-level talent reviews** were carried out across the Group in 2018, informed by the Maisons’ own talent reviews.
* 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.
* There are many gateways in the LVMH ecosystem, and multiple career development options and international opportunities are at the heart of the Group’s human resources strategy. Mobility between functions and/or geographic regions is perceived to help develop the Group’s talent, enhance employees’ skills and, where applicable, broaden their responsibilities. 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.

|  |  |
| --- | --- |
| * **50 mobility committee meetings** were held, coordinated by the parent company. | **2018-19** |

|  |  |
| --- | --- |
| * This process also provides an opportunity for employees to talk to their managers about their performance and aspirations. A total of | **2018-19** |

**21,000 employees** took part in these annual interviews in 2018. The personalized support they receive is improved by upgrading the quality of career discussions and annual apprais­als, through training for human resources managers and line managers worldwide.

|  |  |
| --- | --- |
| * **67%** of executive positions were filled internally, half of them on the basis of succession plans in place. This result is thanks to work to | **2018-19** |

identify the Group’s key employees, the careful management of a talent pool of more than 1,000 individuals of 45 different nationalities, 44.5% of them women, and the activation of succession plans.

|  |  |
| --- | --- |
| * Lastly, digital tools facilitate talent management and give employees greater independence in managing their careers. In particular, | **2018-19** |

employees have access to the **MOVe job opportunities platform**, available worldwide via the Group intranet. The LVMHtalent platform also enables employees to share career information with the Human Resources function and to express their wishes in terms of job moves and training. This helps identify internal candidates and share relevant opportunities. This online platform also helps assess and monitor performance and put Group employees in touch with each other.

* 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 annual review is an opportunity to prepare a range of **training courses** appropriate to current market conditions and employee needs, and to build **career mobility paths**. Managers evidently play a central role in this culture of organizational and career development. Skill in this area is now a criterion that is always used during managers’ annual appraisals, performance reviews and career

|  |  |
| --- | --- |
| reviews. [**🕮** See many specific initiatives in the field of key skills and expertise and training in “2018 Social Responsibility Report” (pp.24-29). | **2018-19** |

**☑ Dialogue mechanism with trade unions to regularly discuss and review company progress in addressing labour standards:**

|  |
| --- |
| ▶ See in CRITERION 1: “Employee representation”. |

**☑ Allocation of responsibilities and accountability within the organization:**

* **Responsibility:**

|  |
| --- |
| ▶ See in CRITERION 1:   * “1. Commitment and involvement at the highest level” * “2. Management and control of actions” |

* **Internal information sharing on ESG risks operates through** **various processes and tools**:
* balance sheet presentation of the sustainable development policy to the Board of Directors;
* monitoring of the action plan under the "CSR Steering Committee" ;
* specific control by the Audit and Internal Control Department ;
* review project by the "Environment Committee" and the network of "CSR Representatives";
* specialized collaborative working groups:
* "**Annual Supply Chain meeting**" ;
* “**International Human Resources Convention**” ;
* meetings of Human Resources and operational leaders in order to discuss the mapping of the Group ;
* intranet community “**EllesVMH**” is now one of the biggest internal communities, with 500 members worldwide ;
* specific meetings and working groups on environmental and social issues with impact in the area of labour: disability, REACh regulation, etc..
* sharing information via:
* **Finance Intranet:** Since the launch of the Group’s new approach to risk, all executive-level personnel responsible for risk management procedures across the Group have had access via the Finance Intranet to procedures and tools designed for the assessment, prevention and coverage of risks, together with the information provided by the Risk Management and Insurance Department.
* The **network of Internal Control Officers** led by the Audit and Internal Control Department, which coordinates the implementation of internal control and risk management systems. These officers are responsible, within the Maisons, for ensuring compliance with the Group’s internal control procedures and preparing controls tailored to their business.
* **Discussion forums** are organized by the **Internal Control department for the main risk categories selected by most of the participants**. These forums bring together risk managers, operational staff and internal control managers and have thus helped facilitate the sharing of best practices across the Group.
* "LVMH Mind" extranet dedicated to the policy of social and environmental responsibilities. In 2009, an Intranet website (“**LVMH Mind**”) was launched to better communicate internally the Group’s commitment to responsible corporate citizenship. On this website, specifically devoted to social and environmental responsibility, employees can find, the Environmental Charter first adopted in 2001, the Supplier’s Code of Conduct introduced in March 2008 and the LVMH Code of Conduct (ethical and good governance principles) adopted in May 2009.
* "**Voices**" collaborative intranet Group. Launched in March 2012, the new Voices intranet links all the employees of the Group, its subsidiaries and Maisons worldwide. Voices offers employees an efficient working environment by providing a range of practical resources: news about LVMH and the Maisons, useful information about the Group including its HR policy, streamlined work tools and collaborative sites.
* A dedicated Intranet site “**LVMH Talents**” also exists, which is for the use of Group Human Resources. Skills management is a significant aspect of internal control. LVMH pays special attention to matching employees’ profiles with corresponding responsibilities, formalizing annual performance reviews at individual and organizational level, ensuring the development of skills through training programs custom-designed for each level of seniority and encouraging internal mobility. Personnel reports are produced monthly by the Group’s Human Resources Department, presenting changes in staff and related analyses as well as vacancies and internal movements.
* **Verification of compliance** with Code of Conduct is incorporated into the internal control mechanism existing within LVMH and follows the procedures in force in the Group.

|  |
| --- |
| ▶ See in CRITERION 1:   * “1. Commitment and involvement at the highest level” * “2. Management and control of actions”. |

**☑ Internal awareness-raising and training on the labour principles for management and employees:**

* 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. [**🕮** See “2018 Social Responsibility Report” (p. 26-28)] | **2018-19** |

|  |  |
| --- | --- |
| * Initiatives for awareness-raising and training in workplace safety and risk prevention are expanding. In 2018, 47,840 employees received training in these areas at the Group’s | **2018-19** |

companies worldwide i.e. an increase by + 27.4 % in 2018 relative to 2017.

* The Group’s social media pages, website and Voices intranet help raise **employee awareness of CSR issues** and keep them informed of the Group’s initiatives. Because social responsibility is a vital part of any manager’s job, all new managers systemat­ically receive training in CSR and their role in its implementation at their induction seminar and online induction session.
* 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).

**☑ Grievance mechanisms, communication channels and other procedures (e.g., whistle-blower mechanisms) available for workers to report concerns make suggestions or seek advice, designed and operated in agreement with the representative organization of workers:**

|  |  |
| --- | --- |
| * **Internal grievance mechanism and whistleblowing procedures:** | **2018-19** |

LVMH has set up a centralized whistleblowing system, available in around 10 languages. This system records and processes reports by any employee regarding a violation (or serious risk of violation) of a law, regulation, provision of the LVMH Code of Conduct or any other Group principles, guidelines or policies.

|  |
| --- |
| ▶ See in CRITERION 1: “Alert and whistleblowing system”.  ▶ See in CRITERION 4: “☑ Operational-level grievance mechanisms for those potentially impacted by the company’s activities”  **🕮** Relating the "whistleblowing system" see “2018 Reference Document” (pp. 54-55, 110 and 151).  **🕮** See also “2018 Social Responsibility Report” (p. 36): “Employee feedback and whistleblowing” whose “Examples of systems to promote feedback and dialogue”. |

|  |  |
| --- | --- |
| * **Examples of systems to promote feedback and dialogue in Maisons:** | **2018-19** |

In addition, standard channels of communication and whistleblowing systems already exist at the Maisons which are making great efforts to encourage employee input and dialogue with management. To this end, they may use satisfaction surveys or put in place more direct methods of gathering feedback.

* Annual employee opinion and engagement surveys on topics including leadership, company culture, values, quality of life in the workplace, career development, compensation and employee benefits.
* Respect and Benevolence Charter to help promote dialogue between employees and management.
* Bloom at Work indicator of work fulfillment.
* Acting Together approach, designed to help improve how issues are resolved.
* Morning HR meetings and an intranet forum for reporting issues and priorities.
* Employee assistance and psycholog­ical support helpline provided by an external partner.
* Designation of a neutral trusted advi­sor who is external to the employee’s company.
* Information and discussion portals.
* Information and dialogue processes in the workplace.
* Whistleblowing systems in some countries.

**Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labour principles integration:**

**☑ System to track and measure performance based on standardized performance metrics:**

|  |
| --- |
| ▶ See also in CRITERION 7: “☑ Risk and impact assessments in the area of labour”. |

* The **annual review of the organizations and talent** within LVMH is a key component of the Group’s human resources policy. Every year for the past five years, after each brand has established its **upcoming strategy**, all of the Group’s brands define the human and organizational implications of their business targets.
* **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.
* To strengthen links between compensation and employees’ commitment to sustainable development, some Maisons, such as Parfums Christian Dior, have implemented incentive systems with assessments based on ESG (environmental, social and governance) performance criteria. Veuve Clicquot and Krug also take environmental criteria into account in their profit-sharing agreements, such as reducing water and energy consumption and recycling waste.
* **The value created by social internal best practices:**
* All of the Group's social/societal initiatives generate savings in the **short, medium and long term**. The sum of the savings generated, costs avoided and intangible value added are not monetized today as positive externalities and are not subject to internal consolidation for the 70 or so Group brands. The Human Resources Department nevertheless tracks and promotes the many social internal best practices which represent value created for Human Capital Development. Many subsidiaries use different cross-cutting indicator allowing to manage and assess the quality of policies: turnover rate, absenteeism, number of hours spent in training, training cost per employee, recruitment cost, recruitment duration, succession plans for critical positions, assessment process, number and decrease of work-related accident, productivity...

|  |  |
| --- | --- |
| * Launched in 2007, the **EllesVMH program** encompasses all actions taken within the LVMH Group with the aim of promoting a fulfilling working environment and | **2018-19** |

fostering career develop­ment for women by guaranteeing equal opportunities. Now a truly international brand, EllesVMH serves as an umbrella for a range of initiatives and helps forge links between women from different generations, Maisons and walks of life, thus contributing to their development within the Group. Other components of the program include EllesVMH Coaching (which had 33 partic­ipants in 2018) and EllesVMH Connect training.

|  |  |
| --- | --- |
| In 2018, an EllesVMH version of the DARE intrapreneurship program (see below) was rolled out. DARE EllesVMH aims to leverage open innovation to improve | **2018-19** |

the gender balance within the LVMH Group. In particular, DARE EllesVMH provided an opportunity to think together about how to achieve the “50/50 by 2020” target. Of the nearly 750 employees who submitted innovative solutions to diversity challenges, 60 talented individ­uals from the Group and its Maisons attended the event, held from March 6 to 9, 2018 near Venice, Italy. At the end of the event, three projects were selected to be taken into the development phase, with the winning teams receiving support and mentoring to help make their ideas a reality.

[**🕮** See “2018 Social Responsibility Report” (p. 16).]

|  |  |
| --- | --- |
| * **Innovation and change training** [**🕮** See “2018 Social Responsibility Report” (pp. 29-30)]**:** | **2018-19** |

In 2018, LVMH rolled out its **DARE (Disrupt, Act, Risk – to be an Entrepreneur)** program in Italy on the theme of gender diversity, and subsequently in Shanghai and New York on the theme of the future of luxury. This collaborative global innovation program gives employees an opportunity to work in teams on innovative ideas that could be selected by a judging panel to be implemented within the organization. More than 1,280 ideas have emerged from DARE, and around 15 projects are currently being implemented.

|  |
| --- |
| **DARE 2018 in New-York :**  60 LVMH high-fliers were chosen to take part in DARE 2018 in New York. Split into 12 teams, they were sup­ported by students from New York University, Parsons School of Design, Brown University and Barnard College, and challenged by mentors (senior executives from LVMH and beyond). The teams spent three days working on their projects in a collaborative workspace in Brooklyn with the aim of creating new initiatives and strategies designed to meet the future needs of the luxury goods industry. |

The Maisons have also continued to roll out specific activities aimed at encouraging innovation and change:

* The Creative Thinking Lab, a training program in Italy specially designed by a cross-brand team from Bvlgari, Fendi, Givenchy, Guerlain, Kenzo, Loro Piana and Parfums Christian Dior.
* Chaumet’s “change agent clubs”, which have given rise to a wide range of seminars, conferences, training events and exhibitions.
* Guerlain’s FacStory and Creative Lab, which bring together 171 employees around 10 themes.
* BM Consulting, a collaborative approach implemented by Le Bon Marché where almost 300 employees have taken part in designing the stores of the future.
* Make Up For Ever Change Champions, a community that aims to support and sponsor the brand’s transformation, with monthly input from the Executive Committee.
* Moët Hennessy’s LVMH Luxury training program, in which 66 new employees in the United States have taken part to improve their understanding and appreciation of the challenges facing the luxury goods sector and what they need to do to adapt to them.
* **Expanding certification:**
* Since 2015, Bodega Chandon has been building its health and safety system in accordance with the OHSAS 18001 standard. The Maison carries out a risk-mapping survey, and all its pro­duction sites should be ISO 45001 (which replaces OHSAS) certified by between 2020 and 2021.
* In Italy, Bvlgari began implementing an integrated health, safety and environment system in 2017, with the aim of securing ISO 14001 and ISO 45001 certification. This integrated project, supported by training for 24 internal auditors, has provided opportunities to boost employee engagement.
* Fendi has secured OHSAS 18001 certification for all its manufacturing facilities and provides training sessions covering a wide range of issues such as fire risk prevention, use of hazardous substances and chemicals, risk management, and preventing occupational stress. In 2018, a new audit confirmed Glenmorangie’s OHSAS 18001 certification.
* Hennessy has set up an Environment, Safety and Quality Depart­ment, one of whose aims is to implement a safety certification and management system.
* The Louis Vuitton workshop in Issoudin, which secured OHSAS 18001 certification in 2015, annually monitors its working condi­tions improvement plan, with the support of the Management Committee’s Health and Safety Committee.

|  |  |
| --- | --- |
| * **The value of reputation as a top employer:** The LVMH group’s determination to give itself the means to reinforce its image as an employer of choice is aimed at meeting | **2018-19** |

its companies’ increasing demand for top talent. LVMH’s intention to avail itself of the means to strengthen the Group’s and individual brands’ image as a top employer is clearly recognised.

* For the 13th year in a row, LVMH was ranked number-one on **Universum France’s list** of preferred employers for students at France’s leading business and management schools, published in March 2018.
* In the third annual LinkedIn Top Companies rankings, also released in March 2018, LVMH was once again named “Most attractive employer in France”, and in 2018 the Group joined the dedicated US ranking, in 19th place.

**☑ Dialogues with the representative organization of workers to regularly review progress made and jointly identify priorities for the future:**

|  |
| --- |
| ▶ See in CRITERION 1: “Employee representation”. |

**☑ Audits or other steps to monitor and improve the working conditions of companies in the supply chain, in line with principles of international labour standards:**

|  |
| --- |
| ▶ See in CRITERION 2: “Risk management”. |

The Supplier’s Code of Conduct sets forth the principle and procedures for the control and audit of compliance with these guidelines. In the interest of continued improvement in this area, the Group’s Houses have continued their supplier audit programs in 2014, together with follow-ups on action plans. The Supplier Code of Conduct also sets forth the principle and procedures for the control and audit of compliance with these guidelines.

**☑ Outcomes of integration of the Labour principles**

Since the 2007 fiscal year, the Group’s reporting of employee information has been **audited each year by the Environment and Sustainable Development department at Ernst & Young**, the Group's statutory auditors. The verification covered the "total Group" value of the following social indicators for 2018: total headcount as of December 31 and breakdown per professional category, age and geographic region; voluntary and involuntary staff turnover; hiring ; lost time accidents ; frequency rate ; severity rate ; percentage of employees trained during the year ; number of days of training per employee ; absentee rate by

**2018-19**

|  |  |
| --- | --- |
| reason for absence. For fiscal year 2018, Ernst & Young issued a verification/attestation on those indicators. |  |

**[🕮** Labour indicators and KPIs are available in “2018 Reference Document”:

* “Independent verifier’s report and appendix” (pp. 56-60)
* "Attracting and retaining talent" section” (pp. 79-97).

***Robust Environmental Management Policies & Procedures***:

**Criterion 9: The COP describes robust *commitments, strategies or policies* in the area of environmental stewardship:**

**☑ Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development):**

**Blueprint For Corporate Sustainability Leadership**

**CEO Commitment and Leadership**

**☑ CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact.**

|  |
| --- |
| ▶ See also in CRITERION 1: “1. Commitment and involvement at the highest level”. |

* **Bernard Arnault, Chairman and Executive Officer**, has been involved in several explicit statements (especially at the AGM). In 2018, the LVMH Environmental Department also participated in a number of international conferences and events. Maisons are also involved in a number of technical projects that contribute to their local authority expertise and to environmental discussions with other business leaders.
* By reminder, on September 20, 2017 LVMH celebrated the **25th anniversary of its Environment Department** at two evening events named “Future LIFE”. This anniversary brought together the Maisons’ Chairmen, as well as the community of experts that works on protecting natural resources on a daily basis within the Group. It provided an opportunity to review LVMH’s pioneering environmental initiatives between 1992 and 2016, which were retold in a retrospective film. The event also focused on the future, via the presentation of the **LIFE 2020 Program**, which will enable the company to go further along the path of environmental excellence in coming years. The evening was also marked by an announcement that the size of the internal Carbon Fund set up by LVMH in late 2015 would be doubled as from 2018. The Group thus intends to reduce its greenhouse gas emissions at a faster rate, in order to achieve its new objective, namely a 25% reduction between 2013 and 2020. Future LIFE, which provided an exceptional discussion forum, was interspersed with a great number of speeches. “By including the environmental imperative as a source of innovation, we made it a driver for our growth strategy very early on. The LVMH Group is proud of having been a pioneer for the past 25 years. It undertakes to remain one,” said Bernard Arnault, the Group’s Chairman and Chief Executive Officer, in his introductory address. [**🕮** See below and “2018 Environmental Report” (pp. 10-11)]

|  |  |
| --- | --- |
| * On **September 25, 2019, Bernard Arnault** gathered at LVMH’s headquarters top executives of the Group and its Maisons around its LIFE program (LVMH | **2018-19** |

Initiatives For the Environment), spotlighting pioneering initiatives in biodiversity and providing tangible elements about its environmental performance as well as ambitions in products’ eco-design, circular economy and energy consumption. The Group also presented new commitments including the launch of its brand-new Animal-based Raw Materials Sourcing Charter, the creation of a Scientific Committee and the announcement of strategic partnerships (Amazon emergency aid and preservation, Solar Impulse Foundation, AgroParisTech Foundation’s Ecological Accounting Chair).

* **LVMH carbon fund:** In 2015, LVMH sets up an internal carbon fund, a pioneering initiative in the luxury goods industry to mark **COP21 in Paris**. The aim of this fund is to finance projects launched by its Maisons to help combat climate change. It is based on the idea that valuing the cost of greenhouse gas

|  |  |
| --- | --- |
| emitting activities can encourage behavior change. After the successful launch of its carbon fund, **LVMH decided to double in size in 2018**. LVMH decided to set a price of 30 euros for each tonne of CO2 generated by the activities of its Houses since January 1, 2018, in particular by the energy consumption of their production sites and sales areas. | **2018-19** |

* The Maisons must then release at least an equal amount of investment to finance innovative projects that limit their carbon footprint. The fund gives them an "additional right to invest" to reduce their greenhouse gas emissions.
* Total contributions were 11.3 million, compared to 6.7 million and 5.8 million in 2016 and 2017. The fund financed 112 structuring projects, 100% more than the previous announcement. The selected projects are carried by 28 Houses.
* The majority (55%) of the projects connect the shops, 43% the industrial and logistic sites and 2% the head offices. Almost 80% of them will improve energy efficiency and 13% on the production of renewable energies. For the first time in 2018, the appointment of an energy manager was eligible for the Carbon Fund. The post is responsible for reducing energy consumption while ensuring the continuity and quality of activities on the sites. Two houses, Fendi and Le Bon Marché, took advantage of this measure to accelerate the changes. The energy manager of Fendi operates on 13 sites, including 7 shops, which represent a total of 28,000 m2. The one of the cheap one is competent for the whole Parisian perimeter of the House. Some projects realized by the LVMH carbon fund are particularly innovative, as launched by Belvedere in Poland. It is a cogeneration device for the production of electricity and steam from biomass. The House will invest two million euros in this article. The operation is so innovative and forward-looking that the Polish government has decided to subsidize up to 40%.
* The Maison Louis Vuitton alone has launched 45 projects since the creation of the fund in 2016, from the installation of the control system to the heat recovery on cutting machines, through the lighting of the LED shops or powering the head office with green energy. In total, these projects represent a reduction of 892 tonnes of equivalent CO2 emitted, or 10.5% of Louis Vuitton's emissions. The new projects in 2018 by the fund on the energy change on Climate Change. During their lifetime, the equipment installed in 2018 will prevent the emission of nearly 3,000 tonnes of CO2 equivalent into the atmosphere.
* The Chandon installation of 150 kW of photovoltaic panels for the cooling of sparkling wines alone represents a savings of 190 tons of CO2 equivalent, a 19% drop in emissions.

[**🕮** See “2018 Environmental Report” (pp. 7 and 42-44)]

* **In the specific field of biodiversity:** The LVMH group has a strategy in place for sourcing and preserving raw materials. Choosing components for product manufacturing is an essential part of preserving the environment, in particular rare resources that are vital for product manufacturing, especially leather and natural plants.

|  |
| --- |
| ▶ See mainly CRITERION 18: Partnerships and collective action |

* As it does for its internal communications, **LVMH relies on major national and international events**, such as Sustainable Development Week and summits on the climate and biological diversity organized under the auspices of the United Nations, as well as the Convention on International Trade in Endangered Species of Wild Fauna and Flora, etc. These events enable the company to demonstrate its commitment to the environment, set out its view of the issues addressed, and share information and best practices.
* When they use plants coming from an emerging countries, the Perfumes and cosmetics Brands act under the “access and benefit sharing” agreement on the **United Nations Convention on Biological Diversity (CBD)** opened for signature at the [Earth Summit](http://en.wikipedia.org/wiki/Earth_Summit) in [Rio de Janeiro](http://en.wikipedia.org/wiki/Rio_de_Janeiro) on 5 June 1992 and entered into force on 29 December 1993. In the case of its research and development activities, the Group pays great attention to complying with the regulations arising from the implementation of the Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity adopted on 29 October 2010 in Nagoya, Japan, and entered into force on 12 October 2014. Also known as the **Nagoya Protocol on Access and Benefit Sharing (ABS)** this protocol is a 2010 supplementary agreement to the 1992 Convention on Biological Diversity (CBD).
* LVMH has embraced the **French National Strategy for Biodiversity 2011-2020**. This is the French version of the Global Strategic Plan for Biodiversity 2011-2020, which was adopted at the United Nations Convention on Biological Diversity (CBD) in Nagoya October 2010. This voluntary commitment was reflected in a first action program, drawn up for the period from 2012 to 2015, and was selected by the French Government as a recipient of the “National Biodiversity Strategy”.
* LVMH takes also into account the **CITES** Convention in the case of trade in certain exotic plants and leathers, from the **European Union Timber Regulation** (EUTR) of 2013 and environmental obligations relating to the **Common Agricultural Policy in the case of cognac**.
* LVMH also wants to contribute to the transfer of knowledge from the scientific sphere to the corporate and civil society spheres. This is what drives the Group to support, in particular, **research on an accounting system for natural capital**. This is a major challenge, since many public or private operators see protecting natural resources as hindering their development. LVMH wishes to provide a scientific insight, in order to encourage a better inclusion of natural resources in companies’ strategies. Two theses financed by LVMH have highlighted the **interdependence between companies and biodiversity**. LVMH intends to promote what is known as **“strong” sustainability**. Unlike “weak” sustainability, this concept is based on the complementarity between technical, human and natural capital, and therefore does not permit any interchangeability between these three types of capital. In the accounting system, it requires observance of environmental thresholds and balances in order to protect the environment. LVMH is planning to finance a French Environmental Accounting Chair that will act as advocate for this approach.

**☑ Reflection on the relevance of environmental stewardship for the company:**

**Blueprint For Corporate Sustainability Leadership**

**Global and Local Working Groups**

**☑ Participate in relevant global or local working groups and share experiences, networks, tools and good practices with other UN Global Compact participants.**

**☑ Take active part in defining scope and objectives of new working groups when relevant.**

**Value Chain Implementation**

**☑ Analyze each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts.**

**☑** **Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners:**

**Value Chain Implementation**

**☑ Communicate policies and expectations to suppliers and other relevant business partners.**

**☑ Written company policy on environmental stewardship:**

**☑** **Specific commitments and goals for specified years**:

**Blueprint For Corporate Sustainability Leadership**

**Promotion and Support of the UN Global Compact**

**☑** **Advocate the UN Global Compact to business partners, peers and the general public.**

**☑** **Encourage suppliers and other business partners to join the UN Global Compact, and take on mentoring role on issues related to the initiative.**

**☑** **Participate in activities to further develop and strengthen the UN Global Compact.**

**Blueprint For Corporate Sustainability Leadership**

**Local Networks and Subsidiary Engagement**

**☑ Contribute to the building and operating of at least** **one UN Global Compact Local Network and help** **elevate performance of other companies through** **training, mentoring, COP peer review, etc.**

**New corporate strategic program:**

|  |
| --- |
| ▶ See also CRITERION 2: Value chain implementation. |

* **Eco-design luxury products:** Eco-design involves reducing packaging weight and volume, choosing specific components and raw materials, employing more energy-efficient production processes and introducing initiatives to comply with REACH regulations. International and European regulations have led to more stringent environmental requirements in packaging design and manufacture. In particular, the volume and weight of packaging must not be what some regulations define as “excessive.”
* **One of the five commitments of the Environmental Charter adopted in 2001:** *« Design luxury products by integrating environmental innovation and creativity: Guided by its overriding concern for high quality, LVMH is working to improve control and better anticipate the environmental aspects related to the life cycle of its products. LVMH encourages all processes that result in environmental innovations and accepts its duty to exercise prudence and take precautions to ensure total safety for the consumer. »*

|  |  |
| --- | --- |
| * Like any human activity, the businesses of the LVMH group have an impact on the environment that varies in type and magnitude depending on the sector. The challenges | **2018-19** |

faced by each business have been clearly identified. [**🕮** About the **main challenges of each business group**, see “2018 Reference Document” (p. 72).]

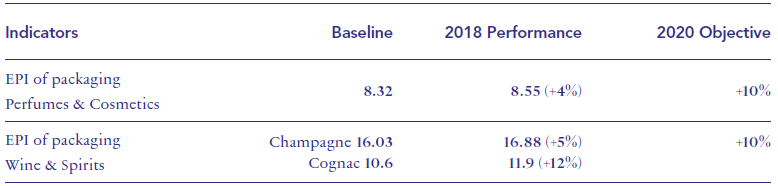
* **New corporate environmental strategic program “LIFE 2020”:**
* The **LIFE program** was designed in 2011 to reinforce the inclusion of environmental concerns in management processes, facilitate the development of new steering tools, and take into account the changes and enhancements resulting from Group companies’ innovative practices. The LIFE program was implemented by the Steering Committee of each Group company and is based on **9 key aspects** of environmental performance whose two take into **account product stewardship**: “Environmental design” and “Product life span and reparability”.
* In order to further improve consistency and efficiency, **in 2016** the Group gave its companies – regardless of their sphere of activity – **four shared targets** to be achieved by 2020 (2013 being the benchmark year). Two of them are directly linked to environmental stewardship [**🕮** See "2018 Reference Document” (pp. 71-73) and "2018 Environmental Report” (p. 10-11)]:
* sustainable product design: Group companies must make all of their products more environmentally friendly between now and 2020. LVMH’s Perfumes and Cosmetics houses and Wines and Spirits houses undertake to improve their Environmental Performance Index (EPI) score by 10 % (see “Raw material consumption”). Fashion and Leather Goods houses and Watches and Jewelry houses are to define sustainable design guidelines to be applied during product development ;
* suppliers and raw materials: Group companies must ensure that optimum standards are rolled out in their procurement of raw materials supplies and among their suppliers across 70 % of the supply chain in 2020 and 100 % in 2025 ;

The two others are:

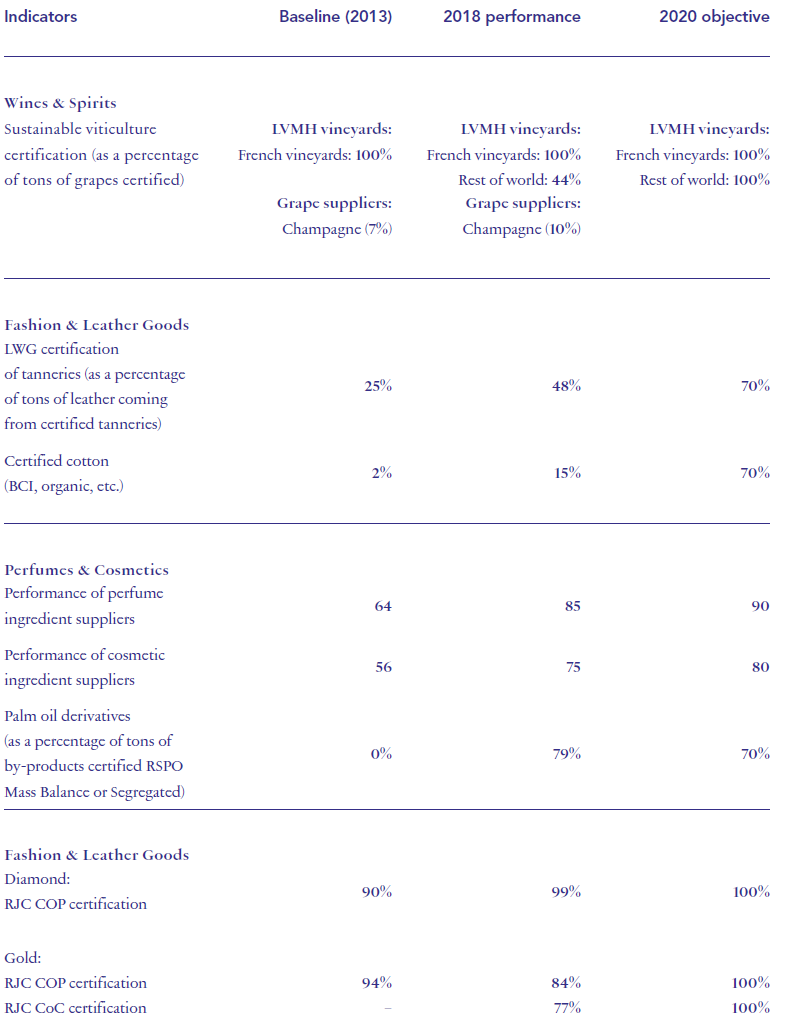
* cutting energy-related CO2 emissions by 25%
* make all production sites and stores more environmentally friendly: Group companies undertake to reduce at least one of the following indicators – water consumption, energy consumption or waste production – by 10 % at each of its sites, and to have an effective environmental management system focused on ongoing improvement. Stores must be made 30 % more energy efficient and new stores will have to achieve a minimum performance of 50 % in the LVMH Store Guidelines score chart.

|  |  |
| --- | --- |
| * Additionally, in 2018 the “Environmental report” includes and summarizes **different targets** and **results** linked to **environmental stewardship** [**🕮** See “2018 Environmental report” (pp. 29, 39 and 48).]: | **2018-19** |

* **Performance of products:**



* **Highests standards in the supply chain:**



* **Reduction of CO2 emissions:**



* **Ethno-botany and sustainable viticulture:**
* In the Perfumes and Cosmetics business group, the Research & Development Department and Group companies are working to establish a supply chain while preserving plant resources and have been working together on **ethno-botany** for a number of years. They seek to identify plant species with a particular interest as components of cosmetics products while contributing to the preservation of these species and to local economic development. This partnership can take a variety of forms such as financial support, technical or scientific assistance, or skills sponsorship, sharing the expertise of the Group’s staff with its partners.
* As part of this initiative, **Parfums Christian Dior’s** Dior Gardens are plots dedicated to cultivating flowering plants chosen for their exceptional properties. Guerlain has also launched a number of partnerships focused on orchids in China, vetiver in India, honey in Ouessant in France, sandalwood in Asia and lavender from the south of France.
* **Guerlain** has set up several sustainable chains for its exotic raw materials. Following Chinese orchids, Indian vetiver, and even French lavender, the company has recently developed a new supply chain for Australian sandalwood. After establishing contact with the company Santanol during a trade show, Guerlain’s perfumer Thierry Wasser visited this producer’s sandalwood fields. Seduced by their potential, he offered his expertise to assist Santanol in obtaining an excellent product, through a responsible process aimed mainly at preserving local biodiversity. This Australian sandalwood made a remarkable entry at Guerlain, since it is used as one of the signature ingredients of *Mon Guerlain,* the women’s perfume launched in 2017.
* **Sustainable viticulture**, another key aspect of LVMH’s responsible supply policy, ensures the sustainability of vines while encouraging biodiversity. The Champagne Houses are very active in this field.

|  |
| --- |
| ▶ See mainly CRITERION 2: “sustainable viticulture” in “Targets relating to specific challenges for groups of activities”. |

* **Reducing and recovering waste** [**🕮** See “2018 Environmental Report” (pp. 55-56)]:

With LIFE 2020, LVMH is also stepping up its efforts toward exemplary waste management. For a long time, the Group has worked to limit the production of waste, encourage sorting and recycling, and develop the circular economy. In 2017, the Group has published a White Paper on the subject, prepared jointly with the French Federation of Beauty Companies.

|  |  |
| --- | --- |
| * In 2018, the Group generated 102,184 tons of waste, **93% of which was recycled**, transformed into energy or reused [91% in 2017 and 86% in 2016]. Many Maisons | **2018-19** |

implemented initiatives in the field of waste management, based **upon design and products.**

|  |  |
| --- | --- |
| * **Use of recycled components:** The **CEDRE platform** (Environmental Center for Environmentally-Friendly Packaging Elimination and Recycling) alone treated | **2018-19** |

2,174 tons of various waste products ranging from bio-waste to product testers, and gave them a new life through several selective sorting streams (glass, cardboard, wood, metal, plastic, alcohol, cellophane, etc.). Since it opened in 2010 in Pithiviers, CEDRE has continued to expand. In 2018, it established a stream to recover metal parts and invested in a new machine to process textile waste. In addition, after a first audit conducted in 2017, a second audit was conducted on the platform to verify the improvements made and evaluate the service provider responsible for recycling alcohol.

|  |  |
| --- | --- |
| The results were very positive, which confirmed LVMH’s decision: set up a **similar platform in Italy** to treat and recycle waste products from the Perfumes & | **2018-19** |

Cosmetics activities. A first test was organized with Bvlgari for the collection and decontamination of 20,000 pieces coming from three products, before new experiments planned in 2019 with other brands.

|  |  |
| --- | --- |
| * In same spirit of pooling, LVMH launched a **pilot project to collect waste previously sorted in 7 Paris boutiques**. The project ended in the spring of 2018, | **2018-19** |

opening the way for a second phase: the selection of a service provider to collect waste from 13 corporate headquarters and 8 boutiques of 5 Houses (Berluti, Fendi, Givenchy, Loewe and Louis Vuitton) in Paris.

|  |  |
| --- | --- |
| * The mobilization of the Houses is essential for LVMH to make progress in reducing and managing its waste. Their mobilization did not disappoint in 2018. | **2018-19** |

* By using new shipping packaging boxes with preglued tape, Louis Vuitton for example reduced the quantity of adhesive tape used at the source and encouraged re-use of the boxes. The House also continued its partnership with the Réserve des Arts and ArtStock associations, which recover the company waste for the cultural sector. As a result, over 80% of the decor elements from our 2018 Men’s and Women’s fashion shows were donated and found a second life. In addition, during the year it created several local streams to recycle leather scraps.
* Hennessy initiated a study to improve the management of plastic film and glass waste at its La Vignerie packaging site with the goal of optimizing and securing internal and external streams. The House, which is also very active, pursued the production of SRF (solid recovered fuel) from non-hazardous industrial waste and household waste collected at all its sites, deployed 21 waste sorting units in several departments, and installed eco-fountains in meeting rooms to limit the use of plastic bottles. Hennessy thus now has new resources to achieve its goal by 2020: 100% of waste recycled.
* **Increasing the lifespan of products:** Increasing the lifespan of products is another way to reduce their environmental impact. The Houses of the LVMH Group strive to achieve this goal, backed by a major asset: their extremely high quality standards, intrinsic to the luxury goods industry and an essential aspect of their activities.
* To extend the use of the products, after-sale services are also appearing, such as the one set up by Loewe to maintain and clean the leather and its ready-to-wear items.
* For perfumes and cosmetics, the Houses are also developing the concept of refillable packaging. More than 80% of the creams and serums of Parfums Christian Dior are marketed in this form, for example. For the cream *Capture Totale* alone, the House saves 600,000 liters of water and nearly 11.6 tons of waste per year.
* “Refills” also lie at the center of the Guerlain strategy, which offers its customers the opportunity for infinite refills of their bottles in the perfume fountains in its stores.

|  |  |
| --- | --- |
| * In 2018, the House again illustrated its desire to extend the longevity of its products as much as possible. Its *Orchidée Impériale* cream was dressed in an | **2018-19** |

artisan porcelain jewel box crafted by the Bernardaud family establishment, which has embodied the excellence of French porcelain for nearly one hundred and fifty years. This refillable box is the ultimate expression of more sustainable luxury.

* **Environmental labelling:**
* In 2016, Loro Piana supported the filing of an **amendment by the Peruvian Government** aimed at ensuring that there is only one label for trade marking the origin of vicuna fibers, which will enable **better traceability**.
* Informing the public about a product’s environmental impact is also a growing challenge that has led the French Government and Europe, for example, to embark on an environmental labelling trial. As a reminder**, in 2011-2013**, LVMH has participated, with Sephora, in the French Government’s trial of environmental labelling. Informing the public about a product’s environmental impact is also a growing challenge that has led the French Government and Europe, for example, to embark on an environmental labelling trial. LVMH and Group Houses (particularly Sephora) are supporting the work being done in France and around the world regarding environmental labelling, particularly for the Perfumes & Cosmetics, Fashion & Leather Goods, Watches & Jewellery and Wines & Spirits business groups.
* For instance, to better inform and educate consumers, Sephora and LVMH participated in an environmental labelling trial in France conducted between July 2011 and July 2012 using two of Sephora's flagship products: Shower Gel and Shower Cream. Information on greenhouse gas emissions and water consumption throughout the products' life cycle was posted on Sephora's website. Labelling was based on the template defined by the French Consumer Industries' Liaison and Studies Institute (ILEC) and used by many companies.
* LVMH is also very involved in work currently being performed in France on environmental labelling guidelines for different sectors. It is a member of the working groups focusing on food/wines and spirits, beauty, textiles and leather, jewellery/watch-making and hotels.

**Criterion 10: The COP describes effective *management systems* to integrate the environmental principles:**

**☑** **Environmental risk and impact assessments:**

**Blueprint For Corporate Sustainability Leadership**

**Robust Management Policies and Procedures:**

**☑ Assess risks and opportunities on an on-going basis at both enterprise and product level and undertake due diligence to ensure that the company identifies any negative impacts caused by its operations and activities.**

The Environmental protection strategy within the Group is based upon a clear and strong organization, evaluation and certification programs, measures to ensure compliance with applicable laws and regulations, and a consumer policy safety. LVMH is particularly proactive in managing environmental risks: systematic identification of risks, prevention, protection of people and property, and a crisis management procedure are the four components of its risk management policy.

|  |
| --- |
| See also:  ▶ in CRITERION 1: “Strategy”  ▶ in CRITERION 2:   * “2. Risk identification” * “2. Targets relating to specific challenges for groups of activities”   ▶ CRITERION 9: Robust commitments, strategies or policies in the area of environmental stewardship. |

**1. Key management and external certification processes:**

|  |  |
| --- | --- |
| * At the end of 2018, 53% of all the Group’s manufacturing, logistics and administrative sites were **ISO 14001-certified** (63% of manufacturing sites more specifically). | **2018-19** |

Some of LVMH’s Maisons use standards other than ISO 14001 in order to make progress from an environmental standpoint [**🕮** See “2018 Reference Document” (p. 80) and “2018 Environmental Report (p. 54)]:

* This is the case for Guerlain, which has deployed the standard since 2011 and targets world certification in 2021. After France, Belgium, Luxembourg, Germany, Spain, Portugal and Italy, the House extended its process to the sites in Great Britain and Japan in 2018. In 2019, Switzerland, Austria, Mexico and Hong Kong will be included in the scope.
* The year also saw the renewal of ISO 14001 certification of all Paris sites of Parfums Christian Dior and confirmation of the certification of its operations at Saint-Jean-de-Braye. This means that the House’s activity meets almost all the requirement criteria for an environmental management system. The auditors stressed, in particular, two strong points of Parfums Christian Dior: the mobilization of the teams and the incorporation of environmental challenges into its business lines.
* Eco-management is generating results, as demonstrated by those achieved by Hennessy, which celebrated twenty years of ISO 14001 certification in 2018. The House was the first Wines & Spirits company in the world certified under this standard.
* While the hotel Cheval Blanc de Courchevel in France and Randheli in the Maldives are certified EarthCheck, the equivalent of ISO 14001 in the hotel sector, this standard is not the only one on which the Houses rely to improve the environmental performance of their sites.
* All Fendi’s sites in Italy have dual ISO 14001 and OHSAS 18001 certification (British Standard Occupational Health and Safety Assessment Series), the British standard for health management and workplace safety.
* In the United States, Chandon California and Newton, for example, are certified **Napa Green Winery** and **Napa Green Land**, standards awarded to vineyards and wineries in the Napa Valley that practice organic agriculture.
* Hennessy and the Champagne Houses are **ISO 22000** certified for management of food safety. Belvedere, also **OHSAS 18001** and ISO 22000 certified, is **ISO 50001** certified for the management of energy performance, as are the Champagne Houses and Le Bon Marché, which earned this certification in 2018.
* See also by reminder **all certification processes**:
* **Make sustainable construction widespread:** (BBC® (Energy-Efficient Building), HQE® (High Environmental Quality), BREEAM® (Building Research Establishment’s Environmental Assessment Method) or LEED® (Leadership in Energy and Environmental Design). [**🕮** See “2018 Environmental Report” (p.52)]
* **Promote the eco-design of the boutiques** [**🕮** See “2018 Environmental Report” (pp. 52-53)]**:**
* The strong commitment shown by the Houses allowed LVMH to reach one of the initial objectives of LIFE 2020 ahead of schedule – the 15% improvement in the average energy

|  |  |
| --- | --- |
| efficiency of the existing boutiques. **Antonio Belloni, Group General Manager, thus announced the Group is doubling the target rate to 30%.** This rapid progress is particularly driven by LVMH LIFE in Stores, a new program intended to support the teams (based on internal guidelines, developed on the basis of the best known global standards, including LEED®, HQE® and the WELL Building Standard®). | **2018-19** |
| * The second edition of the LIFE in Stores fair was organized on May 16-17, 2018. At the end of the event, the LIFE in Stores Awards recognized the | **2018-19** |

best eight environmental practices of the Houses at their points of sale. Seven Houses were honored. [**🕮** See “2018 Environmental Report” (p.53)]

* **Give preference to certified supplies** [**🕮** See “2018 Environmental Report” (p. 32)]

|  |
| --- |
| ▶ See CRITERION 2: “Sourcing and safeguarding raw materials” among “Targets relating to specific challenges for groups of activities” (Value chain implementation). |

* **Make a commitment to animal well-being** [**🕮** See “2018 Environmental Report” (pp. 32-35)]

|  |
| --- |
| ▶ See CRITERION 2: “Sourcing and safeguarding raw materials” among “Targets relating to specific challenges for groups of activities” (Value chain implementation). |

* **Use sustainable supplies of plant-based raw materials** [**🕮** See “2018 Environmental Report” (p. 36)]

|  |
| --- |
| See in:  ▶ CRITERION 2: “Wines & Spirits (sustainable viticulture)” among “Targets relating to specific challenges for groups of activities” (Value chain implementation).  ▶ CRITERION 9: “Ethno-botany and sustainable viticulture” among “Environmental stewardship”. |

* **Monitor the materials and substances present in the products** [**🕮** See “2018 Environmental Report” (pp. 36-37)]

|  |
| --- |
| ▶ See in CRITERION 2: “Compliance with regulations” among “Targets relating to specific challenges for groups of activities” (Value chain implementation). |

**☑** **Assessments of lifecycle impact of products, ensuring environmentally sound management policies**:

|  |  |
| --- | --- |
| * **Widespread roll-out of eco-design:** LVMH’s new “Product” objective for achievement by 2020 encourages the Houses to proceed with the widespread roll-out of | **2018-19** |

eco-design, which takes the environment into consideration from the product design stage. [**🕮** See "2018 Environmental Report" (p. 28)]

* In order to improve, all the Houses rely on a palette of tools developed for and with the Houses by the Environment Department and which are regularly improved. A continually enhanced source of inspiration, the online materials reference library the **“Eco-Materials Handbook”** offers to the teams responsible for the design, development and marketing more than 500 innovative, green materials adapted to the luxury goods industry.
* It also prepares a **list of best practices** to be implemented to manufacture, distribute, use and facilitate end-of-life management of the products, whether the product is cotton pants, a store furnishing, a jewel box, a bottle of wine, footwear, or even a website.
* **Edibox**, another Web tool available to the Houses, calculates the **Environmental Performance Index** (**EPI)** of the packaging and the carbon impact of the materials used to make it. Since the 2016 rollout of the second version, the estimates include the environmental impact of shipping materials and of the processes used to process and decorate them.
* The Houses of the Wines & Spirits and Perfumes & Cosmetics business sectors now calculate the EPI for all their products. The Group has given them a new target: a 10% improvement in evaluations in 2020.
* In 2018, the use of Edibox was also expanded to the three American Houses – Sephora North America, Fresh and Benefit.
* The LVMH teams have also worked on the development of a third, even more comprehensive version, and also participated in the SPICE working group aimed at standardizing environmental assessment methods in the world of Perfumes & Cosmetics.
* An increasing number of Houses are using a method used for the first time by Hennessy in 1992: the **Life-cycle analysis (LCA) of the products**.
* In 2018, for example, Acqua di Parma completed LCA for its *Colonia Pura* perfume, from design to “post-consumption” management. The analysis took into account each component of the perfume: liquid, bottle, sprayer, label... *Colonia Pura* thus became the first product developed by the House on the basis of specifications in which eco-design was the priority.
* Louis Vuitton made another use of LCA in 2018, using it to compare two processes to manufacture metal parts used in leather work and identify environmental optimization paths. In order to accelerate and increase the number of eco-designed projects, the Houses train their employees, equip them and adapt their organization.

|  |
| --- |
| As an industrial partner, the LVMH Group supports the Center’s work on the circular economy and the water footprint of the **CIRAIG**, the International Reference Center for the Life Cycle of Products, Processes and Services, established in Montreal, Quebec. It has also financed a Research Chair since 2003, so that its Houses can benefit from the support of the best global specialists in the areas of Life Cycle Analysis (LCA) and eco-design. |

* The mobilization of the Houses was successful in 2018.
* For example, Parfums Christian Dior significantly reduced both the weight and the volume of the new box for the *Diorskin Nude* powder compact and the packaging of the face and body foundation of its *Backstage* product line. Givenchy also reduced the size of its Christmas boxes. This initiative resulted in a significant improvement in the EPI, which rose from 2.9 to 8.1. It also increased the number of boxes per pallet for shipping, resulting in the equivalent of 20 fewer containers (1,000 pallets) than for the Christmas 2017 campaign.
* In the Wines & Spirits business sector, Krug stood out with *Verticale I,* a prestige package for six bottles of *Grande Cuvée* champagne. Manufactured in France from a single material – FSC-certified cardboard – and water-based glue, it posted an EPI of 11.26.
* In 2018, for example, the Perfume Houses organized a common operation to boost the eco-design awareness of their teams charged with packaging development and marketing.
* Dior Parfums also developed a white book on eco-design and uploaded an online EPI simulator.
* For its part, Guerlain strengthened the eco-design of its packaging by establishing an eco-design committee, which meets several times a year and is composed of representatives of its marketing, merchandizing, packaging development, industrial and procurement departments. Driven by a desire to promote the natural bases of its formulas, the House has also set up an eco-formula committee, which provides its teams responsible for sustainable development, R&D, marketing and regulatory questions to talk on a regular basis and move together in a structured and measured way toward more natural products.

**2.** **Prevention of product-related risks:** LVMH pays very close attention to the traceability and compliance of the materials and substances used to manufacture the products marketed by its Maisons, as part of its general risk management process. The external auditors and the various certifying bodies (RJC,

ISO 14001, etc.) help to reinforce the current system through their work and recommendations.

|  |
| --- |
| ▶ See CRITERION 2: see “Compliance with regulations” among “Targets relating to specific challenges for groups of activities” (Value chain implementation). |

**3.** **Suppliers-related risks:**

* **Prevention of suppliers-related risks**.

|  |
| --- |
| ▶ See in CRITERION 2: “Risk management”.  ▶ See also in CRITERION 1:   * “1. Commitment and involvement at the highest level” * “Alert and whistleblowing system”. |

* **Certifications:**

|  |
| --- |
| See also in:  ▶ CRITERION 2: “2. Targets relating to specific challenges for groups of activities”.  ▶ CRITERION 11: “Sustainable construction and renovation”.  ▶ CRITERION 16: “6. Environmental projects”.  ▶ CRITERION 18: “3. Research and professional exchanges with organizations” |

|  |  |
| --- | --- |
| **4. Expenses and provisions** [**🕮** See "2018 Reference Document" (p. 71)]: | **2018-19** |

* **Environmental protection expenses in 2018 broke down as follows:**
* operating expenses: EUR 26.1 million;
* capital expenditure: EUR 12.7 million.

The environment also benefitted from indirect expenditure, such as the cost of training, of providing technical support to in-house teams, or of the environmental quality of its buildings.

* **Provisions and guarantees** given for environmental risks, and compensation paid during the year pursuant to a court decision. The amount of EUR 12.4 million as of December 31, 2018 corresponds to the financial guarantees required by law for Seveso upper-tier establishments.

**5. Internal information sharing on ESG risks** operates through various processes and tools:

|  |
| --- |
| In this COP 2019 see also in:  ▶ CRITERION 1:   * “1. Commitment and involvement at the highest level” * “Alert and whistleblowing system”.   ▶ CRITERION 2: “Risk management”. |

**☑** **Allocation of responsibilities and accountability within the organization:**

**Blueprint For Corporate Sustainability Leadership**

**Board Adoption and Oversight**

**☑ Board of Directors (or equivalent) assumes responsibility and oversight for long term corporate sustainability strategy and performance.**

**☑ Board establishes, where permissible, a committee or assigns an individual Board member with responsibility for corporate sustainability.**

**☑ Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress).**

**Full Coverage and Integration Across Principles**

**☑ Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs.**

**☑ Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts.**

**Mainstreaming into Corporate Functions and Business Units**

**☑ Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary**

* **Responsibilities and accountabilities:**

|  |
| --- |
| ▶ See in CRITERION 1:   * “1. Commitment and involvement at the highest level” * “Alert and whistleblowing system”). |

* **Partnerships and collaborations:**

|  |
| --- |
| ▶ See in CRITERION 2: “Risk management”).  ▶ See CRITERION 18: Partnerships and collective action/ |

* **External verification of environmental reporting:** The LVMH Group has been consolidating environmental indicators since 1999, and they have been published since 2001. They have been verified by one of the Auditor’s specialized teams since 2002. These indicators are published in the Registration Document and in the Group’s environmental report.
* All the consolidation and calculation rules are defined in the **LVMH environmental reporting protocol**, which is updated annually, and is available for public consultation from the Environmental Department. [**🕮** See “Note on the methodology of environmental reporting” in "2018 Environmental Report" (pp. 68-71).]
* Any request to consult the “environmental reporting protocol” may be made by sent to the following address: **environnement@lvmh.fr**

|  |
| --- |
| **External verification of the environmental data and practices**  Since 2003, the LVMH Group has had its environmental reporting voluntarily and independently audited by Ernst & Young, one of the Group’s auditors, in accordance with ISAE 3000 (the International Standard on Assurance Engagements 3000 of the International Federation of Accountants). For fiscal 2018, the work focused on:   * **a** **reasonable degree of assurance** concerning others selected environmental indicators: * Proportion of manufacturing sites certified ISO 14001 (%) * Total energy consumption (MWh) * Energy-related greenhouse gas emissions (metric tons of CO2 equivalent) * Total water consumption for process requirements (m³) * Chemical Oxygen Demand after treatment (metric tons/year) * Total waste produced (metric tons) * Total hazardous waste produced (metric tons) * Waste recovery rate (%) * Total packaging that reaches customers (metric tons). * **a** **limited degree of assurance** concerning some selected environmental indicators: * Environmental Performance Index for packaging (value) * Proportion of grapes (in kg), whether from the Company’s own vineyards or bought in, produced under a sustainable winegrowing certification (%) * Proportion of palm oil derivatives (in kg) certified RSPO Mass Balance or Segregated (%) * Proportion of leather (in m²) sourced from LWG-certified tanneries (%) * Proportion of gold purchases (in kg) certified RJC CoP or CoC * Proportion of diamond purchases (in carats) certified RJC CoP * Proportion of cotton purchases (in metric tons) certified BCI (%) * Greenhouse gas emissions avoided per year by projects under the banner of the Carbon Fund (metric tons of CO2 equivalent avoided) * Organization of the environmental approach, particularly governance and commitments, including the LIFE program * Environmental impact of packaging and monitoring of the LIFE “Products” target * Environmental standards applied to the supply chain and monitoring of the LIFE “Sourcing” targets * Combating climate change and monitoring the LIFE “Climate change” target * Environmental management of sites and monitoring of the LIFE “Site” targets   [**🕮** See “2018 Reference Document” (pp. 56-60).] |

**☑** **Internal awareness-raising and training on environmental stewardship for management and employees:**

**1.** **Intranet:** In 2009, an **Intranet website (“LVMH Mind”)**, specifically devoted to social and environmental responsibility, was launched to better communicate internally the Group’s commitment to responsible corporate citizenship. This internal portal provides details of the issues involved in safeguarding and improving the environment for each function in the company. More generally, it describes the Group’s principles and initiatives with regard to environmental and corporate social responsibility: diversity, equality, ethics, environmental protection, responsible procurement, etc. The site is available to all Group employees. It is both an information resource and a collaborative working tool for Environmental representatives. Employees can also receive newsletters from the site and subscribe to newsflashes.

**2. Training and awareness:**

|  |  |
| --- | --- |
| * LVMH knows that its environmental progress is closely linked to its ability to make its employers actors in its approach. As a result, the Group gives great importance to the | **2018-19** |

awareness and training of its 156,088 employees on this issue. Everyone is involved, from the executives who provide the impetus to the operational teams who implement best practices in the field. In 2018, training and education programs about the environment comprised **20,196 training hours** to compare with 2017 (18,841 hours). [**🕮** See “2018 Environmental Report” (p. 13) and “2018 Reference Document” (p. 70)]

* In 2016, the company created the **Environment Academy**. As proof of the crucial role assigned to the Environment Academy, the number of training hours provided serves as an indicator to monitor the LVMH environmental policy and assess the progress made in the implementation of its LIFE program. One of the goals of the Perfumes & Cosmetics Houses, for example, is to have trained 100% of their buyers in supplier environmental audits by the end of 2019.
* It is responsible for developing and deploying educational courses using a variety of media, such as live sessions, training via e-learning or virtual classes. The training offer includes a core set of basic lessons named “The Fundamentals”. Designed for new environmental managers, this training covers the major environmental challenges, running an environmental management system, and environmental law.
* In addition, business modules are offered “à la carte” (for example, the module on eco-design to train employees working in design, R&D and marketing) as well as a soft skills module to teach each person, whatever their position, how to convince and exert influence on environmental challenges.

|  |  |
| --- | --- |
| * Since its launch, the training has become international, as indicated by the session in Milan in September 2018 that saw the participation of people | **2018-19** |

working for Houses located in Italy, such as Bvlgari. Business training sessions have covered various topics, such as environmental allegations, wood regulations, the CITES and the assessment of the environmental performance of suppliers.

* The Environment Academy has also placed its expertise at the service of the Houses. With its assistance, Loewe released an online module designed to present its sustainable development projects to its employees at all stages in the life cycle of the products.
* To provide more support to the different internal audiences, the environmental training offer is

|  |  |
| --- | --- |
| regularly enhanced, both with content and with approaches and tools. In 2018, a new, particularly innovative training tool was rolled out: **LIFE Influencer** | **2018-19** |

**Agency**, a SPOC or Small Private Online Course (in reference to MOOC or Massive Open Online Course) used by universities to train their students. This mobile application developed with a design agency and a company specializing in EdTech is intended for architects and operational directors, who play a key role in the improvement of the environmental performance of the sites. Downloadable on smartphones since 2019 in Europe, the United States and Asia, it offers them an introduction to sustainable construction in four steps: LIFE Vision, LIFE in Stores, LIFE in Finance and LIFE Influencer. The application is integrated into a six-month educational course that also includes five face-to-face workshops in a very entertaining format. With this initiative, LVMH not only wants to make its architects and operational directors active contributors to its environmental policy, it also wants to create a community for them to encourage sharing and the dissemination of best practices, and accelerate the rise in the level of collective expertise

**2018-19**

|  |  |
| --- | --- |
| * **Other examples of training and awareness programs:** |  |

* Concerning LVMH Lighting Program and **LED equipment**, **architects** are key participants in this area and LVMH offers them specific **training sessions**. These sessions continued in 2018, taking the form, for instance, of visits to museums, exhibitions and conferences given by lighting designers. These initiatives are beginning to yield concrete results in the sales floor areas. In all the Group’s business sectors, they are installing metering systems, and then completing and refining them. They record and regularly analyze indicators, initiate energy audits and track waste. They are centralizing the control and management of consumption, naming energy managers, and training their teams in good practices.
* The Houses are also continuing their actions to increase awareness of the challenges and opportunities of sustainable wine growing in Champagne, as illustrated by the **conference** they organized on this subject during **Green Week 2018**.
* The Houses promote the sustainable mobility of their personnel. As an example, in Italy, the employees of the Bvlgari factory in Valenza, for example, are encouraged to car-share through the Jojob mobile app. The success of this effort was demonstrated in 2018, when the House was recognized as the Italian company most frequently using the Jojob services, with nearly 22,000 certified trips made via the application. As a result, Bvlgari and Jojob strengthened their partnership. Those who work at the factory can now have their trips made on foot, bicycle or shuttle certified. Moreover, the platform has been charged to collect information about the travel of all employees at the site, and **a Jojob team makes regular visits to increase their awareness of the advantages of sustainable mobility**.
* For internal communication, the trend is the integration of environmental problems in the daily life of the teams and the progressive dissemination of a green culture within the LVMH Group.
* This was illustrated in 2018, for example, with the opening of the **“Environment Every Day”** page on its new Hennessy intranet portal. This page presents good practices to reduce the impact of the activities on natural resources, and offers data on themes such as energy, water, package eco-design, waste, sustainable wine growing, sustainable transport or the environmental performance for the year. To facilitate dialog on these themes, the page also offers employees the option to send their comments and good ideas.
* At Sephora North America, the desire to bring its employees on board with the House’s environmental policy gave birth in 2018 to **“Tips to Green Stores”**: advice given to store employees to reduce the environmental footprint by lowering energy consumption and waste production. For example, they are invited to use reusable water bottles, sort their waste, close exterior doors, systematically ask customers if they want a bag, or offer them an electronic receipt.

|  |  |
| --- | --- |
| * **Training towards suppliers.** | **2018-19** |

|  |
| --- |
| ▶ CRITERION 2: see “Supplier and buyer support and training” among “Risk management” (Value chain implementation). |

* In addition, LVMH has forged **partnerships in the academic world**. They allow LVMH to support the training of students and their awareness of environmental issues, while feeding its creativity and capacity for innovation.

|  |
| --- |
| ▶ See in CRITERION 18: “7. Universities and Business Schools:”. |

* **Internal awareness and communications through public events:**

|  |
| --- |
| ▶ See CRITERION 18: Partnerships and collective action. |

**☑ Grievance mechanisms, communication channels and other procedures (e.g. whistle-blower mechanisms) for reporting concerns or seeking advice regarding environmental impacts:**

|  |
| --- |
| See also:  ▶ CRITERION 1: “Alert and whistleblowing system”.  **🕮** Relating the "whistleblowing system" see “2018 Reference Document” (pages 54-55, 110 and 151).  **🕮** See also “2018 Social Responsibility Report” (p. 36): “Employee feedback and whistleblowing” whose “Examples of systems to promote feedback and dialogue”. |

* There is a public mail address that anyone can use to report about environmental issue or ask any question. Any request to consult notably the environmental reporting protocol may be sent to the following address: [**environnement@lvmh.fr**](mailto:environnement@lvmh.fr).
* In 2009, an **Intranet website (“LVMH Mind”)** was launched to better communicate internally the Group’s commitment to responsible corporate citizenship.
* The site is available to all Group employees and is both an information resource and a collaborative working tool for the environmental correspondents. It is also a means for employees to receive newsletters and subscribe to newsflashes.
* On this website, specifically devoted to social and environmental responsibility, employees can find the LVMH Code of Conduct, but also the Environmental Charter first adopted in 2001 and the Supplier Charter introduced in 2008, which ensure compliance across the entire supply chain with strict guidelines.
* **Stakeholders’ questions and “Well-handed client’s request in relation with environment”**:

The ability to answer questions from customers and other stakeholders about the environment is one of the key aspects of environmental performance included in the LVMH “LIFE” program. The Maisons and their sales associates must be able to provide customers with full technical environmental data on a product or process.

* **Management of satisfaction and complaints:**
* The very stringent requirements on cosmetic products guarantees the **safety of our cosmetics**, not just at the time they are placed on the market, but also while they are being marketed. The high standards implemented allow LVMH to guarantee the safety of its cosmetic products when they are released onto the market. In order to monitor the quality of their products after they are released, the LVMH group’s brands have customer relations departments which receive any complaints from consumers for analysis, including complaints about adverse effects. This process – known as cosmetovigilance – is managed by a team of specialists who provide the Group’s brands with access to a European network of healthcare professionals able to quickly respond to help consumers experiencing side effects. A similar approach is under development in China. Such post-market surveillance makes it possible to explore new areas of research and continually improve the quality and safety of our products.

|  |
| --- |
| See also:  ▶ CRITERION 2: “Prudent use of chemical compounds in production processes” among “Risk management” (Value chain implementation).  **🕮** “2018 Reference Document” (page 52). |

* We measure customer satisfaction at the brand level. Satisfaction measurement is not managed at the Group level. Each Maison has its own methodology to measure **customer satisfaction**.

|  |
| --- |
| **Example of Parfums Christian Dior**: The customer relations service for Europe area is based in Paris and operates in nine languages available on a dedicated space Dior.com by mail, live Chat, e.mail and telephone. This service is also available in China since November 2013, and in Japan since February 2015. Parfums Christian Dior has a barometer for measuring customer satisfaction in key European countries. At the end of 2017, in Europe, requests for information represented 30 % of all clients approached, claims 15 % (on a variety of topics such as packaging, texture, manufacturing, etc.) and assistance on online orders 14 %. In China, inquiries accounted for 13 % of customer contacts and claims 2 %. In Japan, customers approached mainly concerned requests for information, assistance on online orders and claims, respectively 39 %, 36 % and 6 % of contacts. |

* **Responsible consumption** [**🕮** See “2018 Reference Document” (pp. 52-53)]: For many years, Moët Hennessy has emphasized the responsible enjoyment of its champagnes, wines and spirits. This commitment takes shape through a diverse range of initiatives aimed at itsemployees and customers, as well as guests and visitors to itscompanies.
* **Dialogues, partnerships and communication about environment**: The Group LVMH is involved in several dialogues and partnerships with different categories of stakeholders from civil society. LVMH is a holding company which has over 70 luxury brands covering 5 activities (perfumes and cosmetics; wines and spirits; fashion and leather goods; watches and jewellery; selective retailing). Due to the diversified and decentralized nature of its activities, the Group has defined general principles as regards stakeholder engagement that are circulated to the management of its Brands and subsidiaries. Each LVMH brand, depending on its priorities, will determine its key stakeholders and implement its own stakeholder engagement. Each company is in charge of the management of its brand, according to its own processes, according to the Group's mission and values. Thus, each brand has its own method of brand strategic management, aimed at enhancing its financial value and reputation.

|  |  |
| --- | --- |
| See mainly:  ▶ CRITERION 16: Strategic social investments and philanthropy.  ▶ CRITERION 18: Partnerships and collective action. | **2018-19** |
| **[🕮** See "2018 Environmental Report" (pp. 15-18 and 20-21) according the following categories of informations:   * professional exchanges * project partnerships * support fundamental research * act through (environmental) corporate sponsorship * rely on experts * internal and external communication] | |

**Criterion 11: The COP describes effective *monitoring and evaluation mechanisms* for environmental stewardship:**

**☑ System to track and measure performance based on standardized performance metrics:**

**Blueprint For Corporate Sustainability Leadership**

**Strategic Social Investments and Philanthropy**

**☑** † **Implement a system to track and measure performance based on standardized performance metrics.**

**☑ Outcomes of integration of the environmental principles:**

All of the Group’s environmental initiatives generate savings or revenue in the short, medium and long term as shown by the increasing number of eco-designed products within the Group. The sum of the savings generated, costs avoided and gains made, which are not monetized today as positive externalities for the 70 or so Group brands are not subject to internal consolidation. The Environmental Department nevertheless tracks and promotes the many internal best practices which represent value created from site operations and product design and manufacturing processes.

|  |
| --- |
| See also:  ▶ CRITERION 16: Strategic social investments and philanthropy.  ▶ CRITERION 18: Partnerships and collective action. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| |  |  | | --- | --- | | * **No incidents to report in 2018.** The amount of EUR 12.4 million as of December 31, 2018 corresponds to the financial guarantees required by law for Seveso upper-tier | **2018-19** |   establishments. [**🕮** See “2018 Reference Document” (p.71)]   |  |  | | --- | --- | | * **LVMH is assessed** on its environmental policy by its external stakeholders. The Group **is included in the main indices based on responsible investment criteria**, | **2018-19** |   i.e., FTSE4Good Global 100, Euronext Vigo Eurozone 120, MSCI World Index, Europe and France, ESI (Ethibel Sustainability Indices) Europe. |

Over the past few years, the Group has gathered an array of tools and KPIs in order to promote its development and performance.

* **KPIs "LIFE 2020" program**: In order to further improve consistency and efficiency, in 2016 the

|  |  |
| --- | --- |
| Group gave its companies – regardless of their sphere of activity – four shared targets to be achieved by 2020 (2013 being the benchmark year). | **2018-19** |

|  |
| --- |
| ▶ See in CRITERION 1: “Strategy” and “Management”.  **🕮** See "2018 Environmental Report":  - “LIFE 2020 Status report per objective in 2018” (pp. 24-25)  - “tables tracking LIFE 2020 objectives” (pp. 29, 39 and 48). |

* **Examples of projects financed by the internal Carbon Fund** [🕮 See “2018 Environmental Report” (p.43)]**:**
* Starting in 2021, Belvedere will be reducing its CO2 emissions by 2,444 metric tons per year. An ambitious initiative in a country where 81% of the energy is produced from petroleum and coal.
* To keep its sparkling wines at 16°C, Chandon India uses 469 solar panels to power the facility and reduce CO2 equivalent emissions by 19% in a region where 57% of electricity is produced by burning coal.
* 45 projects driven by Louis Vuitton and approved by the carbon fund avoid 892 metric tons(1) of CO2 equivalent in offices, warehouses and stores, amounting to 10.5% of total Louis Vuitton emissions.
* **Increasing the use of renewable energy:** At the same time as the action taken to reduce its consumption of fossil fuels, LVMH is increasing its consumption of renewable energy, which does not emit any carbon into the atmosphere. The increase has been rapid: renewable energy’s share of the Group’s energy mix increased **from 1% to 27% between 2013 and 2018**.
* In the field of eco-design and the environmental performance of packaging, some indicators are shared, such as the **Environmental Performance Index (EPI)**, which calculates the environmental performance of packaging. Other indicators are specific, enabling the Houses to take their businesses’ particular operating methods into account.

|  |
| --- |
| ▶ See in CRITERION 10: “☑ Assessments of lifecycle impact of products, ensuring environmentally sound management policies” |

* The Group is convinced of its responsibility for animal biodiversity. By assigning a value to these precious raw materials, their vital importance is significantly highlighted, and therefore results in the **creation of positive outcomes**.
* That is the reason why **LIFE 2020 Sourcing targets relate in particular to the following raw materials**: grapes; leathers, raw lamb and calf skins, exotic leathers and furs; stones and precious metals; palm oil and its derivatives; regulated chemicals. All Maisons have incorporated the requirements of the REACH Commission Regulation into their contractual documents so as to engage all suppliers in this undertaking.
* In 2016, a specific study was carried out assessing the environmental impact of the Group’s raw material production and supply chain. Across the entire value chain quantified, 50% of emissions are generated by the production of raw materials and 30% by inbound and outbound transport. Next come emissions generated by production plants, logistics centers, offices and stores (20%), whether direct (Scope 1) or indirect (Scope 2).

**☑ Leadership review of monitoring and improvement results:**

|  |
| --- |
| ▶ See in CRITERION 1:   * “1. Commitment and involvement at the highest level” * “2. Management and control of actions” |

**☑ Process to deal with incidents:**

|  |
| --- |
| See in:  ▶ CRITERION 2: “Risk management”.  ▶ CRITERION 2: “Prudent use of chemical compounds in production processes” among “Risk management”.  ▶ CRITERION 10: “**☑** Environmental risk and impact assessments”.  **🕮** “2018 Reference Document” (page 52). |

**☑ Audits or other steps to monitor and improve the environmental performance of companies in the supply chain:**

* **Auditing/monitoring the suppliers:**

|  |
| --- |
| ▶ See in CRITERION 2: “Risk management”. |

* **Examples of collaboration/information with suppliers:**

|  |
| --- |
| ▶ See in CRITERION 2: “Risk management” |

***Robust Anti-Corruption Management Policies & Procedures***

**Criterion 12: The COP describes robust *commitments, strategies or policies* in the area of anti-corruption:**

**☑ Publicly stated formal policy of zero-tolerance of corruption (D1):**

**☑ Policy on anti-corruption regarding business partners (D5):**

**☑ Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes (B2):**

|  |
| --- |
| Given the global reach of its business, LVMH has operations in many countries around the world, including some with a level of maturity in the adoption of ethical business practices deemed unsatisfactory by organizations producing popular indices that rank countries worldwide.  Due to the nature of its business model, the Group does not enter into any significant contracts with governments. Consequently, it is not exposed to the corruption risks associated with public procurement procedures.  However, the Group’s business activities involve contacts with government agencies, for the granting of various authorizations and permits. Similarly, out of a willingness to discuss and cooperate with authorities and decision-makers, LVMH contributes to public debate in countries where to do so is authorized and relevant. The Group’s contributions in the public space always abide by the laws and regulations applicable to the institutions and organizations in question, and LVMH is registered with interest representatives where its activities so require.  Furthermore, the Group may be exposed, in the same way as any other private company, to the risk of corruption in its dealings with private business partners. Given the diversity of the LVMH ecosystem and its decentralized organizational model, Maisons have developed their own policies adapted to their specific business contexts. At a central level, the Ethics & Compliance Department develops and coordinates the rollout of cross-departmental initiatives to strengthen compliance programs already in place within the Group and ensure their consistency. |

* **Regulations:** Anticorruption is covered by at least two regulations.
* The year 2017 was mainly committed by the law n° 2016-1691 of December 9, 2016, known as the **Sapin II Law (combating corruption).**

|  |  |
| --- | --- |
| * Applicable for the year 2018, the **European Directive on disclosure of non-financial information** has been transposed into domestic law. In accordance with | **2018-19** |

**Article L.225-102-1 of the French Commercial Code**, the information constituting the Group’s statement of non-financial performance includes the issue of corruption that may impact company and its stakeholders whose suppliers and their workers. [**🕮** See “2018 Reference Document”, pp. 61-68 (see "2018 Reference Document" p. 46)]

* The **LVMH Code of Conduct** adopted in 2009 and revised in 2017 includes clear commitments concerning “fighting against all forms of corruption”:
* *« The concept of “act of corruption” – the legal definition of which varies depending upon the applicable legal framework – generally includes any act through which a person (“the corrupted”) solicits or accepts a gift, a promise or any type of benefit for themselves or for a third party in exchange for performing, failing to perform or delaying the performance of an action within the scope of their responsibilities, duties or mandates, to the benefit of a third party (“the corruptor”).*

*Gifts, promises or any type of benefit may consist of direct benefits – payment of cash, provision of goods or services, discounts, free execution of work, etc. – or indirect benefits such as hiring a relative or friend, paying a debt for someone, etc.*

*Corruption may involve a person acting in a private capacity (private corruption) or in a public capacity (public corruption).*

*There is active corruption when the corruptor initiates the corrupt act. There is passive corruption when the corrupt act is performed at the initiative of the corrupted person.*

*As for the concept of influence peddling, it applies to a situation in which a person illicitly uses their real or supposed influence in order to obtain certifications, employment, contracts or any other favorable decision for a third party from a public authority or administrative office in exchange for a benefit.*

*Influence peddling is also qualified as “active” or “passive” depending upon who initiates the action.*

*LVMH applies a zero-tolerance policy concerning corruption and influence peddling and implements measures to prevent, identify and sanction any instances of corruption or influence peddling within the scope of its activities.*

*Internal guidelines communicated to employees precisely illustrate the types of behavior that are strictly prohibited and which may be characterized as corruption or influence peddling.*

*For example, they include:*

*- paying or accepting bribes or hidden commissions, regardless of whether they are paid directly or indirectly ;*

*- facilitating payments (payment of small sums to public officials in order to speed or guarantee the execution of an action as part of the normal conduct of business).*

*More broadly, any payment to a third party must be in exchange for a service and correspond to a legitimate price agreed with this third party. »* [**🕮** See “LVMH Code of Conduct” (pp. 21-22).]

* **Dissemination of the Code of Conduct:** This Code of Conduct is available on the LVMH website and is also available and can be downloaded in several languages on the Group’s intranet. This Code of Conduct is given to all new employees. The LVMH Group has also established resources to support good governance by its Maisons many areas, notably **fighting corruption**, in particular to address some specific geographical areas; compliance with competition law.

Employees who fail to respect the principles set out in this Code of Conduct and in internal guidelines are liable to appropriate disciplinary measures proportionate to the seriousness of the infraction, in compliance with the Internal Regulations (or any equivalent document) of the company that employs them and to applicable laws and regulations.

The principles of this Code of Conduct may be detailed by each Maison to reflect its business sector or geographic location. In addition, local codes of conduct or charters may be applied when necessary to conform to local legislation and regulations.

* Adopted in 2008, the **Supplier Code of Conduct** was revised in 2017 order to provide more detail about the principles of conduct expected of suppliers, particularly in terms of **professional integrity**. The Supplier Code of Conduct includes clear commitments concerning:
* **“Prohibition of all forms of corruption”:** *« Company name” applies a zero-tolerance policy concerning corruption and trading in influence. We expect our suppliers to respect all applicable laws concerning corruption and to take appropriate measures to prevent, detect and sanction any corruption or trading in influence, directly or indirectly, across the scope of their activities. »*
* **“Gifts and invitations”:** *« Gifts or invitations may be considered acceptable expressions of courtesy within the context of good business relations if limited in scope and value, given openly and transparently, permitted under applicable local law, customary in the location in which they would be given, provided to reflect esteem or gratitude, and not offered with an expectation that something will be offered in return. In some cases, these practices might be subject to anticorruption regulations or other legal requirements, making it essential to be aware of such rules and to fully comply with them. »*

**Criterion 13: The COP describes effective *management systems* to integrate the anti-corruption principle:**

**☑ Support by the organization’s leadership for anti-corruption (B4):**

The Board of Directors sees to it that procedures to prevent corruption and influence peddling are implemented. It ensures that a policy of non-discrimination and diversity is in place, notably in respect of gender equality within the governing bodies.

|  |
| --- |
| See also in:  ▶ CRITERION 1:   * “1. Commitment and involvement at the highest level” * “2. Management and control of actions”   **🕮** “2018 Reference Document” (pp. 130 and 148). |

**Criterion 14: The COP describes effective *monitoring and evaluation mechanisms* for the integration of anti-corruption:**

**☑Public legal cases regarding corruption (D14):**

No incidents to report.

**☑ Process to deal with incidents (D13):**

|  |
| --- |
| See also in:  ▶ CRITERION 1:   * “1. Commitment and involvement at the highest level” * “2. Management and control of actions”   **🕮** “2018 Reference Document” (pp. 53-55 and 65). |

* **Support resources:**

|  |  |
| --- | --- |
| * **Mapping of risks:** The non-financial risk-mapping exercise was undertaken in 2018 with the assistance of global risk and strategic consulting firm Verisk Maplecroft, which specializes in analyzing political, economic, social and environmental risks. | **2018-19** |

* The exercise analyzed a wide variety of factors by geography and sector whose in particular **corruption index**.
* Risk mapping details will be updated on a regular basis, and the system includes an assessment questionnaire filled out by each Maison, which is used to determine its current level of maturity in relation to risk management practices in the areas of anti-corruption, respect for human rights, and the protection of the environment, for each of the countries identified as particularly significant given the Company’s level of risk exposure and the scale of its business activities there (revenue, amount of purchases, number of employees).

|  |  |
| --- | --- |
| * **Risk management:** Risk mapping details will be updated on a regular basis, and the system includes an assessment questionnaire filled out by each Maison, which | **2018-19** |

is used to determine its current level of maturity in relation to risk management practices **in particular for the areas of anti-corruption**, for each of the countries identified as particularly significant given the Company’s level of risk exposure and the scale of its business activities there (revenue, amount of purchases, number of employees).

Based on the results of this questionnaire, the Maisons draw up and implement **action plans** that outline the initiatives to be taken in order to improve preventive measures for the identified risks and the next steps. This information is taken into account in letters of representation concerning risk management and internal control arrangements under the internal **“ERICA” approach**. Each year, the **Ethics & Compliance Department** reports to the Ethics & Sustainable Development Committee of the Board of Directors on the implementation of the Group’s ethics and compliance policy.

|  |  |
| --- | --- |
| * **Communications, awareness and training:** Communications, awareness and training efforts aiming to improve employee vigilance are implemented. | **2018-19** |

* Serving as the central information resource for the Group’s ethics and compliance policy, the **LVMH Ethics & Compliance Intranet** provides access for all employees to a set of documents, tools and information relating to business ethics. Maisons with their own intranets refer their users to this central resource.
* **Specific information** is provided by the relevant human resources departments to newly hired employees concerning the Code of Conduct and the whistleblowing system.
* An **online training tool**, available to all employees on the Ethics & Compliance Intranet, is designed to help them understand and better assimilate the rules, practices and values presented in the LVMH Code of Conduct. In 2018, this module was translated into around 10 languages to make it available to a wider audience.
* **Awareness initiatives** are coordinated by the Ethics & Compliance Department, in the context of seminars organized by the Group in various regions. In 2018, presentations along these lines took place in the United States, across Europe, and in China (for the Asia region), particularly for staff working in the Internal Control and Purchasing Departments, who are key actors in the Ethics & Compliance program.
* The Group has also developed a specific **anti-corruption online training module**, which is available to all Maisons and serves as a common core that supplements existing training materials. This module is mandatory for all staff identified as particularly exposed to corruption risk and its results are regularly assessed.

|  |  |
| --- | --- |
| * **Rules, procedures and tools :** Common rules, procedures and tools are also in place to facilitate day-to-day detection and prevention of prohibited conduct by operational staff. | **2018-19** |

* In addition to the LVMH Code of Conduct, the Group has **internal guiding principles** – a set of documents that apply to all entities intended to be used as a reference guide to help employees adopt appropriate behaviors in various areas to do with business ethics. In particular, these principles cover the following:
* preventing corruption and influence peddling, including basic definitions of these concepts and information about how to identify various suspicious behaviors against which staff should be on their guard;
* mandatory rules on gifts and entertainment;
* preventing money laundering, including information on cash payment limits and formalities for reporting large payments;
* rules for preventing, reporting and resolving conflicts of interest; in this regard, an annual conflict of interest reporting campaign is undertaken within the governing bodies of the Group and the Maisons;
* use of assets belonging to the Group and the Maisons, including the fact that such assets are made available only for a temporary period and the requirement that they be used in a professional and conscientious manner;
* loans of clothes and accessories by Maisons to employees or individuals outside the Group;
* Group policy on travel and security, which includes rules on authorization of travel and payment of travel expenses.

|  |  |
| --- | --- |
| * **LVMH’s internal control framework** was revised in 2018, notably to incorporate new or more stringent ethical and compliance requirements and to ensure that the Group’s various entities meet those requirements. | **2018-19** |

* In addition to the usual existing communication and warning channels within the Group and Maisons, LVMH has set up a **centralized whistleblowing system**, available in around 10 languages, to collect and process reports from all employees concerning infringements or serious risks of infringement of laws, regulations, the provisions of the LVMH Code of Conduct and other principles, guidelines and internal policies. The system covers the following behaviors:
* corruption and influence peddling;
* money laundering, fraud and falsification of accounting records;
* embezzlement;
* anti-competitive practices;
* data protection breaches;
* discrimination, harassment, violence and threatening behavior;
* infringements of social standards and labor law, illegal employment;
* infringements of occupational health and safety regulations, violation of environmental protection laws;
* practices contrary to ethical principles.

Alerts handled through dedicated whistleblowing systems help improve risk identification procedures, as part of a continuous improvement approach. If employees fail to abide by rules laid down in the Code of Conduct, the guiding principles or, more generally, the Internal Rules (or equivalent document) of their employing Maison, the Group will take appropriate and timely steps to put an end to the infringement in question, including appropriate **disciplinary sanctions** proportionate to the severity of the infringement, in accordance with the provisions of the Internal Rules (or equivalent document) and applicable laws and regulations.

***Taking Action in Support of Broader UN Goals and Issues***

**Criterion 15: The COP describes core business contributions to *UN goals and issues:***

**☑ Align core business strategy with one or more relevant UN goals/issues:**

**Blueprint For Corporate Sustainability Leadership**

**Core Business Contributions to UN Goals and Issues:**

**☑ Develop relevant products and services or design business models that contribute to UN goals/issues:**

**☑ Adopt and modify operating procedures to maximize contribution to UN goals/issues:**

* **Indicators and KPIs linked to SDGs:** Thanks to the implementation of SDGs, LVMH has been able to give new momentum to its environmental and social policy and embark on an ongoing improvement approach. Since its introduction, the program has become a source of continuous progress for the company. A true driver of innovation, it also contributes to cost-reduction, to protecting the image of its brands, and to improving its internal and external communications. Today, the way in which the Group responds to its environmental and social issues has a profound influence on its development, shapes the future challenges in its markets, and determines the growth opportunities of its Maisons.

|  |  |  |
| --- | --- | --- |
| * **Reporting concerning the Sustainable Development Goals (SDGs):** The “Environmental Report 2018” (p. 8) and the “2018 Social Responsibility Report” (p.49) present the different contributions of LVMH to the Sustainable Development Goals” (SDGs). | **2018-19** |  |

|  |  |
| --- | --- |
| ▶ See ours answers to the questions in preamble (pp. 6-10) notably concerning the “business model” and more particularly the following “**☑ Goals and indicators set by our company with respect to one or more SDGs**”. |  |

|  |  |
| --- | --- |
| **The LVMH Reports and the “COP 2019” include different informations, policies and indicators/KPIs concerning the issues taken into account by SDGs.**  **As examples of our initiatives and programs:** |  |
| * **SDG1.** Actions supporting vulnerable, marginalized or underserved populations. * **SDG2.** Actions concerning sustainable viticulture and ethno-botany. As an example, in terms of food waste, La Grande Épicerie de Paris has several fresh food production workshops where fresh food is concerned. The Maison has developed an accurate sales forecasting system in order to adjust production to production volumes on a daily basis. A partnership has been entered into with the French Red Cross, which collects the unsold production every day. * **SDG3.** Improving health & safety and quality of life in the workplace and in the supply chain. * **SDG4.** Supporting integration through employment ; apprenticeship of young people ; protection of critical know-how ; supporting disadvantaged persons, women and children through education, health and self-confidence ; supporting populations in emergency situations… * **SDG5.** Promoting gender equality in the workplace and society ; preventing all discriminations (peoples with disabilities, older workers…). * **SDG6.** Water consumption and supply according to local constraints (example of areas where water stress is close to 100%, meaning that water requirements in these areas are close to the level of available resources). * **SDG7.** Measures taken to reduce energy consumption, to improve energy efficiency and renewable energy use. * **SDG8.** Through its activities, LVMH participates in the regional development of the areas in which it operates: jobs creation and regional development ; supporting SMEs and start-ups ; addressing the specific social and economic needs of the regions ; suppliers’ responsibility. * **SDG9.** Sustainable construction and renovation ; soil use ; prevention of losses such as fires, water damage or natural catastrophes. * **SDG10.** As an example, at Group level, as part of a project looking at the possibility of standardizing healthcare benefits, the “Coeur Social” program provides for the introduction of common core benefits. Other example, 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. * **SDG11.** Security and accessibility of stores ; contribution to sustainable cities (GHG Emissions, green transport,…). * **SDG12.** Environmental design ; securing access to strategic raw materials and supply channels ; preserving biodiversity ; product life span and reparability. * **SDG13.** Reducing greenhouse gas emissions ; promotion of renewable energy. * **SDG14.** Adapting to climate change ; prevention of pollution and waste management, water and soil discharges ; promotion of eco-design particularly in terms of refills in order to reduce packaging ; as an example, Kenzo support the “Blue Marine Foundation”. * **SDG15.** Strategy for Biodiversity ; preservation and certification of strategic raw materials ; material and product traceability and compliance. * **SDG16.** LVMH Group ensures that its practices reflect the highest standards of integrity, responsibility and respect for its partners (Code of Conduct, fight against corruption and influence peddling, Internal Competition Law Compliance Charter, risk management and duty of reasonable vigilance,…). | |

**Criterion 16: The COP describes strategic social investments and philanthropy:**

**Blueprint For Corporate Sustainability Leadership**

**Strategic Social Investments and Philanthropy:**

**☑ Pursue social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy:**

**☑ Coordinate efforts with other organizations and initiatives to amplify—and not negate or unnecessarily duplicate—the efforts of other contributors:**

**☑ Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups:**

The amount of philanthropic activities in 2018 (131,113 thousand of euros) increased by +4.5% relative to 2017 (125 469 thousand of euros).

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | ***Amount (thousand of euros)*** | | | | | | |
| ***Type of Contribution*** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| Cash contributions | 83 567 | 89 482 | 122 891 | 103 622 | 121 512 | 122 396 | **127 579** |
| Time : employee volunteering during paid working hours | 690 | 170 | 185 | 143 | 210 | 193 | **153** |
| In-kind giving: product or services donations, projects/partnerships or similar | 520 | 673 | 661 | 1 189 | 1 159 | 2 880 | **3 381** |
| **Gross total** | 84 777 | 90 325 | 123 737 | 105 055 | 122 881 | 125 469 | **131 113** |

|  |  |
| --- | --- |
| The LVMH Reports (as reminded above) present different initiatives which can be valued in the field of philanthropic activities. The LVMH best practices for the year 2018 are presented according to the following typology: | **2018-19** |

**1. Culture, Heritage and Contemporary Design:** For over 25 years, LVMH has pursued a comprehensive communications policy thanks to its innovative and original sponsorship initiatives. This is only natural, since they are the cultural, artistic and social expression of the shared values that underlie the success of its Group companies while allowing each to express its own personality and image. It is also practical, because LVMH intends its initiatives – on behalf of culture and artistic creation, education and young people, and major humanitarian causes – to illustrate what it means to be a socially responsible business.

* First, the LVMH group continued to support **creative activities by contemporary artists** in 2017. Having faithfully sponsored **Nuit Blanche** for over ten years, LVMH once again made acommitment to the City of Paris to support the French andinternational art scene and help as broad an audience as possibleexperience the work of **contemporary artists** in the heart of Paris.
* LVMH also undertook a number of initiatives promoting **awareness and development of France’s cultural and artistic heritage**:
* Since 1991, support for **more than 50 national and international exhibitions** has allowed millions of visitors to relive and learn about the most pivotal moments of the history of art by discovering monumental artists that changed how we see the world: Matisse, Picasso, Van Gogh, Klein, Poussin, Cézanne and Giacometti – but also contemporary artists such as Richard Serra, Annette Messager, Anish Kapoor, Olafur Eliasson and Christian Boltanski.

|  |  |
| --- | --- |
| * In 2018, LVMH provided support for the opening of the Giacometti Institute in the spring, and in the fall the *Cubism* exhibition at the Centre Pompidou, an expansive | **2018-19** |

panorama of one of the founding movements in the history of modern art (1907-1917). At the end of the year, the Group also supported the *Georges Henri Rivière* exhibition at the Mucem in Marseille.

|  |  |
| --- | --- |
| * Also during the year, LVMH renewed its support for the French charity Secours Populaire’s *recto/verso* campaign, which returned for its second edition: 100 French | **2018-19** |

and international artists each offered a work to be auctioned on behalf of the charity. These 100 works were exhibited at the Fondation Louis Vuitton from June 15 to 24, 2018, with the auction held on the last day of the event. The total amount raised on this occasion – 305,000 euros – will be used to fund Secours Populaire’s initiatives to promote access to art and culture for those experiencing poverty or social exclusion. Nearly 1,000 disadvantaged people also benefited from special admission arrangements at the Fondation Louis Vuitton for the duration of the campaign.

* The creation of the **Fondation Louis Vuitton** in 2006, marked a new stage in the corporate philanthropy of the LVMH group and its Maisons. It was the culmination of more than 25 years of initiatives to support the arts, culture, heritage and design, as well as the artists themselves. Driven by a desire to serve the public interest, the Fondation Louis Vuitton is dually committed to promoting modern and contemporary art, as well as making this art more accessible to all. The Fondation Louis Vuitton also enriches Paris’ cultural heritage with an iconic monument of 21st century architecture, built on public land under a 55-year occupancy agreement with the City of Paris.

|  |  |
| --- | --- |
| The first highlight of 2018 was the 1.2 million visitors to the Fondation. From October 2017 to March 2018, the *Being Modern:* *MoMA* in Paris exhibition hosted, | **2018-19** |

for the first time in France, an exceptional selection of 200 works brought to Paris from New York to recount the history of the Museum of Modern Art and its vocation as a collector. In the spring, the *In Tune* *with the World* exhibition featured a selection of modern and contemporary works by around thirty artists including Alberto Giacometti, Henri Matisse, Gerhard Richter, Pierre Huyghe, Yves Klein and Takashi Murakami. Lastly, with the simultaneous opening in October 2018 of two separate landmark exhibitions, *Egon Schiele* and *Jean-Michel Basquiat*, the Fondation Louis Vuitton presents two artists linked by their fascinating intensity and brief, meteoric lives, through a selection of some 250 paintings and drawings from their extraordinary bodies of work. LVMH continued to support creative activities by contemporary artists in 2018. LVMH has been a loyal patron of the Nuit Blanche night-time arts festival for more than 11 years, and once again provided support alongside the City of Paris this year to the French and international arts scene, giving center stage to contemporary artists at an event open to all in the heart of Paris.

* **Restoring and enriching historical heritage**
* LVMH’s partnership with the **Palace of Versailles** is a prime example of its commitment to protect and enrich cultural and artistic heritage, from its support for the restoration of the African, Crimean and Italian rooms and the *Les Tables Royales en Europe* exhibition in 1992-93 through to the acquisition in 2011 of the Riesener desk made for Marie-Antoinette, followed in 2013 by three Sèvres porcelain vases that once belonged to Louis XV’s daughter, Madame Victoire.

|  |  |
| --- | --- |
| In 2018, LVMH supported the restoration and reopening of the **Queen’s Hamlet**, thanks to Dior’s philanthropy, followed by the acquisition of yet another national treasure: the silver ewer given to Louis XIV by the embassy of Siam to in 1685. | **2018-19** |

|  |  |
| --- | --- |
| * Also in 2018, thanks to LVMH’s support – amounting to nearly 8 million euros – the “Become a Patron!” **fundraising campaign organized by the Louvre** achieved | **2018-19** |

its goal of acquiring and returning to France the Book of Hours of King François I, a masterpiece of French Renaissance jewelry, metalwork and illumination, and the only surviving work from the reign of one of the greatest figures in French history. The acquisition of this national treasure marks more than 20 years of friendship and trust between the Louvre and LVMH since its donation to acquire David’s *Portrait of Juliette de Villeneuve* in 1998.

* **Supporting the next generation of designers** [**🕮** See “2018 Social Responsibility Report” (p. 25)]

|  |  |
| --- | --- |
| * The LVMH Group always strives to support emerging talent, and in 2018, for the fifth year in a row, it awarded the **LVMH Prize for Young Fashion Designers**, | **2018-19** |

which each year honors the work of a talented stylist, selected by a jury made up of the creative directors of the Group’s Maisons. With 1,300 candidates from more than 90 different countries, the LVMH Prize saw record participation levels in 2018. The nine finalists presented their designs at a ceremony held at the Fondation Louis Vuitton on June 6. At the close of this exceptional day, Tokyo-based Japanese designer Masayuki Ino was awarded the Grand Prize, together with a €300,000 grant and a year of mentoring with a dedicated team. The panel of judges also awarded a special prize to Rok Hwang for Rokh. He will receive €150,000 as well as a year of mentoring by LVMH.

* 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.

|  |  |
| --- | --- |
| * **LVMH’s initiatives to support education and young people** include designing and initiating educational programs that bringthe best of artistic culture to elementary, junior high school andart school students. | **2018-19** |

* In the field of music, LVMH’s support has enabled more than 40,000 students at Paris conservatories to attend the city’s finest concerts, for over 20 years, through its “1000 Places pour les Jeunes” initiative. Young virtuosos can also attend master classes with Seiji Ozawa thanks to the Group’s support for the Seiji Ozawa International Academy Switzerland, while the loan of two violins and a cello from LVMH’s Stradivarius collection has allowed musicians such as Maxim Vengerov, Laurent Korcia, Kirill Troussov and Tatjana Vassilieva to express the full range of their talent on the international stage.
* In 2018, LVMH renewed its support for Orchestre à l’École, a charity which gives the chance to some 200 children all over France to learn a musical instrument as part of a special educational program, and took part in the Opéra Comique’s cultural outreach initiative by offering 500 free tickets to young people for performances during the 2018-19 season.

|  |  |
| --- | --- |
| **2. Health and Research** [**🕮** See “2018 Social Responsibility Report” (pp. 44-49) and “2018 Reference Document” (pp. 98-101)]: | **2018-19** |

In 2018, LVMH also pledgedsupport for **several scientific foundations and teams involved in cutting-edge research on public health issues**.

* **2018 Dîner des Maisons engagées:** All of partnerships and charitable initiatives are celebrated at the ***Engaged Maisons Dinner***. This event – which has been held every year since 2013, and is organized by Chantal Gaemperle, the Group’s Director of Human Resources and Synergies, and attended by Antonio Belloni, Group Managing Director – is an opportunity for the Maisons to come together and celebrate the Group’s commitment to its people and society. Led by Human Resources, the event brings together stakeholders who play an active role in LVMH’s social responsibility, internal champions and external partners of the Maisons and the Group as a whole. On December 5, 2018, the dinner was held at the Palais Brongniart and attended by nearly 400 people, including six Executive Committee members and 17 Maison Presidents, as well as numerous partners, opinion leaders, and heads of NGOs and other non-profit organizations. This occasion also raises funds for the **Robert Debré Hospital** in Paris, the leading center for sickle cell anemia, to which LVMH has donated 800,000 euros since 2011 to improve patient care and fund research.

LVMH also provides financial support to causes that are close to its heart:

* **Kelina**, which works to provide care for mothers and children in Benin. The funds raised have gone toward building a maternity hospital in northwestern Benin, in a region with limited medical facilities; a total of more than 100,000 euros 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 Wednesday, June 6, 2018, the Jardin d’Acclimatation welcomed 5,500 single parents and children with the support of LVMH staff, in partnership with other institutions and businesses. The day provided an opportunity for them to directly access all the employment, legal and social services often needed by single-parent families.
* Parfums Christian Dior recently partnered up with **Cheer Up !**, a non-profit that helps teenagers and young adults aged 15 to 30 with cancer look beyond their illness to focus on their future.
* The Group supports many institutions – in France and worldwide – recognized for their initiatives in support of children, senior citizens and people with disabilities, and for their work to prevent major causes of suffering and exclusion, including **Fondation Hôpitaux de Paris – Hôpitaux de France**, **Association Le Pont-Neuf**, **Save the Children** in Japan, the **Robin Hood Foundation** in New York, **Fondation Claude-Pompidou** and **Association Fraternité Universelle**.
* In China, Sephora has been working alongside the international NGO Operation Smile to pay for operations for children with a cleft palate, improving their health and quality of life.
* Several Maisons in France partici­pated in the Course des Héros, a charitable sports event that provides funding to over 200 causes in Paris, Lyon and Bordeaux.
* **Helping women with cancer:**
* For 15 years, Guerlain has supported **belle & bien**, a non-profit offering free beauty workshops in hospitals to women with cancer. Several of the Group’s Maisons, including Benefit Cosmetics, Guerlain and Parfums Christian Dior, sit on the organization’s board of directors.
* In October 2018, many employees from Benefit Cosmetics, Chaumet, Christian Dior Couture, Fred, Givenchy, Guerlain, Hennessy, Louis Vuitton, Make Up For Ever, Moët Hennessy Diageo and Parfums Christian Dior donned the colors of belle & bien for the **Odyssea race**.
* In September 2018, Le Bon Marché once again supported the Virades de l’Espoir charity run, with a record 350 employees participating.
* **Supporting sick children:**
* Bvlgari sponsors the Kids Earth Fund (KEF) in Japan and the Randstad Foundation in Spain, which helps children with disabilities.
* Fendi supports a variety of causes, including AEM (a non-profit helping children, mainly in Rwanda), the Theodora Children’s Charity (whose mission includes brightening up the days of hospitalized children) and the Bambino Gesù pediatric hospital.
* **Actions in the fight against HIV/AIDS:**
* In 2016, Fresh joined forces with **(RED), an international non-profit** 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.

**3. Impact of the business on local communities in terms of employment, regional development and awareness of its activities:**

**3.1.** **Supporting job creation:**

The LVMH Group’s Maisons **create many jobs** in the regions where they operate, particularly as a result of the expanding network of directly operated stores. Many of the Group’s Maisons have deep roots in the provinces around France, and play a major role in their local economy: Guerlain in Chartres, Hennessy in Cognac, Louis Vuitton in Drôme, Moët & Chandon and Veuve Clicquot in Champagne, and Parfums Christian Dior in Saint-Jean-de-Braye (near Orléans). These Maisons maintain close relationships with local authorities, particularly in the areas of culture, education and employment. Sephora – which has stores throughout France (two-thirds of its workforce is employed outside the Paris region) – regularly carries out a range of measures promoting local job opportunities. [**🕮** See “2018 Reference Document” (p. 98) and “2018 Social Responsibility Report” (p. 40).]

|  |  |
| --- | --- |
| * Concerning particularly **“Net permanent job” creation** [**🕮** See “2018 Social Responsibility Report” (p. 40)]: | **2018-19** |

|  |  |
| --- | --- |
| * **2018 Highlights**:In 2018, the LVMH Group’s Maisons once again demonstrated their engagement worldwide in the communities where they operate by contributing growth, innovation and employment. [**🕮** See “2018 Social Responsibility Report” (p. 38)] | **2018-19** |

* Wine & Spirits:
* To support its growth, in February 2018 Glenmorangie announced an innovative project to expand its historic Tain distillery in northeastern Scotland. This new facility is scheduled for delivery in 2019.
* Fashion & Leather Goods:
* Louis Vuitton completed the construction of its new workshop in Beaulieu-sur-Layon, in France’s Maine-et-Loire department, which opened in early 2019.
* Manifattura Thélios – a new eyewear production facility for the LVMH Group’s Maisons – was inaugurated in Longarone (Italy) on April 24, 2018.
* Perfumes & Cosmetics:
* Founded in 1828, Guerlain celebrated 190 years of creativity in 2018. Its skincare and makeup production site in Chartres, named La Ruche (“The Beehive”), responds to the Maison’s ambitions for growth, technological excellence, quality and sustainability.
* Watches & Jewelry:
* In January 2018, TAG Heuer, Hublot and Zenith presented their latest innovations at Geneva Days.
* At Baselworld 2018, in March, Bvlgari celebrated 100 years of watchmaking and set a new world record.
* Selective Retailing:
* Sephora was named Retailer of the Year at the 2018 World Retail Congress in April. This award is testimony to Sephora’s exceptional growth over the past decade, which was boosted by its rapid expansion in France.
* Other Activities:
* The Jardin d’Acclimatation was reopened on June 2, 2018, in the presence of Anne Hidalgo, Mayor of Paris, and the LVMH Group’s Chairman and Chief Executive Officer, Bernard Arnault.
* In December 2018, LVMH signed an agreement with Belmond to strengthen its position in the luxury hotel sector.
* Fondation Louis Vuitton :
* The Fondation Louis Vuitton had a record 1.2 million visitors in 2018. One of the year’s highlights was the Fondation’s hosting of the double-bill *Jean-Michel Basquiat – Egon Schiele* exhibition event.

|  |
| --- |
| ▶ See also in CRITERION 2: training, partnerships and collaborative approach with suppliers in “Risk management” |

**3.2. Encouraging entrepreneurship and supporting startups:**

Entrepreneurial spirit is a fundamental value at LVMH. The Group’s active support of startups and female entrepreneurship provides it with a key source of innovation.

|  |  |
| --- | --- |
| * For the third consecutive year, LVMH was a major partner of the **Viva Technology show**, which was held from May 24 to 26, 2018. Over 100,000 visitors from 125 countries | **2018-19** |

came to discover the latest innovations of 9,000 startups and hundreds of large companies, which included LVMH and 22 of its Maisons. The second LVMH Innovation Award was presented at the show. At the 500-sq.m Luxury Lab, 30 startups – selected from among 820 applicants from 58 countries – presented their innovations alongside those of the Group’s Maisons. French startup Oyst won first prize with its idea for simplifying online shopping with the click-to-buy button.

|  |  |
| --- | --- |
| * **LVMH inaugurated *La Maison des Startups* at *Station F*:** In early 2018, in order to help connect open innovation and business development with new ways of learning, the | **2018-19** |

LVMH Group launched an accelerator program for startups linked to the luxury goods sector, based at the *Station F* startup incubator in Paris. *LVMH’s Maison des Startups* affirms the Group’s entrepreneurial spirit by offering entrepreneurs the opportunity to think about the future of luxury and the Group, working with various stake­holders in an innovative ecosystem. Each year, LVMH’s 220-sq.m Maison des Startups makes its 89 workstations and premises available to 50 interna­tional startups.

|  |  |
| --- | --- |
| * With its **annual Businesswoman of the Year Award**, Veuve Clicquot has been paying tribute to women entrepreneurs since 1972. This pioneering and prestigious award | **2018-19** |

honors the achievements of exceptional women and business leaders.

* The Clémentine Award – first awarded in 2014 and named after Madame Clicquot’s daughter – recognizes women who represent the next generation of female business leaders. In November 2018, Veuve Clicquot presented its 46th Businesswoman of the Year Award to Nathalie Balla, co-CEO of La Redoute and Relais Colis, while the Clémentine Award went to Shanty Baehrel, founder of Shanty Biscuits.
* After hosting Thomas Mailaender at Les Tanneries Roux in Romans-sur-Isère, in 2018 LVMH Métiers d’Art invited French visual artist and sculptor Amandine Guruceaga to be its second artist in residence. After she completed her artist residency at the Riba Guixà tannery in Catalonia, LVMH Métiers d’Art presented Amandine Guruceaga’s chromatic experiments at the Galerie Monteverita in Paris. The *Colour Sparks* exhibition evokes the artist’s creative process and her collaboration with the tannery’s craftspeople.

|  |  |
| --- | --- |
| * **Empowering women entrepreneurs:** Even in the beauty industry, women entrepreneurs are under-represented. In 2016, as part of its Sephora Stands program, | **2018-19** |

Sephora launched Sephora Accelerate to support women who have started up businesses in all areas of the beauty industry in various countries around the world. In 2018, ten finalists from six countries participated in a mentoring program with Sephora’s top experts and a week of coaching in San Francisco, where they met potential investors. The program’s objective is to support 50 projects by 2020. Furthermore, through Classes for Confidence, Sephora offers women facing major life transitions both beauty classes and coaching to help them regain self-confidence. Over 700 sessions were delivered in the United States in 2018, and the program kicked off in six countries across Europe (France, Russia, Spain, Italy, Greece and Portugal). Since its launch, and thanks to new materials available online, the program has already reached over 40,000 people.

|  |  |
| --- | --- |
| **4. Supporting integration through employment:** | **2018-19** |

* **Helping young people access the working world:**
* In France, the Group is a long-term partner and board member of non-profit **Nos Quartiers ont des Talents**. In 2018, 78 experienced managers were involved in mentoring young people. Since 2007, 569 young people have found jobs after being mentored by a Group employee. LVMH also took part in the *Talents Hub* event run by the non-profit in October 2018, which gave over 3,300 young people an opportunity to receive advice and guidance on finding work.
* In 2018, LVMH renewed its commitment to the priority education program run by the **Institut d’Études Politiques** (Sciences Po Paris) for a further three years, offering scholarships and giving young Sciences Po graduates the chance to be mentored by managers from the Group.
* Over the past eight years, LVMH has been partnering with the Paris suburbs of **Clichy-sous-Bois** and **Montfermeil** to promote social inclusion and employment for young people from under­privileged neighborhoods. Young people benefit from a wide range of initiatives, including business discovery internships for 90 middle school students in 2018, visits to the Group’s Maisons, internships for vocational school students and career orientation. Since 2011, a number of young people have had the opportunity to come on board at the Group’s Maisons for training or work. As part of this partnership, the Group sponsors the ***Cultures et Création* fashion show** in Montfermeil, which highlights talented designers from backgrounds that are underrepresented in the fashion industry. The 2018 LVMH Young Talent CSR Award was awarded to Anne-Solène Rives, who presented her creations at the Greenshowroom event in Berlin before beginning work-linked training with Loewe. In January 2018, LVMH’s Institut des Métiers d’Excellence vocational education and training fair was held in Clichy-sous-Bois to present the IME’s work-linked training opportunities to nearly 500 middle-and high-school students and their parents, as well as adults looking to change careers and job-seekers.
* **Helping disadvantaged individuals find work:**
* To speed up access to employment, LVMH has put in place **“Jobstyle” sessions**. These job coaching sessions are led by recruiters from the Group’s Maisons 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 the Group’s partners who are active in the fields of education, disability and integration. In 2018, ten sessions were held with over 300 participants backed by LVMH’s partners (including Force Femmes and Nos Quartiers ont des Talents).
* For its workshops in France, Louis Vuitton partners with **Pôle Emploi** – the French national employment agency – using work-simulation exercises to recruit and provide in-house training to people having difficulty finding work.
* Moët & Chandon and Ruinart have also developed various partnerships with local authorities, educational institutions and organizations working with underprivileged groups. In 2018, the ***Vendanges Partagées***initiative enabled 21 highly marginalized job-seekers to find work harvesting grapes. Similarly, Hennessy works with the *100 Chances 100 Emplois* non-profit, whose mission is to support young people having difficulty entering the job market.
* **Facilitating employment for people with disabilities:** Supporting access to employment for people with disabilities is at the heart of LVMH’s corporate social responsibility policy. It is a top priority and an apt reflection of the Group’s values: respect for each person as an individual and the same attitude expected of everyone working for the Group.
* LVMH works with organizations that support young people with disabilities in training programs, and with organizations that foster employment and social inclusion. The Group is a co-founder of **ARPEJEH**, a non-profit organization that brings together some sixty French companies to offer advice and guidance to junior and senior high school students with disabilities. Employees lend their support to this initiative and 37 young people benefited from LVMH’s involvement in 2018.
* In Italy, the LVMH group’s Maisons joined forces in partnering with non-profits **AIPD (Associazione Italiana Persone Down)** and **AGPD (Associazione Genitori e Persone con Sindrome di Down)**. This partnership involves coordinating the Group’s 13 Maisons established or active in Italy to support social inclusion and employment for people with Down syndrome. It includes two distinct components: a donation to the non-profits enabling them to launch vocational internships and training for mentors and young people with disabilities, and an employability awareness campaign for affected people, named “Assumiamoli” (“Let’s employ them”) for all Group employees in Italy. It is combined with a call for volunteers issued to the same population of employees to host and support candidates. To optimize this campaign, the **“TueNoi”** (“You and us”) Intranet site was set up. Almost 200 employees have registered to date.
* LVMH also encourages its Maisons 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 sheltered-sector and disability-friendly employers equated to 8.3 million euros in 2018, up 17% relative to 2017. This purchasing volume represents 415 full-time equivalent jobs. To raise its profile in this area, the Group is a founding and official partner of the **annual Disability, Employment and Responsible Purchasing trade fair** in France, which is open to the general public. The third Disability, Employment and Responsible Purchasing trade fair confirmed the event’s success, drawing 3,500 visitors.

|  |
| --- |
| See also in:  ▶ CRITERION 2: “Example of Socially Responsible Procurement”.  ▶ CRITERION 4: “Employment of disabled persons”. |

|  |  |
| --- | --- |
| **5.** **Disadvantaged local communities and traumatic events:** |  |

Around the world, Group companies are taking action to facilitate access to education in countries that are underprivileged or hit by natural disasters.

**2018-19**

|  |  |
| --- | --- |
| * **Supporting populations in emergency situations**: |  |

* In January 2016, Louis Vuitton launched an international partnership with the United Nations International Children’s Emergency Fund (**UNICEF**). More than **€6 million** has been raised since it was launched, generated by donations and product sales in stores, with funds going to support children in emergencies, notably at Syrian refugee camps in Lebanon and Rohingya refugee camps in Bangladesh. A payroll deduction system for making micro-donations to UNICEF was also introduced in France in 2018.
* In 2009, Bvlgari decided to get involved with **Save the Children**, and has so far donated over $80 million, helping 1.2 million children. More than 700,000 customers have bought the Maison’s Save the Children jewelry, and over 100 projects have been launched in 33 countries around the world.

|  |  |
| --- | --- |
| * **Disadvantaged populations:** Facilitating access to education may sometimes even involve helping to build a local school, as the Group’s companies have done: | **2018-19** |

* **Vulnerable populations:**
* In the United States, Moët Hennessy has partnered with **City Harvest**, a New York City food bank for those in need. Through its partnership with global non-profit Dress for Success, low-income women are provided with clothing, job search assistance and job interview training.
* In the Asia-Pacific region, Fendi supports volunteering initiatives in partnership with **Food Angel**, an NGO that distributes meals to those in need. In Singapore, Louis Vuitton and other Maisons collected and distributed food packages to the most vulnerable populations.
* In June 2018, the Fondation Louis Vuitton hosted the second *recto/verso* contemporary art exhibition, which ended with a blind auction, with the proceeds going to the **French charity Secours Populaire**. Over 100 contemporary artists – including Takashi Murakami, Jeff Koons and Xavier Veilhan – agreed to contribute a 40x50cm work that was signed only on the back.
* **Supporting women entrepreneurs:**
* With its **annual Businesswoman of the Year Award**, Veuve Clicquot has been paying tribute to women entrepreneurs since 1972. This pioneering and prestigious award honors the achieve­ments of exceptional women and business leaders. The Clémentine Award – first awarded in 2014 and named after Madame Clicquot’s daughter – recognizes women who represent the next generation of female business leaders. In November 2018, Veuve Clicquot presented its 46th Businesswoman of the Year Award to Nathalie Balla, co-CEO of La Redoute and Relais Colis, while the Clémentine Award went to Shanty Baehrel, founder of Shanty Biscuits.
* After hosting Thomas Mailaender at Les Tanneries Roux in Romans-sur-Isère, in 2018 **LVMH Métiers d’Art** invited French visual artist and sculptor Amandine Guruceaga to be its second artist in residence. After she completed her artist residency at the Riba Guixà tannery in Catalonia, LVMH Métiers d’Art presented Amandine Guruceaga’s chromatic experiments at the Galerie Monteverita in Paris. The *Colour Sparks* exhibition evokes the artist’s creative process and her collaboration with the tannery’s craftspeople.
* **Empowering women (Promoting women’s autonomy and self-confidence):**
* In 2018, Sephora expanded its **Sephora Stands** initiative developed in the Americas to include Europe, the Middle East and Asia. Sephora launched this initiative to support programs that have a social and environmental impact; it is now focused on three main areas:
* Sephora has built relationships with over **500 local NGOs**, selected for their efforts toward promoting fair treatment and inclusion. Sephora’s commitment to these organizations includes employee volunteer work, but the company also encourages customer generosity by matching donations connected to product launches, the profits of which are paid out to these numerous non-profit organizations. In 2018, more than one million euros were raised by Sephora to fund partnerships with non-profits, through initiatives such as micro-donations in France, which helped raise 400,000 euros for *Toutes à l’école* and *Women Safe*; the Gift & Match Program in the United States, which raised 500,000 euros; and *Operation Smile* in China. Employees contributed over 3,000 hours of volunteer work toward charitable initiatives.
* Even in the beauty industry, women entrepreneurs are underrepresented. In 2016, Sephora launched **“Sephora Accelerate”**, designed to support women and their startups in all areas of the beauty industry and in different countries around the world. Every year on International Women’s Day, Sephora pursues initiatives to help women advance in their professional careers. In 2018, 10 finalists from six countries participated in a mentoring program with Sephora’s top experts and a week of coaching in San Francisco, where they met potential investors. The program’s objective is to support 50 projects by 2020.
* Through ***Classes for Confidence***, Sephora offers both beauty classes and coaching to help people facing major life transitions show themselves in the best light and regain self-confidence. In 2018, over 700 classes were given in the United States to those affected by cancer, people having difficulty finding work and members of the transgender community. Classes also kicked off in six countries across Europe (France, Russia, Spain, Italy, Greece and Portugal). Overall, since its launch, and thanks to new materials available online, the program has already reached over 40,000 people.
* Benefit Cosmetics conducted its fourth annual **Bold is Beautiful campaign** to raise funds for non-profits that promote education, professional development and well-being for women. Berluti, Givenchy and Louis Vuitton also joined and promoted this effort in 2018. Nineteen countries participated in this charitable initiative, which since its founding has raised over €9 million for 37 non-profits including Force Femmes and belle & bien in France, and Girl Develop It, Girls Inc., Step Up and Dress for Success in the United States.
* In 2018, Christian Dior Couture continued with its **Women@Dior mentoring program** aimed at supporting female students by boosting their self-confidence and promoting their place in the working world. Each student has the opportunity to meet and chat 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 Maison’s business lines.
* **LVMH supports “K d’Urgences”:** At the ***Journée K* event** on Wednesday, June 6, 2018, the Jardin d’Acclimatation welcomed 5,500 single parents and children with the support of LVMH staff, in partnership with other institutions and businesses, including the Paris public benefits office and Unilever. The day provided an opportunity for them to directly access all the employment, legal and social services often needed by single-parent families.

**6.** **Environmental projects:** In the field of biodiversity and environmental conservation, LVMH is involved in a number of different partnerships with national and international organizations, local authorities and training institutions.

|  |  |
| --- | --- |
| * **Corporate Sponsorship** [**🕮** See “2018 Environmental Report” (pp. 17-18)]**:** LVMH also takes action for the environment via corporate sponsorship. | **2018-19** |

* The Group’s Houses make broad use of sponsorship for a variety of environmental causes.
* Hennessy financed research on wood and vine diseases through a donation of €600,000 to a team of international scientists.
* Since 2011, with the **National Forests Office**, the Champagne Houses have developed sustainably managed forests through the Forêt d’Exception® label.
* Kenzo is joining forces with **Blue Marine Foundation** to protect the oceans.
* Working alongside the Foundation for the Protection of the Environment of the **Polish city of Żyrardów**, Belvedere ensures that the Pisią-Gągoliną river is clean.
* With the **Marine Conservation Society**, Glenmorangie is committed to protecting the Scottish estuary of Dornoch and is supporting a project to reintroduce oysters into the estuary.
* TAG Heuer promotes green energy through the **FIA Formula E**, a 100% electric automobile racing championship.
* Moët-Hennessy has a similar project as the official partner of the ***Solar Impulse* solar plane**.
* Hublot is acting with the **Black Jaguar-White Tiger Foundation** to prevent the disappearance of big cats: jaguars, tigers, leopards, lions and pumas. Since 2010, in collaboration with Depeche Mode, the House has also committed to the protection of an essential natural resource – water. After supporting several associations, Hublot and Depeche Mode have been working together since 2013 by aiding the **charity: water foundation** to bring clean drinking water to the people of the world. In 2018, a new corporate sponsorship operation was launched around 55 unique Hublot *Big Bang* watches, each one reproducing the record sleeve of 55 singles from the band Depeche Mode. At the end of the operation, the two partners were able to donate the sum of $3.1 million to charity: water to bring water to more than 80,000 people.
* Bees have a strong historical relationship with several LVMH Houses. Just as they are threatened with extinction and play a key role in the preservation of biodiversity, they also hold a special place in the charitable actions conducted within the Group. This is notably the case at Guerlain, whose symbol has been the bee since 1853. The House has aided and supported the **Association for the Protection of the Black Brittany Bee** on Ouessant Island for a number of years. Since 2015, Guerlain has also been helping the **French Apidology Monitoring Center** to achieve its goal: to train 30,000 new beekeepers in Europe, and to create 10 million new bee colonies by 2025. In 2017, the House launched a new initiative by organizing the first **Bee University event**. This is a conference designed to share, with the top experts, the challenges associated with the protection of bees and to come together to consider solutions to prevent their extinction. The second Bee University event was held on June 5, 2018. On that occasion, Guerlain announced the launch of the Bee School, a program to make children aware of the need to preserve bees that is led by its employees. The training of volunteer employees began when school opened that year. It will gradually be expanded to all countries where the House has a presence, with one objective: to act so that, in 2020, each Guerlain employee around the world can become an ambassador for the bees and biodiversity with children.
* **Partnerships, professional exchanges and fundamental research:** LVMH makes a point of forming a variety of partnerships with national and international non-profit organizations, local authorities and educational institutions. The Group and its Maisons are involved in a number of technical projects that contribute to their local authority expertise and to environmental discussions with other business leaders.

|  |
| --- |
| ▶ See CRITERION 18: Partnerships and collective action. |

**Criterion 17: The COP describes advocacy and public policy engagement:**

**Blueprint For Corporate Sustainability Leadership**

**Advocacy and Public Policy Engagement:**

**☑ Publicly advocate the importance of action in relation to one or more UN goals/issues:**

**☑ Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues:**

|  |
| --- |
| ▶ See in CRITERION 1: “Commitment and involvement at the highest level”.  ▶ CRITERION 3: Robust commitments, strategies or policies in the area of human rights.  ▶ CRITERION 6: Robust commitments, strategies or policies in the area of labour.  ▶ CRITERION 9: Robust commitments, strategies or policies in the area of environmental stewardship.  ▶ CRITERION 12: Robust commitments, strategies or policiesin the area of anti-corruption. |

**Criterion 18: The COP describes partnerships and collective action:**

**Blueprint For Corporate Sustainability Leadership**

**Partnerships and Collective Action:**

**☑ Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy:**

**☑ Join industry peers, UN entities and/or other stakeholders in initiatives contributing to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives extending the company’s positive impact on its value chain:**

* **Mapping of stakeholders:**
* For the past three years, the “2018 Social Responsibility Report” (p. 11) has included a mapping of the main **“Relationships with stakeholders”**.
* Concerning **environmental information**, the cornerstone of its communication process is the Environmental Report distributed every year since 2001. The report goes hand in hand with a large number of documents, articles, videos and public comments in traditional, digital and social media. LVMH also responds to the questions asked by its stakeholders (this is also challenge 8 of its LIFE program).The Group demonstrates its environmental commitment at major national and international events: climate and biological diversity summits organized under the aegis of the UN; annual highlights such as European Sustainable Development Week, Green Week or World Environment Day; themed events such as the International Africa and Beauty Forum, or the Luxury Packaging Trade Show; in-house key events like the 25-year anniversary celebration of its Environment Department in 2017, or the second LIFE in Stores show in 2018. These events marked by conferences, round table discussions and debates are all opportunities for LVMH to set out its vision on the issues discussed and share information and best practices.
* The Group LVMH is involved in several dialogue and partnerships with different categories of stakeholders from civil society. Due to the diversified and decentralized nature of its activities, the Group has defined general principles as regards stakeholder engagement that are circulated to the management of its Brands and subsidiaries. Each company is in charge of the management of its brand, according to its own processes, according to the Group's mission and values. Thus, each brand has its own method of brand strategic management, aimed at enhancing its financial value and reputation. Consequently, the relations with global or international stakeholders is taken into account by the different members of the CSR Steering Committee while each LVMH brand, depending on its priorities and local challenges, determines its key stakeholders and implement it’s own stakeholder engagement.

|  |  |
| --- | --- |
| Many consultations and partnerships are implemented by LVMH with its main stakeholders. **The LVMH initiatives for the year 2018 are presented according to the following involvements**. | **2018-19** |

**1. Governments and international institutions:**

Different major national and international events relating to the environment and to sustainable development offer the company an ideal framework for displaying its commitment on a regular basis.

* The year 2015 was marked by the organization of the **21st United Nations Conference on Climate Change in Paris (COP21)**, of which LVMH was a sponsor, and which represented anextraordinary internal and external communication driver for the Group. The Group now has a new target, i.e. reducing CO2 emissions linked to the consumption of energy by 25% between 2013 and 2020.
* In line with its longstanding commitment to biodiversity,and as a result of the conclusions of theseventh plenary meeting of the IntergovernmentalScience Policy Platform on Biodiversity andEcosystemServices

|  |  |
| --- | --- |
| (**IPBES**), otherwise known underthe name “IPCC of biodiversity”), on May 14n 2019, LVMH partneredwith **UNESCO** and became partner of its intergovernmentalscientific | **2018-19** |

program “Man and theBiosphere” (MAB), the goal of which is to act to protectglobal biodiversity. The MAB program is animportant tool for international cooperation inachieving the UN’s sustainable development goals.It is one of UNESCO’s major programs.

|  |  |
| --- | --- |
| * **Amazon emergency aid and preservation :** On September 25, 2019, LVMH detailed how it will invest the **€10 million** promised to safeguard the Amazon. | **2018-19** |

* The Group mobilized resources to participate, alongside France, in the urgent efforts to fight fires through operational assistance in the Amazon. This commitment will represent an investment of **€5 million**.
* The remaining amount will be dedicated to a special Amazon proiect, within the **Man & Biosphere (MAB)** partnership between **UNESCO** and LVMH signed in June 2019. This project will irnprove the resilience of the greater Amazon Basin and other affected ecoregions, with a special focus on fire management. To ensure that the interventions are grounded in current priorities and on-the-ground contexts, the project wiII focus on ten Biosphere Reserves in Brazil, Bolivie, Ecuador, Peru, and Venezuela. These will act as demonstration sites to build policy recommendations, tools and progress for long-term fire resilience in the Amazon. This specific program strengthens the program, which covers all Biosphere Reserves worldwide.

|  |  |
| --- | --- |
| * In July 2018, the Group once again demonstrated its proactive approach by signing a charter of commitments within the context of **Act4nature**, launched by Entreprises pour | **2018-19** |

l’environnement (EpE), the French association of businesses for the environment.By participating in these actions for progress, LVMH will contribute to preparations for two major deadlines in 2020: the **World Congress of the International Union for Conservation of Nature** to be held in Marseille, France, and the **COP15 of the Convention on Biological Diversity** organized in November 2020 in Kunming, China. By reminder, LVMH’s teams participated in 2015 to the 13th Conference of the Parties to the Convention on Biological Diversity, which has been held in Cancun (Mexico) in December 2016. This Convention, which was adopted at the Earth Summit in Rio in 1992, consists of 42 articles and has three goals, those being to protect biodiversity, the sustainable use of its features and the fair and equitable sharing of the benefits arising from the use of genetic resources. Like the COP21 on Climate Change, this global summit has enabled LVMH to share information and initiatives relating to the protection of species and ecosystems, and to demonstrate its commitment in this area.

* After committing in 2011 to **France’s National Strategy for Biodiversity (SNB) 2011-2020**, presented by the French government on the eve of International Biodiversity Day on May 22, 2011, the LVMH Group was awarded “National Strategy for Biodiversity Recognition” in October 2012 by the French Ministry of Ecology, Sustainable Development and Energy for its project entitled “Improving, from upstream to downstream, the footprint on biodiversity of LVMH activities”. LVMH also promoted biodiversity by taking part in discussionsand work on the issue.In 2017, for example, LVMH attended the **Fifth International Africa and Beauty Forum**, which was held in Lomé, Togo, from February20 to 24. In fact, Sylvie Bénard, the Group’s Environment Director,was the sponsor of this event. Based on the theme “Nature,beauty, sensoriality and spirituality”, this event highlighted theimportance of plants in current and future beauty products. Itprovided an opportunity to draw up a situational analysis ofsupply chains showcasing African plants in various areas, includingcosmetics, and to review the implementation of the NagoyaProtocol. LVMH actually presented its work on two medicinalAfrican plants with cosmetic properties, Opilia and Hibiscus. [**🕮** See “2017 Environmental Report” (p. 23)]
* To underscore its attachment to Paris, **LVMH is supporting the city’s bid to host the 2024 Olympic Games**. On May 30, 2016, the Paris 2024 Committee launched the **“Paris 2024 Partners Circle”** in the presence of the founder members of the bid: Denis Masseglia, Chairman of CNOSF, Emmanuelle Assmann, Chair of CPSF, Thierry Braillard, Minister for Sport, Valérie Pécresse, President of the Ile-de-France Regional Council, and Anne Hidalgo, Mayor of Paris. Before the meeting, it was announced that LVMH had become the twelfth Official Partner. Kenzo will dress the Paris 2024 delegation, which will present Paris’s bid to host the 2024 Olympic and Paralympic Games. The fashion house worked with the delegation for the first time in Rio.

|  |  |
| --- | --- |
| * In 2018, for the eighth consecutive year, the Group partnered with the **European Commission** to take part in **Green Week**, the largest annual conference on European | **2018-19** |

environmental policy. The theme of that event, held from May 21-25, was “Green Cities for a Greener Future”. On this occasion, an educational sheet was distributed to more than 70,000 Group employees to explain how the Group contributes to the emergence of sustainable cities by acting to reduce its greenhouse gas emissions, preserve natural resources and protect biodiversity. These communication and mobilization efforts are relayed and amplified by the Houses. For the first time in 2018, Belvedere relied on Green Week to boost employee awareness of its Polmos distillery with good practices for the planet.

* In the Wines and Spirits business group:
* The vineyards were included in the network of benchmark farms established as part of the **2018 Ecophyto Plan**, which was launched by the French Ministry of Agriculture to reduce dependency on phytosanitary products in France while maintaining a high level of agricultural output. The initiatives implemented by Hennessy have enabled it to achieve a record decrease of 54% in phytosanitary product doses at its benchmark farm.

|  |  |
| --- | --- |
| As a result of its commitment, Hennessy achieved the objectives of the Ecophyto 2025 plan during the year, six years ahead of schedule. | **2018-19** |
| For many years, the House has also conducted agri-environmental trials. In 2018, for example, it experimented with a mix of Chinese radishes, oats and vetch grass | **2018-19** |

for plant covers between the rows and a varied mix of green fertilizers on the resting plots. In addition to these initiatives, measures beneficial to the local biodiversity were also taken, including the establishment of 10 hectares of fallow land of nectar plants intended to prepare the soil before a new planting, the preservation of 6 hectares of prairie, and even the planting of 685 meters of shrub hedges.

* In Argentina, for example, Bodegas Chandon has adhered to the **“Clean Production” program supported by the Argentinian Government**. The aim is to increase the synergies between the Government and wine producers in order to develop responsible production, primarily via programs aimed at raising awareness and providing training on best practices.
* In 2016, Loro Pianasupported the filing of an amendment by the **Peruvian Government** aimed at ensuring that there is only one label fortrademarking the origin of vicuna fibers, which will enablebetter traceability. As a reminder, between 2011 and 2013, LVMH participated, with Sephora, in the **French government’s trial of environmental labeling**. [**🕮** See “2016 Environmental Report” (p. 43).]

**2. Local authorities and regions:** Its desire to progress through collective action leads LVMH to regularly develop project partnerships. The Group collaborates with several states and communities.

* Following its involvement in COP21(as part of its partnership with the 21st United Nations Conference on Climate Change), in 2015, LVMH signed the **Paris Climate Action Charter** initiated by the **City of Paris**, making a commitment to reduce energy consumption by 20% and to increase green energy consumption by 50% at its 150 sites located within the area of Greater Paris2020.

|  |  |
| --- | --- |
| Early in 2018, these targets had already beenachieved as the rate of green energy used on thesites had already reached 60% and energy use haddeclined by 20%. Faced with the | **2018-19** |

climate emergency,LVMH then took a new step: a signatory ofthe new Paris Climate Plan, the Group now supportsa vision of a carbon-neutral city of Paris and 100%renewable energy by 2050.

* **Impact of the business on regional development:** Thanks to the strong, consistent growth achieved by its brands, many sales positions are created in all countries where the Group is present, particularly as a result of the expansion of the brands’ retail networks. [**🕮** See “2018 Reference Document” (pp. 98-99) and “2018 Social Responsibility Report” (pp. 38-45).]

|  |
| --- |
| ▶ See also in CRITERION 2: “Supplier and buyer support and training”. |

* **Open innovation:**
* With **Hélios** (the new research center at the Saint-Jean-de-Braye site inaugurated in November 2013), **LVMH Research** is further strengthening its presence in Cosmetic Valley, an epicenter of fragrance and cosmetics expertise not far from Paris.
* Alongside public and private sector players, LVMH’s R&D division is contributing to the area’s long-standing record of innovation. A prime example of this is **Cosmet’up**, a project which encourages sharing via a process of “open innovation”. Hélios is already establishing itself as a major technological platform in fragrance and cosmetics. In six separate buildings covering 18,000 sq.m, the center houses **300 researchers and more than 25 areas of specialist expertise** in an open working environment, designed to encourage the exchange of information. In total, **by the end of 2017**, 400 projects and 1,400 new products have been developed, 700 scientific papers and 200 patents have been submitted and filed. Its technological equipment and its ultra-modern connectivity are at the disposal of the researchers of LVMH Research, but also of their various partners, notably through the Cosmet'up project.
* Its state-of-the-art equipment and ultra-modern connector technology is open not only to LVMH Research personnel but to their various partners as well, notably via the Cosmet’up initiative, which was implemented in 2014. Initiated by LVMH Research and promoted by Cosmetic Valley, Cosmet’up is based on the establishment of two “technological mirror entities”: one at the University of Orléans for fundamental research, the other at Hélios for individual support in concept validation. The objective is to further strengthen the long-standing ties between LVMH Research and its partners in Cosmetic Valley, from university researchers to micro-businesses and SMEs, in order to nurture exchanges of information and ideas that will benefit all the sector’s key players. With Cosmet’up, both individuals and start-ups can, for a symbolic contribution, gain access to office and laboratory space within Hélios, enabling them to validate cosmetics-related concepts.
* In addition, **selected micro-businesses and SMEs** can also benefit from access to state-of-the-art materials and equipment that they are not in a position to acquire, on the basis of time billing. This represents a valuable boost for fragile structures, which can thus complete their experiments in optimum conditions, with access to expert scientific support and advice.
* The center also collaborates with **research facilities in Japan and China** that help support the pursuit of partnerships on strategic projects. Research done in 2014 has made it possible to improve the knowledge regarding Asian skin types in connection with lifestyle and environmental factors.
* In cosmetics safety testing, LVMH Recherche has successfully developed alternative methods based on contact allergy-specific biological mechanisms identified over the course of multiple university contracts in the past ten years.

In 2017, the new **Rev'Olution 2020 project** of LVMH Recherche was presented to management staff (170 participants) mobilized by the implementation of a new ambition in research. All LVMH Research employees participated in the launch day on February 2, 2017.

* In France, for example, Louis Vuitton attends local committees on issues involving waste and energy organized by the **Cergy Urban District**.The Louis Vuitton Maison contributes to facilitating the **Plato economic development network** set up by the Val-d’Oise region’s Chamber of Commerce and Industry, and attends the local committees dealing with waste and energy topics organized by the Cergy urban community. In 2012 a pilot agreement was signed to collect and recycle waste from the business parks in this urban center. Teams from the Cergy warehouses promoted their logistics site's best practices at meetings of the Versailles Chamber of Commerce and Industry (energy efficiency), the Val-d’Oise Prefecture and DRIEE [Regional and Inter-Department Environment and Energy Department] (energy efficiency), and the University of Cergy-Pontoise (sustainable logistics).

|  |  |
| --- | --- |
| * Over the past eight years, LVMH has been partnering with the Paris suburbs of **Clichy-sous-Bois** and **Montfermeil** to promote social inclusion and employment | **2018-19** |

for young people from under-privileged neighborhoods. Young people benefit from a wide range of initiatives, including business discovery internships for 90 middle school students in 2018, visits to the Group’s Maisons, internships for vocational school students and career orientation. Since 2011, a number of young people have had the opportunity to come on board at the Group’s Maisons for training or work.

* As part of this partnership, the Group sponsors the ***Cultures et Création***fashion show in Montfermeil, which highlights talented designers from backgrounds that are underrepresented in the fashion industry. The 2018 LVMH Young Talent CSR Award was awarded to Anne-Solène Rives, who presented her creations at the Greenshowroom event in Berlin before beginning work-linked training with Loewe.
* In January 2018, LVMH’s Institut des Métiers d’Excellence voca­tional education and training fair was held in Clichy-sous-Bois to present the IME’s work-linked training opportunities to nearly 500 middle-and high-school students and their parents, as well as adults looking to change careers and job-seekers.

**3. Research and professional exchanges with organizations:**

* **Social responsibility linked particularly to supply chain:**
* LVMH is a member of **ORSE** (*Observatoire sur la Responsabilité Sociétale des Entreprises* - France’s think tank for CSR)
* LVMH has been a member of **AFMD** (*Association Française des Managers de la Diversité -* French Association of Diversity Managers) since 2013 and has served on its board of directors since 2014 and on its executive committee since 2015.
* The following companies are parties to the **AGEFIPH** agreement (French agency to promote private sector employment of persons with disabilities): LVMH, Hennessy, Christian Dior Couture, Parfums

|  |  |
| --- | --- |
| Christian Dior and Sephora. In 2018, LVMH teamed up with Agefiph to launch the third ***EXCELLhanCE* program**, enabling people with disabilities to obtain a | **2018-19** |

degree while gainingsignificant experience at the Group’s Maisons. This program is based on work-linked training programs, lasting 12 to 24 months, in three professional fields: sales, logistics and human resource management. Candidates are selected using the *Handi-Talents* process, based on work-related simulation exercises, which help objectively identify each individual’s aptitudes and skills. In partnership with seven Maisons, this intake gave 12 people with disabilities the opportunity to enter employment on work-and-training contracts.

* In collaboration with other companies, the Group co-founded **ARPEJEH**, a non-profit organization that brings together some 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 37 young people benefited from LVMH’s involvement in 2018. | **2018-19** |

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.

* To improve its supply chain’s performance for Tier 1 suppliers and beyond, in 2014 the Group also decided to join **Sedex**. Sedex is a non-profit organization that aims to promote responsible, ethical improvements to current practices in supply chains. 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, the LVMH group, as well as the Perfumes and Cosmetics business group and Louis Vuitton, also joined forces with **EcoVadis** in order to develop an even more exhaustive approach to controlling their supply chains. The Group will also aim to strengthen the working groups for each of its businesses to best reflect their specific characteristics and requirements.
* **Responsible Jewellery Council (RJC):**
* The LVMH Group has been a member of the **Responsible Jewelry Council (RJC)** since it was founded in 2005. This not-for-profit organization has set itself the task of promoting ethical, social, and environmentally-responsible practices that respect human rights throughout the jewelry procurement chain. The RJC now includes over 160 global professional operators, who are adjusting their management systems and their practices in order to guarantee compliance with sustainable development issues and criteria. The RJC has specifically developed a certification system for its members who are involved in the gold and diamond sectors, which requires them to undergo audits by accredited independent auditors. All of the Maisons in LVMH’s Watches & Jewelry business group obtained RJC certification between 2011 and 2012.
* In June 2015, Bvlgari has become the first company in its market to earn the **CoC (Chain of Custody) “Traceability Chain” certification** introduced by the RJC. This process will gradually be extended to the other Maisons. This certification for the production of gold jewelry guarantees the exclusive use of responsible gold – from the point of extraction to the point of sale.

|  |  |
| --- | --- |
| At the end of 2018, almost all gold purchased by Bvlgari was certified. The House, which is supplied almost exclusively with responsible silver, is now actively | **2018-19** |

working with other players in the sector, for the emergence of an ethical, social and environmental standard applicable to colored stones.

* **Diamond and Precious Metals:** In 2016, direct and indirect sourcing from sub-contractors have been fully mapped for these two categories. The Kimberley Process requirements are applied to diamonds. Kimberley certification requires the input of independent, accredited auditors.
* **Colored stones:** LVMH has also taken part in the work performed by **The** **Dragonfly Initiative** (TDI), an organization that includes European and US operators in the luxury jewelry sector, and works on the development of best practices for the extraction of colored stones, since 2014.
* **Biodiversity and sourcing:** Based on its convictions, LVMH has decided to address environmental protection challenges from a scientific standpoint. Supporting fundamental research enables it to advance knowledge on natural resources and the means of protecting them. In addition to expanding knowledge, LVMH wantsto contribute to the transfer of knowledge from the scientific sphere to business and civil society.
* As founding member of the **Fondation pour la Recherche sur la Biodiversité** (FRB – the French Foundation for Research on Biodiversity), in November 2014 the Group becamethe first private company to join the eight publicresearch bodies to sit on its Board of Directors. It isalso one of the 160 members of the Foundation’sStrategy Board, charged with reviewing the designof research programs to promote biodiversity. LVMHmonitors all the FRB’s work, and regularly contributesto this work with the assistance of the Houses.Based on a study conducted on two lines of plantsfor cosmeticuse present in the formulation of theChristian Dior perfumes (*Aframomum Angustifolium* from Madagascar, and *Anogeissus Leiocarpus* from Burkina Faso), for example, the FRBpublishedrecommendations on the use of naturalsubstances and access to and the sharing of thebenefits in the cosmetics industry.
* Convinced that scientific knowledge can improvethe integration of the need to preserve naturalresources in corporate strategies, the Group reliesin particular on research into natural capital.

|  |  |
| --- | --- |
| On September 3, 2019, LVMH revealed the funding of an **ecological accounting chair**, which is carried by the **AgroParisTech Foundation ParisTech Foundation.** | **2018-19** |

to find innovative ways to make environmental considerations an integral part of all management decisions. The objective is to create a single accounting method, shared by all, to compare the environmental footprint between companies.

|  |  |
| --- | --- |
| * In late 2018, LVMH joined the **Zero Discharge of Hazardous Chemicals**  program (ZDHC). This membership isa first step and symbolizes the goal of the | **2018-19** |

Group’sHouses to not only have a Product RestrictedSubstances List but also a Manufacturing RestrictedSubstances List, which controls the use of substancesdirectly at the manufacturing sites.

* LVMH is, in particular,heavily involved in problems relating to sustainable procurement.In order to help improve the methodological discussion on the environment and biodiversity, LVMH is a member of the “Biodiversity” working groupset up by **Orée**, the French multiparticipant organization, andby the Fédération des Entreprises de la Beauté (**FEBEA**, theFrench Beauty Companies Association).
* For many years, LVMH has also been a member of the **BSR (Business for Social Responsibility)** network, the world leader for the corporate, societal, and environmental responsibility of businesses. As a member of this organization, LVMH contributed, in 2016, to the drafting of an update to Animal Sourcing Principles, a document that sets out the main principles for the responsible treatment of animals in supply chains. In 2017, six ofthe Group’s Maisons forwarded this document to their suppliers,and three more of them in 2018.
* In 2011,LVMH joined the **LWG (Leather Working Group)**, whose workon the traceability of leathers and environmental audit standardsfor tanneries is internationally recognized.
* In 2016, LVMHjoined the **Textile Exchange**, a US organization dedicated tosustainable supplies for the textile sector. LVMH participates inthe Responsible Leather Initiative led by TextileExchange, which is aimed at defining the best environmentaland social practices, from breedingthrough to tanning. LVMH plays an activerole within this organization, developing unconventional cottonsupply chains or in introducing new standards such as theResponsible Wool Standard (RWS). These standards, which aredirectly inspired by the issue of animal welfare, are expected toenable the procurement of supplies with a guarantee of the bestanimal breeding conditions.Several projectsare being monitored and deployed by LVMHand its Houses for the cashmere supply chain viathe **Sustainable Fiber Alliance** and the TextileExchange platform.
* LVMH also pays attention to animal welfare in the wool sector,particularly the practice of mulesing sheep. The Group is indiscussions with the **IWTO**, the Textile Exchange and the Maisons’suppliers regarding the development of alternative methods,by encouraging the roll-out of the Responsible Wool Standard (RWS),for example. LVMH has joined the **Sustainable Fibre Alliance**,which deals with the sustainable sourcing of cashmere, andincorporates animal welfare criteria among other subjects, suchas preventing desertification.
* In 2017, LVMH also adhered to the **“Sustainable Apparel Coalition” (SAC)** the apparel, footwear, and textile industry’s leading alliance for sustainable production. **The Coalition develops the Higg Index, a standardized supply chain measurement suite of tools for all industry participants.** These tools measure environmental and social labor impacts across the supply chain. With this data, the industry can address inefficiencies, resolve damaging practices, and achieve the environmental and social transparency consumers are demanding. By joining forces in a Coalition, we can address the urgent, systemic challenges that are impossible to change alone.
* Given the very high quality of the cotton we use, to date we have not yet identified organic cotton producers giving a product of equivalent quality. Nevertheless, initiatives are under way to progress while preserving our quality requirements. In the case of cotton, some of the Group’s Maisons use BCI (Better Cotton Initiative) cotton. The Group is set to accelerate this initiative and roll out this sector more extensively. On July 1, 2017, after two of its Maisons (Thomas Pink andMark Jacobs) had initially joined, LVMH became a **member of the Better Cotton Initiative (BCI)**, a not for profit organization set upin 2009 to promote best practices in the growing of cotton.

|  |  |
| --- | --- |
| All the Houses have begun transition to more sustainable alternatives. Today, for example, Louis Vuitton is supplied with Better Cotton to manufacture 100% of the | **2018-19** |

protective covers for its items before they are given to the customers. Organic cotton is also used: it now represents 100% of the cotton used at Baby Dior, and Celine Leather Goods and Loewe use it to manufacture all their packaging for leather goods.

* Established in Montreal, Quebec, the **CIRAIG**, the International Reference Center for the Life Cycle of Products, Processes and Services, is another key partner of LVMH. As an industrial partner, the Group supports the Center’s work on the circular economy and the water footprint. It has also financed a Research Chair since 2003, so that its Houses can benefit from the support of the best global specialists in the areas of Life Cycle Analysis (LCA) and eco-design.
* By reminder, in Italy, Bvlgari has set up a partnership with the **Management Institute of the Sant’Anna School of Advanced Studies in Pisa**. The aim is to contribute to the education of master’s degree students, and to prepare them for responding to environmental challenges, particularly via growth in the circular economy. In 2017, this partnership resulted in the organization of a workshop focusing on an analysis of the life cycle of one of the Maison’s most famous products, the *Omnia* *Crystalline* eau de parfum.

|  |  |
| --- | --- |
| * In the field of eco-design, LVMH teams have worked on the development of a third, even more comprehensive version, and also participated in the **SPICE working group** aimed at standardizing environmental assessment methods in the world of Perfumes & Cosmetics. | **2018-19** |

* Concerning **exotic leathers**:

|  |  |
| --- | --- |
| * LVMH is also extremely attentive to its supplies of exotic leathers, such as crocodile leathers. As part of a global approach on the conditions under which animals are raised and animal well-being, LVMH is far ahead of the | **2018-19** |

regulations governing supplies of crocodile leathers by launching a brand new standard. These new criteria have been developed and validated by a committee of technical experts, including the independent **NSF International organization**. The new certification has already been awarded to three farms that supply Singapore-based Heng Long, a tannery wholly owned by LVMH. It strengthens the traceability requirement already met by the tannery. Around 20 farms that supply Heng Long and are situated in Australia, Zambia, Zimbabwe, Kenya and the United States will be certified by the end of 2020.

For six years, the tannery Heng Long has worked hand in hand with its partner farms and with scientific experts and veterinarians to improve the conditions in which the crocodiles are raised. The results of the research projects conducted and the texts of the Crocodile Specialist Group of the **International Union for Conservation of Nature (IUCN)** served as the bases for the new LVMH standard. The audit protocol was created by a committee of internationally recognized experts, including NSF International, which led and facilitated the process thanks to its expertise in the development of animal breeding conditions. The first three farms to supply Heng Long have already obtained certification by NSF International. The Group is committed to have all farms that supply Heng Long certified under this standard by the end of 2020.

|  |  |
| --- | --- |
| * LVMH guarantees respect for the well-being of the animals on these farms (handling, intervention of a veterinarian on site, quality of the living space and food) in addition to the traceability of 100% of the skins already in | **2018-19** |

place. Work is also under way on animal well-being for the production of reptile and semi-exotic leathers. In 2018, for example, LVMH made its collaboration with the **SARCA** official **(Southeast Asia Reptile Conservation Alliance)**. This collaboration will lead to the development of a diagnostic on the numbers of animals and the species used by the sector, a prelude to a study on improving practices. The Group sees in these initiatives a significant, long-term investment for social, ethical and sustainable development that contributes to the protection of breeders and animal species that are otherwise threatened.

|  |  |
| --- | --- |
| * Concerning fur absolute priority is given to certified skins coming from farms that are audited regularly, with the results verified by independent | **2018-19** |

third parties. These audits are based on recognized quality standards, such as the European **WelFur** label or the standards developed by **SAGA** and the American players. In addition, LVMH actively works on the development of the FurMark certification with the **International Fur Federation**, which will serve as an umbrella for all existing certifications and will have a more direct and active control of the existing standards.

|  |  |
| --- | --- |
| * On September 25, 2019, Bernard Arnault gathered at LVMH’s headquarters top executives of the Group and its Maisons around its LIFE program (LVMH Initiatives | **2018-19** |

For the Environment), spotlighting pioneering initiatives in biodiversity and providing tangible elements about its environmental performance as well as ambitions in products’ eco-design, circular economy and energy consumption. At this occasion, LVMH announced a new strategic partnership with the **Solar Impulse Foundation** headed by Bertrand Piccard, based on e common determination to find innovative and efficient clean technologies to combat environmental issues. Applying a co-development approach, the Solar Impulse Foundation will provide LVMH's and its Maisons’ teams and partners with certified solutions. LVMH, on the other end, will certify innovations that are already implemented within the Group among the Foundation's pool of 1,000 solutions. The field of work will include, among other areas, a reduction in energy consumption in the bouciques of the Group's Maisons, the production of proprietary renewable energy, and the use of alternative ways of transport to air freiqht.

* **Ethno-botany and sustainable viticulture:**

|  |
| --- |
| ▶ See in CRITERION 2: “Wines & Spirits (sustainable viticulture)” among “Targets relating to specific challenges for groups of activities” (Value chain implementation).  ▶ See in CRITERION 9: “Ethno-botany and sustainable viticulture” among “Environmental stewardship”. |

**4. Sustainable Corporate Sponsorship:**  The signing of corporate sponsorship agreements is another way for LVMH to take action for the environment.

|  |
| --- |
| ▶ See CRITERION 16. Strategic social investments and philanthropy |

**5. Consumers and public:**

* **Awareness of customers:**

|  |
| --- |
| Concerning “Responsible Consumption” see also “Grievance mechanisms, communication channels and other procedures” in this COP 2019:  ▶ CRITERION 4: Effective management systems to integrate the human rights principles  ▶ CRITERION 10: Effective management systems to integrate the environmental principles |

* Since the publication of its first environmental report in 2001, LVMH has unceasingly continued to develop **external communications** on its efforts to protect natural resources. The challenge for the Group is to provide information in the most comprehensive and transparent manner possible, not only for its customers, partners, and regulatory authorities but also for public operators, non-governmental organizations, voluntary organizations, and any members of the public who are interested in environmental problems.

|  |  |
| --- | --- |
| * With 180,000 visitors, **LVMH’s *Journées Particulières***open-house event enjoyed unprecedented success in 2018. This fourth event, which is truly like no | **2018-19** |

other, took on a new dimension in 2018: 56 of the Group’s Maisons were open to the public, and visitors were given the opportunity to discover 77 exceptional sites in 14 countries on five continents, 40 of which were presented for the first time. Over the three days, perfumers, watchmakers, jewelers, boot-and luggage-makers, oenologists, coopers, makeup artists and other tal­ented professionals greeted visitors from all walks of life to demonstrate the many skills of their trades and crafts.

|  |  |
| --- | --- |
| * The Group’s Maisons also conduct their own **external communications campaigns**. LVMH’s initiatives to publicize its environmental policy are relayed and amplified by the initiatives of the Houses, which are increasingly speaking out about their environmental actions. | **2018-19** |

* **Guerlain** has been a pioneer in this area with its communications on its eco-designed products. It has published an annual sustainable development report since 2014 and organizes events such as “Les inspirations durables du 68”, private galas honoring celebrities committed to society and the environment.
* Following in Guerlain’s footsteps, this desire to “inform” is progressively gaining ground within the Group. **Louis Vuitton** offered an illustration of this desire in October 2018 when it introduced its leathers tanned with natural plant extracts and its perfumes with refillable bottles during the Go for Good operation of Galeries Lafayette that was intended to highlight the environmental, social and local commitments of the brands. In the context of this event, ten employees were named ambassadors to customers, and a dynamic was born with the creation of a dedicated discussion group, and the production of mini-films: “What are you doing for the environment?” In addition, on September 22, Louis Vuitton invited its customers to attend an event focused on the sustainability values of its creations based around a Leather Care presentation organized with two artisans from the European repair shop. The communication commitments of Louis Vuitton are bearing fruit. In October 2018, the House received the Butterfly Trust Mark, created by the London company Positive Luxury to recognize brands that act with respect for the planet and future generations. To earn this award, they must have a positive impact on humans and the planet, and go beyond the minimum standards set by international law. Louis Vuitton has made its mark, among other initiatives, through its responsible supply chains, the deployment of a circular economy approach, and the reduction of its CO2 emissions through choices for renewable energy sources and greener shipping methods.
* **Local residents:**

As an example, **La Samaritaine** is undergoing a large-scale renovation project which adheres to an innovative environmental approach. Several activities will be grouped together in its buildings on the two blocks between the Quai du Louvre and the Rue de Rivoli in Paris: a department store, a 72-room Cheval Blanc luxury hotel, 96 social housing units, a daycare center and offices. The building permit granted at the end of 2012 was definitively validated by order of France’s Supreme Administrative Court (*Conseil d’État*) on June 19, 2015. [**🕮**See "2017 Reference Document" (p. 22).] For the renovation of La Samaritaine, various informational meetings were held before and during the clearing and asbestos removal work, as well as during the project’s development phase. A "model house" containing all the appropriate presentation media was opened to the public and provided information about the site's history and specific features of the project's architecture. Local residents and the town hall of the 1st *arrondissement* were fully involved in the information and consulting process, particularly with regard to how the project would impact the Rue Baillet, which is adjacent to the La Samaritaine building.

**6. Suppliers and Social Entrepreneurship:**

LVMH places a priority on maintaining and promoting stable relations with responsible partners (suppliers, distributors, subcontractors, etc.).

|  |
| --- |
| See also in:  ▶ CRITERION 2: Training, partnerships and collaborative approach in “Risk management”.  ▶ CRITERION 16: “Encouraging entrepreneurship and supporting startups”. |

**7. Universities and Business Schools:** Many events were organized along these lines, together with schools and universities across various professions, regions, and levels of qualification. The Group has set up a large number of academic and creative collaboration processes with this exceptionally well-known educational institution. LVMH has forged partnerships in the academic world. They allow LVMH to support the training of students and their awareness of environmental issues, while feeding its creativity and capacity for innovation. [**🕮**See "2018 Social Responsibility Report" (pp. 22-25) and “2018 Environmental Report (pp. 15-16).]

|  |  |
| --- | --- |
| * To create a gateway between young talent in the academic world and the business world, in 2018 LVMH launched the **Inside LVMH program**. This four-month digital | **2018-19** |

program gave nearly 5,000 students from 50 partner schools and universities in Europe the opportunity to immerse themselves in five of LVMH’s areas of excellence. At the end of the course, 50 teams of 200 students were selected to share their innovative ideas on “The Luxury Experience of the Future” with Group senior executives. More than 350 students have been recruited through the program.

|  |  |
| --- | --- |
| * In 2018, LVMH continued to strengthen its historical links with **internationally recognized schools and universities** such as ESSEC, HEC and Telecom ParisTech in | **2018-19** |

France, Central Saint Martins in the United Kingdom, Bocconi University in Italy and Fudan University in China. With Central Saint Martins, LVMH is working to identify disruptive solutions to support sustainable development and innovation in the luxury goods sector. In January 2018, the LVMH Luxury Brand Management Chair at ESSEC welcomed its 28th class of students.The Group’s partnerships with these institutions take a variety of forms, including research, teaching, scholarship funding and support for study projects. They enable the Group – and more specifically its Maisons – to develop their reputations as bench­mark employers among students and give them a window onto the Group’s business lines and the career prospects they offer. At individual Maison level, Christian Dior Couture has regular input on master’s degree courses run by the Institut Français de la Mode to present the different types of jobs available, help students shape their plans and recruit interns and recent graduates. Guerlain is firmly committed to recruiting young people through a partnership with EMA SUP, the Paris-based training center for the retail, fashion and beauty professions.

|  |  |
| --- | --- |
| * The Group’s policy on attracting talented young people also relies on hundreds of events at which employees of the Group and its Maisons have the opportunity to reach | **2018-19** |

out to students in person:

* A number of Maisons, including Le Bon Marché, attended the 2018 Les Métiers Qui Recrutent careers fair in Paris
* The innovative Be Loewe selection day was an opportunity to meet many talented individuals, in partnership with six top Spanish business schools (ISEM, ICADE, IE, ESIC, IED and EAE). In October 2018 in China, Louis Vuitton ran four confer­ences on the campuses of top Chinese universities, giving store management teams and human resources teams the oppor­tunity to present the challenges facing the luxury goods trade and the importance of the customer experience to LVMH.
* One of the most emblematic partnerships was launched in 2017, namely the **“LVMH & Central Saint Martin’s Sustainability & Innovation in Luxury | Fostering Creativity” program**,an internationally renowned London institution for the education it provides in art and design. The two partners, which have collaborated for many years, strengthened their ties in 2017 by launching a new program entitled “Sustainability & Innovation in Luxury | Fostering Creativity”. This program co-developed by the two partners is based on their shared desire to meet the multiple challenges facing the luxury goods industry and has a three-fold ambition: to promote creativity, encourage young talent, and identify breakthrough solutions to support sustainable development and innovation in the sector. The program covers several courses of study at the school, including fashion, architecture and jewelry. From the outset, it has proven a real melting pot for the research and development of new methods for design and new materials.

|  |  |
| --- | --- |
| For example, a Green Trail was organized to recognize the five greenest projects developed by students across all areas of study. In addition, 15 employees of LVMH, | **2018-19** |

primarily architects working for Benefit, Berluti, Bvlgari, Celine, Le Bon Marché, Louis Vuitton and Parfums Christian Dior, and 25 students and 5 members of the teaching staff from Central Saint Martins combined their talents within the framework of the Green Concept Store. They worked in teams for nearly eight months to develop a green boutique concept in line with the DNA of the Houses which meets their quality requirements. Beyond the interest in the winning project, the competition was an opportunity to share and highlight particularly innovative ideas, such as the use of mushrooms to create a highly renewable material for the fabrication of furnishings, or the purification of ambient air through a circuit of algae. Louis Vuitton also conducted a project with the students, who had to propose new product concepts for accessories, leather goods and customer gifts by integrating the concept of circular creativity. Finally, the Green Trail was an opportunity, in June 2018, to highlight, from among all the end-of-year projects developed by the Central Saint Martins students, the projects and products with the most successful environmental approach. Five winners were selected by a jury from among the approximately one hundred candidates.

* Several academic partnerships established within the Group were forged at the initiative of the Houses. In France, for example, Guerlain supports the **Institut d’Administration des Entreprises Gustave Eiffel**, one of the best university management schools, and sponsors its Master’s program in Innovation, Design and Luxury Goods. The common thread for this sponsorship was sustainable development and the students were offered a case study, which consisted of creating the new Guerlain eco-designed product.
* In Poland, Belvedere has supported training in environmental themes for students at the **university of Łódź** since 2008.

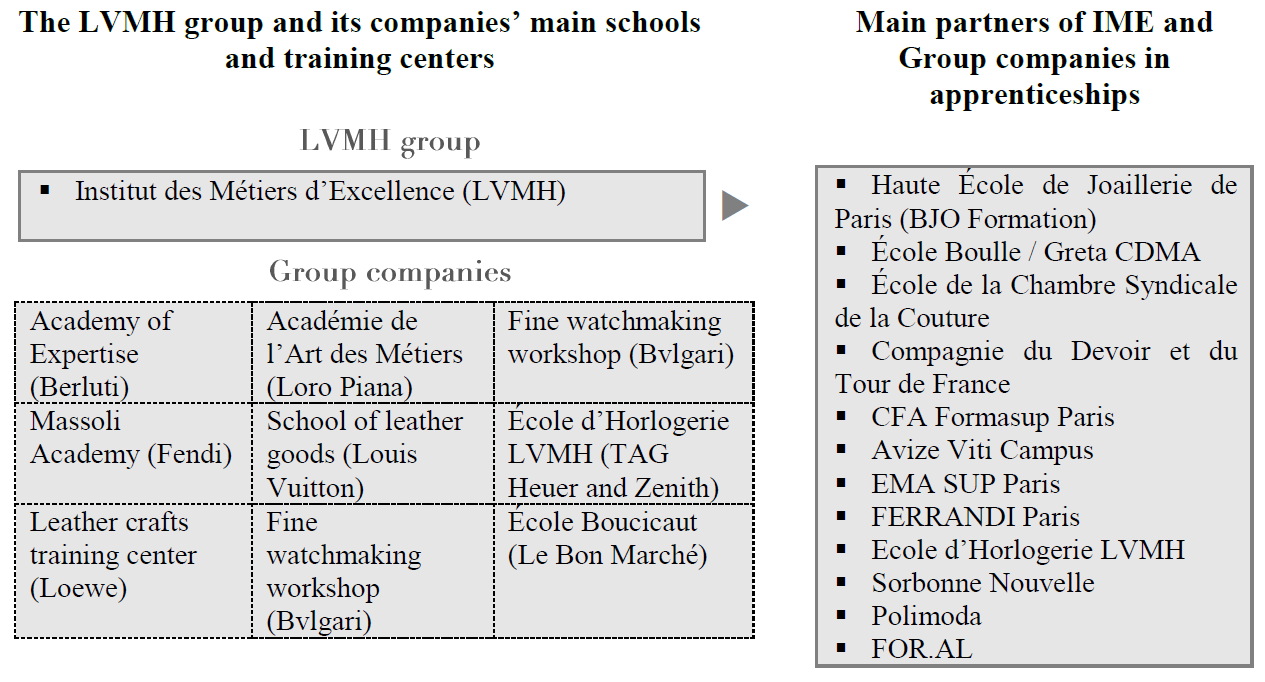
|  |  |
| --- | --- |
| * At Hyères International Festival of Fashion and Photography (April 26-30, 2018), LVMH raises **awareness of environmental issues to future young creative talent**. | **2018-19** |

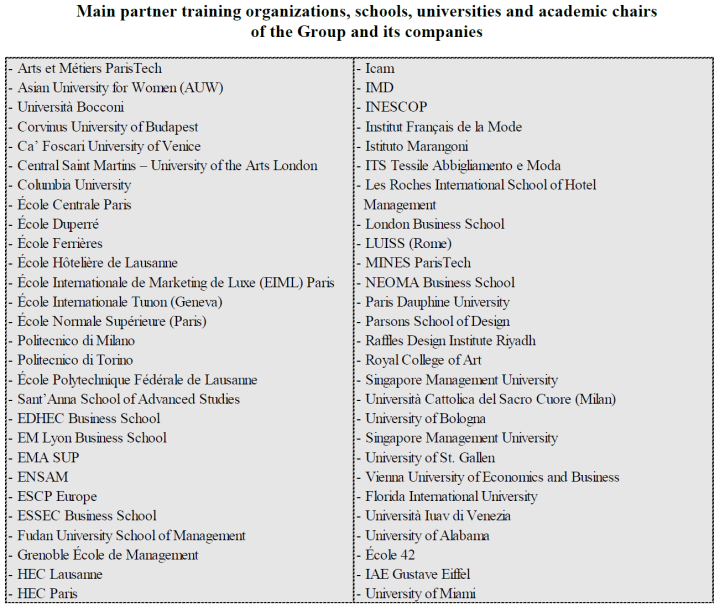
* In Italy, Bvlgari is a longstanding partner of the **Management Institute of the Sant’Anna School of Advanced Studies** in Pisa, a prestigious university institute in the field of applied sciences. Since 2006, the House has financed a Master’s program in: “Management and Control of the Environment: the Circular Economy and Efficient Use of Resources”.

|  |  |
| --- | --- |
| In 2018, the program included a collaborative educational project composed of three students, their academic instructor and experts from Bvlgari to work on a problem: | **2018-19** |

the deployment of sustainable practices in the production process of Bvlgari Accessories in Florence. The project resulted in the development of an action plan designed to reduce the volume of waste and CO2 emissions through the supply chain, with the emphasis placed on two key items to reduce environmental impacts: shipping and packaging.

* See finally an exhaustive list of partnerships developed with a number of specialist schools and educational establishments [**🕮** “2017 Social Responsibility Report” (p. 20).]





***Corporate Sustainability Governance and Leadership***

**Criterion 19: The COP describes CEO commitment and leadership:**

**Blueprint For Corporate Sustainability Leadership**

**CEO Commitment and Leadership:**

**☑ CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact:**

**☑ CEO promotes initiatives to enhance sustainability of the company’s sector and leads development of industry standards:**

**☑ CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation:**

|  |
| --- |
| ▶ See also in CRITERION 1:   * “1. Commitment and involvement at the highest level” * “2. Management and control of actions” |

**Criterion 20: The COP describes Board adoption and oversight:**

**Blueprint For Corporate Sustainability Leadership**

**Board Adoption and Oversight:**

**☑ Board of Directors (or equivalent) assumes responsibility and oversight for long-term corporate sustainability strategy and performance:**

**☑ Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability:**

**☑ Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress):**

|  |
| --- |
| ▶ See also in CRITERION 1:   * “1. Commitment and involvement at the highest level” * “2. Management and control of actions” |

**Criterion 21: The COP describes stakeholder engagement:**

**Blueprint For Corporate Sustainability Leadership**

**Stakeholder Engagement:**

**☑ Publicly recognize responsibility for the company’s impacts on internal and external stakeholders:**

* **Commitments and involvements linked to stakeholders are recognized at the highest level**.

|  |
| --- |
| ▶ See in CRITERION 1:   * “1. Commitment and involvement at the highest level” * “2. Management and control of actions”   **🕮** See also:   * “2018 Reference Document”: * “3. Operating model” (p. 12) * “Ethics and responsibility” (pp. 45-68) * “General environmental policy” (pp. 70-73) * “2018 Environmental Report”: * “Message from Bernard Arnault Chairman and Chief Executive Officer” (p. 3) * Messages from Antonio Belloni, Group General Manager and Sylvie Bénard, Environment Director (pp. 6-7) * “The framework for action” (pp. 8-18) * “2018 Social Responsibility Report”: * “Message from Chantal Gaemperle, Director of Human Resources and Synergies” (p. 3) * “A CSR Strategy embodying the Group’s values and priorities” (pp. 6-13) * “Corporate Governance and Social Responsibility” (pp. 47-51) |

* **The dialogue and partnerships with different categories of stakeholders from civil society:**

|  |
| --- |
| ▶ See CRITERION 18: Partnerships and collective action. |

* Due to the diversified and decentralized nature of its activities, the Group has defined **general principles as regards stakeholder engagement** that are circulated to the management of its Brands and subsidiaries.
* Each company is in charge of the management of its brand, according to its own processes, according to the Group’s mission and values. Thus, each brand has its own method of brand strategic management, aimed at enhancing its financial value and reputation.
* The collaboration developed between LVMH and the Houses allow discussing the stakes concerning sustainable development and CSR through different tools and meetings: committees and specific international networks (social, environment, supply chain, communication...), local committees, annual conventions, working groups, collaborative tools, events, etc.
* Consequently, the **relations with global or international stakeholders is taken into account by the different members of the CSR Steering Committee** while each LVMH brand, depending on its priorities and local challenges, determines its key stakeholders and implement its own stakeholder engagement.

**Blueprint For Corporate Sustainability Leadership**

**Stakeholder Engagement:**

**☑ Define sustainability strategies, goals and policies in consultation with key stakeholders:**

**☑ Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance:**

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 and environmental practices related to its activities. This dialogue is structured in very different ways depending on the circumstances. Relationships with stakeholders differ depending on the issues pertaining to the Group as a whole, its business groups, Group companies, and each geographic area.
* Each of LVMH’s business groups is unique, but they are all united by a shared view of their CSR responsibility, for which **key priorities have been drawn up and tested** over the past few years through dialogue **between the Group and its stakeholders**.
* The Group implements **verification audits and due diligence measures** among its stakeholders in order to help to identify, assess and anticipate the risks and opportunities for improvement, and thereby ensure more in-depth knowledge of its partners and suppliers. Conversely, external stakeholders, partners, auditors and the **various certifying bodies** (RJC, ISO 14001, etc.) help to reinforce the current system through their work and recommendations. **The dialogue and partnerships are foundational projects and tools for the CSR strategy.**
* **Employees** are made aware and kept informed of CSR issues via the Group’s media pages, its website, and its Voices intranet. Because CSR is a vital part of any manager’s job, all newly hired managers systematically receive training about ethical, social and environmental issues, its implementation and the role it plays, through their induction seminar and online induction session.

|  |
| --- |
| ▶ See CRITERION 18: Partnerships and collective action.  **🕮** See also:   * “2018 Environmental Report”: * Environmental commitments (pp. 8-9) * “Co-build with internal and external partnerships” (pp. 15-18) * “Publicize the environmental policy inside and outside the Group” (pp. 20-21). * “2018 Social Responsibility Report”: * “A CSR Strategy embodying the Group’s values and priorities” whose in particular a mapping of stakeholders (pp. 6-13) * A mapping summarizing, for each pillar of CSR Strategy, key Group processes and charters (1), major Group projects (2) and “Maison initiatives (3) (p. 48) * The “Sustainable Development Goals” (p. 49) * “Cross-reference table: GRI Standards” (p. 51). |

\*

\* \*