

United Nations Global Compact



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Communication On Progress 2020-2021

August, 10, 2020

LVMH

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About main facts and best practices **for the years 2019-2021**, see more particularly information indicated by a specific pictogram.

- All other information (policies and processes) is still available and **pursued by LVMH**.
- Information disclosed only originates from **public reports**.

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The following pictogram highlights particular information 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 information, 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 2020 [Criteria 1 and 2: "mainstreaming into corporate functions and business units" and "value chain implementation"].

2020/2021 Key press releases:

Antoine Arnault – WWD (April 20): Inspiring Creativity for A Post-Crisis World - LVMH was able to quickly provide solutions at the onset of the COVID-19 outbreak thanks to its long-term stand for creating value for society as a whole.



WWD - Antoine Arnault - Inspiring Cre

Solar Impulse Foundation: Business leaders commit to a clean recovery (Le Monde – April 20)



Tribune Translation
EN SolarImpulse Four

LIFE 360 press review kit: Many articles were published after the disclosure of the LIFE 360 Program during the LVMH General Meeting (April 21)



RDP_LIFE360_19.04.
2021.pdf

Bernard Arnault – Investir (July 2021): the importance of sustainable growth



Article
Investir_Juillet 2021.

The Communication on Progress is in the following format:

Stand-alone document

What is the time period covered by your COP?

Fiscal year 2020 in accordance with all public reports and documents of LVMH, and Semester 1 of calendar year 2021:

“2020 Universal Registration Document”	https://r.lvmh-static.com/uploads/2020/06/lvmh-document-denregistrement-2020-va-interactif.pdf
“2020 Annual Report”	https://r.lvmh-static.com/uploads/2021/03/lvmh_rapport-annuel-2020-va.pdf
“2020 Social and Environmental Responsibility Report”	https://r.lvmh-static.com/uploads/2021/05/en_lvmh_reng20.pdf
“LVMH Code of Conduct” (revised/published in December 2017)	https://r.lvmh-static.com/uploads/2017/12/lvmh-code-of-conduct-2017_122017.pdf https://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

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For the first time in 2021, LVMH published a 2020 “Social and Environmental Responsibility Report”, merging the Environmental Report and the Social Report that were both published separately by the Group until in 2020 (2019 reports).

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 ?

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 2020-21", 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 assurers (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 THE CONSOLIDATED STATEMENT OF NON-FINANCIAL PERFORMANCE" (LVMH 2020 URD pp. 62-64).

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

Provides information on the company's profile and context of operation

 See:

- ✓ "2020 Universal Registration Document" (<https://r.lvmh-static.com/uploads/2020/06/lvmh-document-denregistrement-2020-va-interactif.pdf>)
 - "History" and "Financial Highlights" (pp. 1-4)
 - "The LVMH business model" (pp. 9-12)
 - "Business overview, highlights and outlook" (pp. 13-34)
- ✓ "2020 Annual report" (https://r.lvmh-static.com/uploads/2021/03/lvmh_rapport-annuel-2020-va.pdf):
 - "The LVMH Group" (pp. 6-44)
 - "Performance measures" (pp. 149-156).
- ✓ "2020 Social and Environmental Responsibility Report" (https://r.lvmh-static.com/uploads/2021/05/en_lvmh_reng20.pdf) – for the first year, LVMH published in 2021 a consolidated report on social and environmental responsibility:
 - "2020 challenges" (pp. 4-25)
 - "Our social responsibility" (pp. 26-61)
 - "Our environmental responsibility" (pp. 62-105)
 - "LVMH Group Business Groups and key figures" (pp.108-109)
 - "Social and environmental governance" (pp.110-112)
 - "2020 social indicators and methodology" (pp.122-125)
 - "2020 environmental indicators and methodology" (pp. 128-138)
- ✓ LIFE 360 Program, published in May 2021 after its official disclosure during the LVMH General Meeting in April 2021 https://r.lvmh-static.com/uploads/2021/05/life_360_en_externe_def.pdf
- ✓ "LVMH Snapshot – 2020 figures" (February 2021) (<https://r.lvmh-static.com/uploads/2021/02/snapshot-2021-va.pdf>)
- ✓ "Letter to shareholders 2020" (February 2021) (https://r.lvmh-static.com/uploads/2021/02/lvmh_lettre-aux-actionnaires-fev-2021_va.pdf)

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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 “2020 Social and Environmental Responsibility Report” (pp. 26-27)]. In the continuity of SDGs, LVMH Group supported previously, since 2007, the United Nation's Millenium Development 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” (LVMH Initiatives For the Environment). 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 2020 demonstrates how the other goals are also considered, especially with the transition between LIFE programs, from LIFE 2020 to LIFE 360.
- Within the **CRITERION 1**, the COP 2020-21 presents very clearly the commitments and objectives related to the Group's strategy:
 - Environmental LIFE 2020 achievements and LIFE 360 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.
- Within the **CRITERION 3**, the COP 2020-21 indicates the commitments and objectives related to support diversity and inclusion, in particular to LGBTI communities, female talents and people with disabilities.
- Within the **CRITERION 6**, the COP 2020-21 introduces the Group's commitment to Living Wages, a work initiated with various structures and bodies, notably in Italy with Camera della Moda and with Fair Wage. This initiative will be continued in 2021.
- Through the **CRITERION 9**, the COP 2020-21 highlights the Group's pursuit for the implementation of a carbon trajectory in line with the Paris Agreement based on the SBTi through the new LIFE 360 Program that was introduced in May 2021. LIFE 360 also introduces ambitious targets related to the restoration and/or preservation of 5 million hectares (50,000 sq. km.) of flora and fauna habitat, that will among others be deployed in close collaboration with and benefit local communities.
- For **CRITERION 12**, the COP 2020-21 describes how the year 2020 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 2020-21” 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 2020-21 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 **information, 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.”

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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 awarded 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. **This project allows to better recognize the right of “indigenous population”.** **With the launch of the LIFE 360 Program**, setting precise targets associated with performance measurements, and timeframes designed to forge a new alliance between nature and creativity, LVMH has set ambitious targets related to **restoring and/or preserving 5 million hectares (50,000 sq. km.) of flora and fauna habitat**, and deploying **regenerative agriculture** programs with the Maisons by 2030.

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. **With the launch of the LIFE 360 Program**, setting precise targets associated with performance measurements, and timeframes designed to forge a new alliance between nature and creativity, LVMH has set ambitious targets related to **fighting climate change** by reducing greenhouse gases from energy consumption at the Group’s sites and stores by **50%** (baseline 2019) and reducing and/or avoiding by **55%** GHG emissions linked to Scope 3 (raw materials and transport) per unit of added value by 2030.

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”).

LVMH published the list of organisations that the Group’s supports and collaborates with. In 2020, more than 300 organizations received support, of which 100 were actively engaged in the fight against Covid-19 and its effects. See pp. 114-117 of the LVMH “2020 Social and Environmental Responsibility Report” for further information.

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As a 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**.

	International agreements supported	Commitments signed
Cross-cutting issues	« Universal Declaration of Human Rights »	« United Nations Global Compact » (2003)
	« OCDE Guidelines »	« Gordon Brown’s Millenium Development Goals » (2007)
	« Kimberley Process »	▪ Watches & Jewelry business group of LVMH member of the RJC (Responsible Jewellery Council) (since 2011)
	« Sustainable Development Goals (SDGs) » (2015)	
Environment	« Caring for Climate (voluntary and complementary action platform for UN Global Compact) »	▪ « Copenhagen Communique on Climate Change » launched at the initiative of the Prince of Wales and Cambridge University (June 2009)
	« CITES Conventions (on International Trade in Endangered Species) »	« Act4nature charter » (July 2018)
	« COP21 on Climate Change » (December 2015)	
Social	« International Labour Organization conventions »	« Apprenticeship Charter » (June 2005)
		« Enterprise Charter for Equal Opportunity in Education » (December 2006)
		« Diversity Charter » (2007)
		« Charter for professional integration of disabled people » (November 13, 2009)
		« Women on the Board Pledge for Europe » (July 12, 2011)
		« Women’s Empowerment Principles » (November 13, 2013)
		Participation in the Davos World Economic Forum’s gender equality task force (March, 2018)
		« #StOpE anti-sexism charter » (December 4, 2018)
		« UN standards of conduct for business » fighting against discrimination towards LGBTI (March 14, 2019)

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- In March 2019 in Paris, and again in June in New York, members of the Executive Committee and Maison Presidents came together to sign the UN Standards of Conduct for Business on tackling discrimination against Lesbian, Gay, Bi, Trans, and Intersex (LGBTI) people. The Maisons have implemented numerous initiatives, including the partnership between Make Up For Ever and Institut Hetrick Martin, set up in 2018, or “Rock your Rainbow” launched by Sephora (“2019 Social Responsibility Report”, p. 28)

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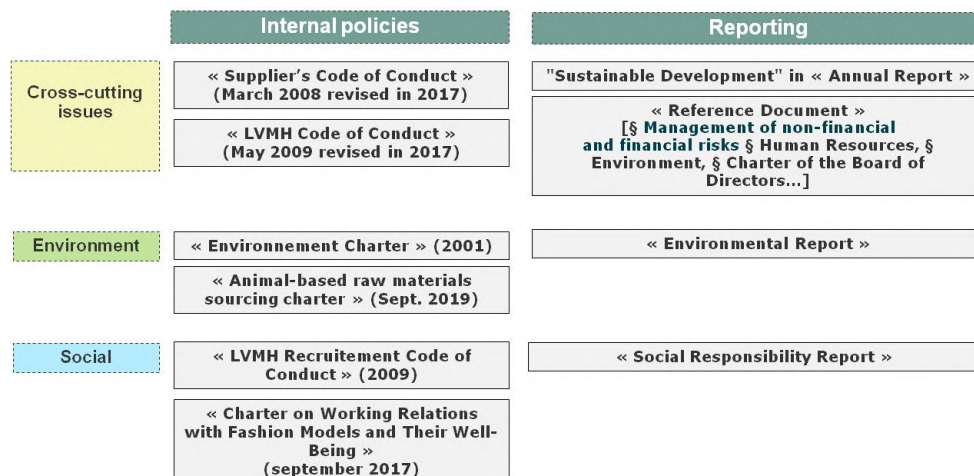
- Supporting fundamental and applied research lies at the heart of LVMH’s strategy to protect biodiversity. In 2019, the Group bolstered its commitment by signing a major partnership with UNESCO. “Man and the Biosphere” (MAB) is the UNESCO intergovernmental scientific program to which LVMH became a partner in 2019. One of UNESCO’s most iconic programs, MAB was established in 1971 to facilitate international cooperation to achieve a number of objectives including protecting biodiversity and promoting innovative, interdisciplinary approaches to economic development that are socially and culturally appropriate and environmentally sustainable. The program is implemented through a vast network, with 701 biosphere reserves in 124 countries around the world, used as learning places to test new approaches. LVMH and its Maisons harness this network and UNESCO’s scientific expertise to develop sustainable sourcing channels that benefit the local communities and economies involved. The partnership also seeks to come up with innovative solutions to encourage the sustainable development of natural resources and the identification of new markets built around quality and traceability. In addition, LVMH will take part in scientific research projects supported by the MAB program, in particular by making its infrastructure available to deploy pilot sites in conservation and long-term responsible management of biodiversity. (“2020 Social and Environmental Responsibility Report”, pp. 86-111)

- **Sustainable Development Goals (SDGs):** The “2020 Social and Environmental Responsibility Report” (pp. 26-27) presents the different contributions of LVMH to the Sustainable Development Goals” (SDGs).

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- **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 “2020 Universal Registration Document” (p. 51).]
- **The Supplier Code of Conduct:** In 2017, the Supplier Code of Conduct was revised 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. [📖 See “2020 Universal Registration Document” (p. 51)]
- 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.
- On September 25, 2019, LVMH presented new commitments including its brand-new **Animal-based Raw Materials Sourcing Charter**.


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 - 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 leather 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:
 - ✓ **traceability** 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 Initiatives For the Environment) was achieved in 2020, and led to the launch of the new LIFE 360 Program.

➤ **LIFE 2020 Program**  See “2020 Social and Environmental Responsibility Report” (pp. 125-134) 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 environmental and social rating agencies, shareholders, investors and customers.

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➤ **LIFE 360 Program** [📖 See “2020 Social and Environmental Responsibility Report” (pp. 64-66) and LIFE 360 Program Press Kitt (all pages)]. Following the achievement of the LIFE 2020 targets, LVMH published in 2021 the new LIFE 360 Program that will be rolled out for the next decade to come. LIFE 360 is an initiative with precise targets and timeframes designed to forge a new alliance between nature and creativity: products in harmony with nature that respect and preserve biodiversity, water resources and the climate, engaging and motivating all stakeholders transparently.

- LIFE 360 is based on **three specific timeframes**: 2023, 2026 and 2030, and adopts a 360° holistic approach designed to forge a new alliance between nature and creativity.
- LIFE 360 will act as the Group's environmental compass for the coming decade, formulating strategic priorities focused around **4 + 1 strategic action plans**:
 - ✓ **Biodiversity**: The Group's activities are intimately linked to nature. They would not be possible without farming, or growing grapes and other plants. The Group intends to take initiatives to restore what it takes from nature. Having calculated the exact measure of its impact, the Group now needs to minimize it. LVMH aims to have zero sourcing in areas where there is a very high risk of deforestation or desertification, and wants 100% of its strategic raw materials certified to the highest standards guaranteeing the preservation of ecosystems. LVMH will support regenerative agriculture as well, targeting the preservation or restoration of 5 million hectares (50,000 sq. km) of habitat for flora and fauna by 2030. As water is essential to biodiversity, LVMH is currently elaborating a specific policy to preserve water resources. Never in its history has the Group been so committed to animal welfare as it continues to apply the measures in the charter published in 2019.
 - ✓ **Circular creativity**: The Group's quest for excellence in its products includes respect for the environment as a prerequisite, which means preserving natural resources and avoiding waste. LVMH strongly believes one of the principal characteristics of luxury products is that they should last forever. Consequently, sophisticated repair services, upcycling, reuse of precious raw materials, and efforts to find alternative materials all feed into the Group's circular economy strategy. The strategy offers a new source of inspiration and creativity in an effort to ensure that, by 2030, all new LVMH products will result from ecodesign, so as to present a minimal environmental footprint—from raw material extraction to transformation. The packaging strategy pursues a similar trajectory, with a target of zero plastic from virgin fossil oil by 2026
 - ✓ **Climate Change**: The aggregate carbon footprint of the LVMH Group amounts to 4.8 million tons of CO2 equivalent with raw material and packaging procurement, as well as upstream and downstream goods transport, standing out as the most significant sources. The Group's comparatively small footprint does not relieve it of its duty to set an example in this area. It aims to reduce (and/or avoid) scope 3 greenhouse gas emissions per unit of added value by 55% by 2030, and halve emissions from energy consumption by 2026 (baseline 2019). Having adopted the validation protocol of the Science Based Targets initiative, LVMH is implementing a carbon-reduction pathway in line with the Paris Agreement and working toward the EU target of carbon neutrality by 2050.

Objectives have been set, in particular to use only renewable or low-carbon energies at sites and in stores by 2026; roll out a program that fosters green e-commerce; and work with livestock suppliers to reduce methane—a potent greenhouse gas.

- ✓ **Transparency:** Tracking raw materials such as gold, cotton or leather from their origin to the final product is no easy task. Yet, it is essential to ensure responsible practices, which is why LVMH harnesses a blockchain solutions platform to increase efficiency and make the task easier. The Group will also continue the certification process and apply the strictest standards in its strategic supply chains—all of which will integrate dedicated traceability system by 2030. Moreover, LVMH will strengthen the integration of farming and tanning activities, especially for precious leathers, giving it direct control over responsible practices.
 - ✓ **Engaging stakeholders:** LVMH wants to multiply its efforts by engaging stakeholders, primarily its employees, who are invited to become changemakers and whose environmental expertise will be enhanced through tailored training courses at the Environment Academy. With regard to suppliers, in addition to audits and remediation actions, LVMH will emphasize a partnership approach to help them elevate their environmental performance. This transparency effort also includes providing an information system for all new products by 2026 in line with customer expectations. Furthermore, the Group plans to roll out a program of sustainable luxury innovations by 2023
- **The four pillars of the Group’s social responsibility strategy** [📖 See “2020 Social and Environmental Responsibility Report” (p. 26)]:
 - 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:
 - ✓ Transmitting our world heritage’s savoir-faire;
 - ✓ supporting the safety and well-being of employees;
 - ✓ respecting each one’s dignity and individuality;
 - ✓ committing to a better society.
 - 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:

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- 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 meets once during the year, with all of its members in attendance.

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At that meeting, the Ethics and Compliance Director gives a progress update on the Group's compliance program, notably in connection with the Sapin 2 Act and the law on the duty of care for parent companies. [See "2020 Universal Registration Document" (pp. 164-166).]

- 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** which has 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.

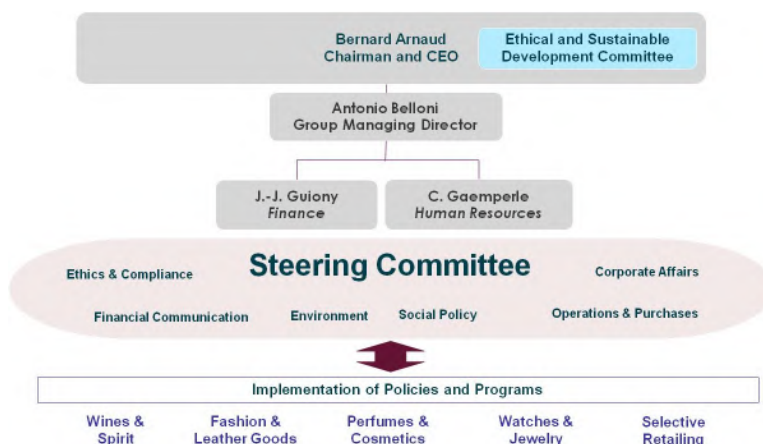
- The **network of Internal Control Officers** led by the Audit and Internal Control Department, which coordinates the implementation of internal control and risk management systems. These officers are responsible, within the Maisons, for ensuring compliance with the Group's internal control procedures and preparing controls tailored to their business.

o **Alert and whistleblowing system:**

[📖 See “2020 Universal Registration Document” (pp. 59-61, 126 and 169).]

- o 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.
- o 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.
- o 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.
- o 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.



o **Environment:** Set up in 1992, the Environmental Department defines the Group’s strategy and as such reports to **Antoine Arnault, LVMH Image and Communication Director, member of the 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.

- o 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 **Antoine Arnault, LVMH Image and Communication Director, member of the board of Directors**, and now includes about a **dozen experts**.
- LVMH's Environment Department has been charged with instilling a shared view, and with setting the broad lines of action in all areas relating to the protection of natural resources. It implements the LIFE Program, acts as an interface between the Executive Committee and the Maisons' management teams, and coordinates cross-divisional initiatives. It steers the global environmental reporting process and ensures that the commitments made are respected. The Department also helps the Maisons implement successfully their own environmental policy, and offers each Maison useful information, practical tools, 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.
- **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 25, 2019**, Bernard Arnault gathered at LVMH’s headquarters top executives of the Group and its Maisons around its LIFE 2020 program (LVMH Initiatives

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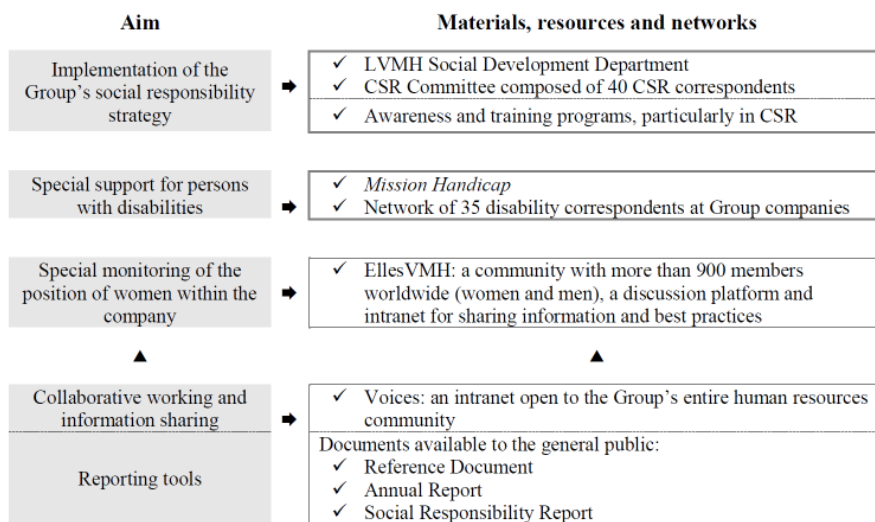
For the Environment), spotlighting pioneering initiatives in biodiversity and providing tangible elements about its environmental performance as well as ambitions in products’ eco-design, circular economy and energy consumption. The Group also presented new commitments including its brand-new Animal-based Raw Materials Sourcing Charter, which is based on a sound scientific approach and addresses the environmental, social, animal-welfare and ethical issues faced by the fur, leather, wool and feather industries by providing a new and clear frame of reference and sourcing rules. The same event was organized on October 19 in New York.

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,

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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, INRAE; 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; Julie Garnier, Co-Founder & Director of Odyssey Conservation Trust ; and Bastien Sachel, CEO of the Earthworm Foundation.

o **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**.



- o 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**.
- o Group companies, particularly in France, have works councils, employee representatives, as well as **health and safety committees**.
- o 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 had until December 31, 2019 to set up a *comité social et économique*, a new type of 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 “2020 Universal Registration Document” (p. 106) reports that, in France and in 2020, employee representatives attended 1,754 meetings as a result of which 143 company-wide agreements were signed in France.

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- The “2020 Universal Registration Document” (pp. 102 and 106) also reports that LVMH worked particularly hard to listen to its employees and find out how they were coping in this unusual year : in mid-2020, the Group launched a survey to sound out all its employees worldwide. Over 78,000 employees – more than 50% of the Group’s workforce – responded to the questionnaire.

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- 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 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

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.

3. Incentive schemes:

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

For example, a new three-year (2017, 2018 and 2019) **profit-sharing plan agreement** was signed at **Parfums Christian Dior** on June 30, 2017. For the first time, the agreement was signed by all representative trade union organizations and reconfirmed the principle of indexing the rate of profit-sharing to the performance of the company's VMDM indicator, corresponding to the percentage of brand waste recycled. The previous agreement signed in June 2014 resulted in a very significant increase in the amounts paid out in 2015, 2016 and 2017. Veuve Clicquot and Krug also take environmental criteria into account in their profit-sharing agreements, such as control of water and energy consumption and waste recycling. All the Group's entities in France employing over 50 people have put in place a profit-sharing, incentive or company savings plan. In 2019, these plans represented an overall amount of €320 million paid out for the year 2018, up 13.6%.

- 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.

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4. Employee support:

In June 2021, amid the unprecedented Covid-19 crisis, LVMH announced the launch of the LVMH Heart Fund, a global emergency and support fund for its 150,000 employees (operating in 70 countries), with an initial endowment of €30 million.

For further information, please refer to the public announcement: <https://www.lvmh.com/news-documents/news/lvmh-announces-the-launch-of-the-lvmh-heart-fund-a-global-emergency-and-support-fund-for-its-150000-employees-with-an-initial-endowment-of-e30-million/>

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**

Communicate policies and expectations to suppliers and other relevant business partners (see below p. 34)

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

o **Group Ethics and Code of Conduct:**

o **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, the UN Standards of Conduct for Business on tackling discrimination against Lesbian, Gay, Bi, Trans, and Intersex (LGBTI) people.

o **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 responsibly 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. It was updated in 2020. Some of the weightings given to risk factors were revised in light of lessons learned during the initial exercise and in order to better reflect potential risks

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The risk identification exercise is 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 geographical location, the nature and 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:

- With respect to human rights: decent pay and working hours, workplace discrimination, freedom of association and trade union membership, health and safety, forced labor, etc.
- With respect to the environment: air quality, waste management, water stress, water quality, deforestation, climate change, risk of drought, etc. The CO2 emissions indicator was also added.
- With respect to corruption: the Corruption Perceptions Index published by the NGO Transparency International was used to assess country risk. Verisk Maplecroft’s industry risk indices were used to assess risks for specific industry sectors

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, CSR and Environment Officers, and an assessment of the impact and probability of occurrence of the various risks identified – the following were classified in 2019 and reviewed in 2020 by representatives of the Group’s central functions and Executive 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 “2020 Universal Registration Document” includes the Group’s statement of non-financial performance which identified the main risks/opportunities [📖 See “2020 Universal Registration Document” (pp.53, 76-77)]

Social consequences	- Loss of key skills and expertise. - Safeguarding health and safety at work. - Implementation of a policy to promote 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 to promote employee inclusion and fulfillment (aspects relating to the fight against discrimination and the promotion of diversity). - Shortcomings in the implementation of personal data protection rules.
Environmental consequences	- Impact on ecosystems and depletion of natural resources (including aspects relating to the fight against climate change and preservation of biodiversity). - Setting up and maintaining Responsible supply chains (including aspects relating to the fight against climate change and preservation of biodiversity).
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 “2020 Universal Registration Document” (pp. 54-57 & 71-73)]

Human rights and fundamental freedoms	Individuals’ health and safety	Environment
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○ **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	<ul style="list-style-type: none"> ✓ See “2020 Universal Registration Document” (pp. 94-107). ✓ See “2020 Social and Environmental Responsibility Report”
Environmental consequences	<ul style="list-style-type: none"> ✓ See “2020 Universal Registration Document” (pp. 76-92). ✓ See “2020 Social and Environmental Responsibility Report” (pp. 125-134 for LIFE 2020 & 64-104 for LIFE 360)
Supply chain	<ul style="list-style-type: none"> ✓ See “2020 Universal Registration Document” (pp. 54-57). ✓ See “Objective Sector” for LIFE 2020 and “Biodiversity”, “Climate Change”, “Transparency” and “Engaging Stakeholders” for LIFE 360 in the “2020 Social and Environmental Responsibility Report” (pp. 125-134 & 64-104) ✓ See “Working with companies specifically employing people with disabilities” and “Contributing to local economies and employment” in “2020 Social and Environmental Responsibility Report” (p.32)
Quality and safety	<ul style="list-style-type: none"> ✓ See “2020 Universal Registration Document” (pp. 57-58).
Integrity in business	<ul style="list-style-type: none"> ✓ See “2020 Universal Registration Document” (pp. 58-60).
Responsible management of personal data	<ul style="list-style-type: none"> ✓ See “2020 Universal Registration Document” (p. 61).

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

2019-21

- **identifying priority areas**, informed in particular by the non-financial risk-mapping exercise covering the activities of the Group and its direct suppliers:
 - The risk-mapping exercise helps the Maisons identify which countries and types of purchases are particularly at risk with respect to corruption, human rights violations and environmental impact. This exercise is now one of the key components of the Group’s new Convergence program launched in 2020. The aim of this program is to ensure the best possible alignment between the gross risks identified by the risk-mapping exercise and supplier audit programs as well as risk mitigation actions.

This approach 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 by type of activity;
- Following the completion of the risk-mapping exercise each year, the main suppliers identified as at risk may be assessed using the **EcoVadis** methodology. This allows for the assessment of their ethical, social and environmental performance through the collection of documentary data, external intelligence and online research. More than 1,400 suppliers were invited to join the platform in 2020 ;
- **Site audits of our suppliers** (Tier 1 and higher) to check that the Group’s requirements are met on the ground, and implementation of corrective action programs in the event of compliance failures. In 2020, 1,325 audits (not including EcoVadis assessments) were undertaken at 1,071 suppliers and subcontractors ;
- Supplier **support and training**;

- Actively participating in **cross-sector initiatives** covering high-risk areas.

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.

2019-21

Four of the 4+1 strategic action plans of the **LIFE 360 Program** to be achieved by 2030 (the baseline year being 2019, and intermediate targets being set for 2023 and 2026) are particularly linked to the supply chain:

- ✓ **Biodiversity:** zero sourcing in areas where there is a very high risk of deforestation or desertification, and 100% of its strategic raw materials certified to the highest standards guaranteeing the preservation of ecosystems
- ✓ **Climate Change:** reduce (and/or avoid) scope 3 greenhouse gas emissions per unit of added value by 55% (raw materials and transport)
- ✓ **Transparency:** 100% of our strategic supply chains will integrate dedicated traceability systems
- ✓ **Stakeholders:** in addition to audits and remediation actions, LVMH will emphasize a partnership approach to help them elevate their environmental performance

Example of the "LVMH Lighting Program":

In 2019 and 2020, LVMH continued to boost the **LVMH Lighting program**.

2019-21

As a result, the Group was involved in designing a compact aluminum spotlight that is produced using 3D printing, and 20,000 LVMH Light Engines (a miniature lamp that produces the same light as a 40-watt metal halide lamp, but consumes just 12 watts) were distributed to Maisons over the last two years. Lighting designers from the different Maisons communicate with one another and regularly challenge their ideas, for example when they came together in New York in October 2019 at the third LIFE in Stores event.

📖 See "2020 Social and Environmental Responsibility Report" (pp. 89-90, 99, 103-104)]

Example of Socially Responsible Procurement:

People with disabilities:

2019-21

- 4.5*% corresponds to the employment rate of people with disabilities in France, according to official statistics (combining the rates of direct and indirect employment). Globally, it is 1.0%.
 - 100% of people working at MHEA live with a disability. MHEA is the sheltered workshop created by Moët & Chandon in 2011 that employs people with disabilities and maintains their wage conditions.
 - €7.8m of services purchased from the sheltered employment sector. The volume of purchases represents 384 full-time equivalent employees (FTE).
- [📖 See “2020 Social and Environmental Responsibility report” (pp. 35-36).]

Example of promoting startups:

As a platinum partner in 2019 and 2020, LVMH took part for the fourth and fifth consecutive year in the Viva Technology conference, the world’s rendez-vous for startups and leaders to celebrate innovation. Over 100,000 visitors from around the globe attended to discover the latest innovations from hundreds of startups and major corporations, including LVMH and 24 of its Maisons. It was at this event that the startup 3D Look was presented with the LVMH Innovation Award. It will receive personalized support from the LVMH Group to drive its development as part of La Maison des Startups at the Station F incubator, which integrates 50 international startups each year.

2019-21

[📖 See “2020 Annual Report” (p. 22).]

Example of management of suppliers across the Carbon Footprint:

- Across the Group’s entire value chain, 60% of emissions are generated by the production of raw materials, and 25% by upstream and downstream transportation—two scope 3 items the Group is working to reduce. The study conducted for the first time in 2016 on the environmental impact of LVMH value was updated in 2020 and assesses the Groups GHG emissions, biodiversity and water footprints.

2019-21

[📖 See “2020 Universal Registration Document” (pp.79, 82, 87) and “2020 Social and Environmental Responsibility Report” (pp. 67-68)]

○ 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.

2019-21

The Group uses specialist independent firms to conduct these audits. In 2020, 1,325 audits (not including EcoVadis assessments) were undertaken at 1,071 suppliers and subcontractors. Compared with 2019, when 1,589 audits were conducted, and despite the exceptional public health situation beginning in early 2020, a high number of audits at Group supplier production sites were still carried out during the year). Of all the audits undertaken, 44% covered 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.). A total of 45% of audits covered only workforce-related aspects, and 11% only environmental aspects.

	Europe	North America	Asia	Other
Breakdown of suppliers by volume of purchases (as %)	63	20	15	2
Breakdown of suppliers by number (as %)	73	13	11	3
Breakdown of audits (as %)	67	1	28	4

In keeping with the aim of monitoring at-risk suppliers and ensuring permanent controls on their level of compliance, more than one-quarter of the audits carried out in 2020 involved suppliers that had already been audited in previous years.

 See “2020 Universal Registration Document” (p. 55)

2019-21

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

2019-21

In keeping with its aim of providing continuous support and fostering continuous improvement, the Group regularly offer sits suppliers training opportunities.

For example, in 2019:

- In February, the second “Chemical Management” training session was held in Milan in partnership with the Polytechnic University of Milan. This sector-focused initiative was spearheaded by the Group’s main fashion Maisons based in Italy. 80 Group suppliers took part in the event, which helped identify a number of areas to focus on in the future;
- In September, 40 participants representing 27 Group suppliers based in Italy took part in training held in Milan on responsible cotton sourcing, in partnership with members of the Better Cotton Initiative (BCI);
- Bvlgari’s Jewelry branch invited 97 suppliers (manufacturers, gem cutters and producers of semi - finished goods) to three group training sessions on key issues and action plans relating to corporate social responsibility;
- In December, Sephora’s branches in the United States and Europe along with several other Maisons (including Givenchy, Kenzo and TAG Heuer) held training in Shenzhen for 59 managers of supplier sites based in China. This training focused on human rights, health and safety, and the environment.

For example, in 2020:

- continuing with an approach adopted in 2019, Sephora has reinforced its HERproject initiative (pursued in collaboration with BSR), which aims to help low-income women working for certain suppliers improve their well-being, build self-confidence and manage their financial resources, adding two new Chinese factories to the program during the year;
- in February, LVMH Italia’s held its fifth sustainable development coordination seminar at Celine’s new production facility in Radda in Chianti, Italy. The theme for the first day was the circular economy. The 46 attendees from Maisons based in Italy met representatives from three Italian companies working in this area: a social enterprise specializing in the recovery of fabric trimmings, a company offering a new process for the reuse of leather offcuts, and another with its own integrated, transparent and traceable supply chain for the transformation of scraps into thread and fabric as well as the destruction of unsold products. Risk management was the main theme of the second day, with the presentation of new activities to improve actions in this area by Fendi and its service provider Bureau Veritas;
- in October, eight of the Group’s Maisons (Berluti, Givenchy, Kenzo, Loewe, Louis Vuitton, Moët Hennessy, Sephora and TAG Heuer) together organized an online training course for 53 managers of supplier sites based in China. Given the results of the risk-mapping exercise and the findings of certain audits, this training placed emphasis on human rights, health and safety, the environment, and anti-corruption;
- also in October, Louis Vuitton held a one-day, in-person training course focusing on anti-corruption compliance issues for 16 companies representing its main global suppliers in the field of supply chain logistics.

Prudent use of chemical compounds in production processes [📖 See “2020 Universal Registration Document” (p. 57)]:

✓ 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 setup 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 and Leather Goods, and Watches and Jewelry business groups abide by the LVMH Restricted Substances List, an in-house standard that prohibits or restricts the use of certain substances in products placed on the 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 2019, LVMH joined the ZDHC (Zero Discharge of Hazardous Chemicals) trade association, which aims to promote best practices concerning the use of dangerous substances at textile and leather manufacturing sites. In 2020, the ZDHC protocol began to be implemented, specifically at the Group's tanneries.
- ✓ 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.

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 resources.

- **Participation in multi-party initiatives covering high-risk areas:** [📖 See “2020 Universal Registration Document” (pp. 56-57)]

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 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 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 (CGWG) run by sustainable development consultancy The Dragonfly Initiative (TDI), aimed at optimizing oversight of supply arrangements for colored gemstones. In April 2021, LVMH, alongside the CGWG, made public the Gemstones and Jewellery Community Platform, an open-source platform intended to enable all actors in the coloured gemstones industry in achieving responsible practices from mine to piece of jewellery.
- 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. 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. Work to map Indian mica supply chains began in 2015, followed by a program of audits down to the individual mine level. Over 80% of the supply chain has been covered to date. The business group also joined Action for Sustainable Derivatives (ASD), a collaborative initiative jointly managed and overseen by BSR and Transitions. ASD brings together large companies in the cosmetics sector and the oleochemical industry to achieve their shared goal of improving traceability, working conditions and practices throughout the entire palm derivatives supply chain.
- 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. Targets for the certification of raw materials like cotton and leather were set as part of the LIFE 2020 program; the results are presented in the “Environment and sustainability” section, §3.2 “Results for LIFE 2020 ‘Sourcing’ targets”.

For all Maisons, particular attention is paid to purchases of packaging materials due to fragmentation of production processes in this sector. Specific tools are used to assess and improve the environmental performance of packaging.

As part of a project focusing on living wages, initial contacts were made in 2020 with various structures and bodies, notably in Italy with Camera della Moda and with Fair Wage. This initiative will be continued in 2021.

2019-21

In 2020, in line with its move towards greater transparency, Fendi made public its full list of Tier 1 suppliers for the first time: <https://www.fendi.com/sustainability/supply-chain.html>.

- **Assessment and control procedures in place.** [📖 See “2020 Universal Registration Document” (pp. 126-131)]

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", "LIFE 2020" and "LIFE 360":** 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 (LVMH Initiatives For the Environment) 2020 and 360 Programs, which have been incorporated by all LVMH Maisons to structure their initiatives and particularly to promote environmental and social responsibility of suppliers. Within that framework, Maisons work with them to ensure best-in-class environmental standards across our supply chain.

- **Animal-based Raw Materials Sourcing Charter:**

2019-21

On September 25, 2019, LVMH issued the **Animal-based Raw Materials Sourcing Charter**. 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. As part of the LIFE 360Program, it is expected that by 2023 all Maisons have integrated this Charter in their contractual relationships with their suppliers. It will replace the ASP (Animal Sourcing Principles – see below p.38 for more detailed information).

2. Targets relating to specific challenges for groups of activities:

[📖 See “2020 Universal Registration Document (pp. 50, 55-56 & 82) and “2020 Social and Environmental Responsibility Report” (pp. 119-121)]

○ **Compliance with regulations:** LVMH is unique in that it undertakes much of its own manufacturing in-house, with subcontracting accounting for only a small proportion of the cost of sales. The Group is therefore able to directly ensure that working conditions are safe and human rights respected across a significant part of its production.

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 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.

2019-21

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

The “2020 Universal Registration Document” (p. 84) publishes a table with the **different performances and objectives concerning raw materials**:

Progress toward meeting the LIFE 2020 “Sourcing” targets:

Indicators	Baseline (2013)	Performance in 2020	Target for 2020
Wines and Spirits			
Sustainable Winegrowing Certification <i>(certified grapes by weight, as %)</i>	LVMH vineyards: French vineyards: 100%	LVMH vineyards: French vineyards: 100% Rest of the world: 90%	LVMH vineyards: French vineyards: 100% Rest of the world: 100%
	Independent grape suppliers: Champagne: 7%	Independent grape suppliers: Champagne: 24%	
Fashion and Leather Goods			
LWG-certified tanneries <i>(leather from certified tanneries by weight, as %)</i>	25%	74%	70%
Certified cotton <i>(GOTS- or Better Cotton-certified cotton by weight, as %)</i>	2%	51%	70%
Perfumes and Cosmetics			
Perfume ingredient supplier performance <i>(Tier 1 suppliers covered by environmental/social audits, as %)</i>	64	82	90
Cosmetics ingredient supplier performance <i>(Tier 1 suppliers covered by environmental/social audits, as %)</i>	56	78	80
Palm oil derivatives <i>(RSPO-certified Mass Balance or Segregated palm oil derivatives by weight, as %)</i>	0%	91%	70%
Watches and Jewelry			
Diamonds: RJC COP certification <i>(carats of diamonds from COP-certified direct suppliers, as %)</i>	90%	99%	100%
Gold: RJC COP certification	94%	79%	100%
RJC CoC certification <i>(For Maisons without CoC certification, gold is included within the reported indicator if it is sourced from CoC-certified precious metal refiners, regardless of any intermediate subcontractors between the precious metal refiner and the Maison)</i>	-	77%	100%

○ **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. Through the LIFE 2020 Program, the Group had set “Sourcing” objectives requiring that by 2020, 70% of the volumes of strategic raw materials be certified, and 100% by 2025. For some materials, the 2020 performance was well above target. For example, as of 31.12.2020, more than 91% of the palm oil by-products purchased by the Group are RSPO (Roundtable on Sustainable Palm Oil) certified.

Following the achievement of the LIFE 2020 targets, LVMH published in 2021 the new LIFE 360 Program that will be rolled out for the next decade to come. LIFE 360 is an initiative with precise targets and timeframes designed to forge a new alliance between nature and creativity: products in harmony with nature that respect and preserve biodiversity, water resources and the climate, engaging and motivating all stakeholders transparently. LIFE 360 remains aligned with the LIFE 2020 “Sourcing” targets setting the ambitious ambition that 100% of strategic materials achieve the highest standards by 2026. As an example: 100% of the leathers will need to originate from LWG

(Leather Working Group) certified tanneries; 100% of the cotton purchased must meet responsible criteria (such as the GOTS, Certified Recycled or BCI standards); 100% of farmed and wild fur purchased will have to respect the highest standards recognized by FurMark. The Group supports the Maisons achieve these objectives. For example, since 2017, LVMH has conducted a campaign for LWG certification of the the Group's main supplying tanneries, thank to which the % of leathers originating from LWG certified tanneries raised from 25% in 2013 to 74% in 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.

On May 14, 2019, LVMH announced the signature of a **five-year partnership with UNESCO** to support the **Man and Biosphere (MAB) biodiversity**

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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 (ASP) 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 was launched: on September 25, 2019, LVMH unveiled the **Animal-based Raw Materials Sourcing Charter**.

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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:**

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- ✓ **Better Cotton:** 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 **Organic cotton, GOTS certified cotton or recycled cotton**.
- ✓ **Fur**, a material that is part of LVMH's DNA. On this sensitive issue, the Group respects everyone'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. In addition, since 2020, LVMH actively supports SARCA in the creation of a Responsible Reptilian Sourcing Standard that should be available for use in 2022.

LVMH also participated in reviewing the **ostrich** standard developed by the SAOBC by reviewing the practices with the help of two veterinarian experts at the end of 2017.

- ✓ **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 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**.

Finally, the Group also actively participated in the review of the **Responsible Mohair Standard (RMS)**, created by Textile Exchange, and based on the initial works from Mohair South Africa. LVMH reviewed the Standard and angora goat farm practices on-site with a veterinarian expert in July 2019. In the same way, LVMH supports the **Responsible Alpaca Standard (RAS)** and relies on Textile Exchange’s robust Chain of Custody system applicable for all wool standards mentioned above.

- ✓ **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** and have developed an even more ambitious sourcing journey for LIFE 360.
- ✓ 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 (CGWG) run by sustainable development consultancy **The Dragonfly Initiative (TDI)**, aimed at optimizing oversight of supply arrangements for **colored gemstones**. In April 2021, LVMH, alongside the CGWG, made public the Gemstones and Jewellery Community Platform, an open-source platform intended to enable all actors in the coloured gemstones industry in achieving responsible practices from mine to piece of jewellery.

- **Perfumes & 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 exceeded their target of using 70% **RSPO (Roundtable on Sustainable Palm Oil)** certified palm oil derivatives by the end of 2020 (91% 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. [□ See "2020 Social & Environmental Responsibility Report" (pp. 137-138)]

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- ✓ Moët Hennessy organized a number of talks at the Vinexpo fair in Paris in February 2020, inviting researchers, vineyard managers and eminent sommeliers to discuss a variety of questions, such as "Organic, natural and bio-dynamic produce—understanding the difference", "What role can technology play in sustainable agriculture?" and "Wine and gastronomy in 2050". The fair sought to take stock of existing wine-making models and imagine ways to ramp up the pace of the environmental transition and protect soils. Because if living soils are destroyed, plants will be destroyed. And no plants means no grapes, wheat or barley, which in turn means no champagne, whisky or vodka. The Houses are also continuing their actions to increase awareness of the challenges and opportunities of sustainable wine growing in Champagne,
- ✓ These efforts build on a tried-and-tested plan of action, which involves leveraging the Group's certified vineyards as hubs to trial and disseminate best practice throughout the industry to its suppliers (vineyards and cooperatives). For example in May 2019, Hennessy

brought together 1,000 wine-growing partners at its Technical Forum on Sustainable Viticulture and unveiled its objectives for its sourcing channels: reach 100% of committed partner suppliers by 2021, obtain Cognac environmental certification by 2025 and work exclusively with brandy supplier partners that use zero chemical herbicides by 2028.

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 responsibly 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:

- "2020 Universal Registration Document" (pp. 50-51)
- "2020 Social and Environmental Responsibility Report" (p. 111).]

○ 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**.

○ **Latest commitments in the field of "on discrimination" and "social diversity":**

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- On March 14, 2019, 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 (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 “2020 Universal Registration Document” (pp. 61 and 124).]
- 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 “2020 Universal Registration Document” (pp. 53 & 68).]

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« (...) The first non-financial risk-mapping exercise was performed in 2018 with the assistance of global risk and strategic consulting firm Verisk Maplecroft, which specializes in analyzing political, economic, social and environmental risks. In 2020, this exercise was updated to take into account developments in the business activities of each Maison. Some of the weightings given to risk factors were revised in light of lessons learned during the initial exercise and in order to better reflect potential risks. This will allow the Maisons to better identify their key risks (both internally and across their supply chains). The risk map was based on an assessment comparing external assessments of risk levels provided by Verisk Maplecroft with quantitative information provided internally by various Group entities, such as

their level of activity, the number of employees, and the amount of purchases by category and supplier. This work has allowed the Group to categorize its suppliers by criticality (a critical supplier is one playing a major role in a company process, i.e. any supplier that if affected by a failure, disruptions or other issues would lead to a complete or partial suspension of the Company’s operations).

The exercise analyzed a wide variety of factors by geography and sector:

- With respect to human rights: decent pay and working hours, workplace discrimination, freedom of association and trade union membership, health and safety, forced labor, etc.
- With respect to the environment: air quality, waste management, water stress, water quality, deforestation, climate change, risk of drought, etc. The CO2 emissions indicator was also added.
- With respect to corruption: the Corruption Perceptions Index published by the NGO Transparency International was used to assess country risk. Verisk Maplecroft’s industry risk indices were used to assess risks for specific industry sectors.

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. Some 30,000 suppliers and service providers, representing 90% of Group expenditure, were assessed in relation to their risk levels across the three categories mentioned above.

Based on an array of data – including this mapping work, feedback from the Maisons’ networks of Ethics & Compliance, CSR and Environment Officers, and an assessment of the impact and probability of occurrence of the various risks identified – the following were classified in 2019 and reviewed in 2020 by representatives of the Group’s central functions and Executive Management as “key risks” in light of the Group’s activities:

- impact on ecosystems and depletion of natural resources;
- setting up and maintaining responsible supply chains;
- safeguarding health and safety at work;
- loss of key skills and expertise;
- implementation of a policy to promote employee inclusion and fulfillment;
- shortcomings in the implementation of personal data protection rules;
- 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). As a 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 “2020 Reference Document” (pp. 66-68).]

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- In accordance with Article L.225-102-1 of the French Commercial Code, the “2020 Universal Registration Document” includes the Group’s statement of non-financial performance which identified the main risks/opportunities [📖 See “2020 Universal Registration Document” (pp.53, 76-77)]

Social consequences	<ul style="list-style-type: none"> - Loss of key skills and expertise. - Safeguarding health and safety at work. - Implementation of a policy to promote employee inclusion and fulfillment.
Respect for human rights	<ul style="list-style-type: none"> - Setting up and maintaining responsible supply chains (aspects relating to respect for human rights).

	<ul style="list-style-type: none"> - Implementation of a policy to promote employee inclusion and fulfillment (aspects relating to the fight against discrimination and the promotion of diversity). - Shortcomings in the implementation of personal data protection rules.
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- 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 “2020 Universal Registration Document” (pp. 54-57 & 71-73)]

Human rights and fundamental freedoms	Individuals’ health and safety	Environment
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○ **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 2020-2021, 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.**

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- 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, 2020, over **1,300 young people** across the Group’s French entities were working under apprenticeship or vocational training contracts (including IME – LVMH Institut des Métiers d’Excellence).

- **Facilitating employment for people with disabilities** [📖 See “2020 Universal Registration Document” (p. 111)]

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

- **Helping those in need** [📖 See “2020 Universal Registration Document” (p. 112)]

▶ 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 "2020 Universal Registration Document" (pp. 96-101 & 111-112)
- ▶ See in CRITERION 1: "Internal Codes and Processes".

2. Equality of opportunity for men and women:

• **Results:**

2018-19

- In 2020, 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 (84%), Selective Retailing (82%) and Fashion & Leather Goods (66%). Conversely, men make up the majority of staff in the Wines & Spirits business group, where they account for 51% of the workforce, though the proportion of women recruited has risen in recent years.
- In 2020, 42% of key positions at LVMH were held by women, compared with 23% in 2007

Proportion of women among joiners and in the Group’s workforce^(a)

(% women)	Joiners			Group workforce		
	2020	2019	2018	2020	2019	2018
Breakdown by business group						
Wines and Spirits	49	45	45	38	38	38
Fashion and Leather Goods	66	65	66	67	67	69
Perfumes and Cosmetics	84	85	86	82	83	83
Watches and Jewelry	58	60	58	59	59	59
Selective Retailing	82	83	83	83	83	83
Other activities	37	42	33	38	37	35
Breakdown by professional category						
Executives and managers	64	65	65	64	65	65
Technicians and supervisors	67	68	67	66	68	68
Administrative and sales staff	79	79	80	79	80	81
Production workers	56	61	57	57	59	58
Breakdown by geographic region						
France	64	66	63	64	64	64
Europe (excluding France)	72	74	76	71	72	74
United States	80	79	80	75	78	79
Japan	71	73	69	73	73	74
Asia (excluding Japan)	73	75	76	76	77	77
Other markets	70	79	79	67	73	73
LVMH group	73	75	75	71	73	73

(a) Under permanent contracts, including internal mobility and conversions of fixed-term contracts to permanent contracts.

● **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. In 2019, 44% of key positions are held by women (compared with 23% in 2007).
- 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.

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- Launched in 2007, the EllesVMH program has been flying the flag for gender equality. It brings together a range of initiatives and unites women across different generations, Maisons and backgrounds to help them grow and progress within the Group. The program also champions the EllesVMH Coaching setup. In March 2019, several projects were unveiled at the event organized to celebrate International Women’s Day, including SHERO, an internal digital platform to boost gender parity, and the Inclusion Index, an internal observatory to promote and enhance diversity and inclusion.

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

2019-21

- For LVMH, employing older staff is a key priority that must be approached differently depending on the geographic region: in 2020, **23,4%** of the Group’s workforce in France was made up of older employees (aged 50 and over), while the equivalent percentage outside France was only 13.4%. 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:

- o Recruitment: Implementation of anti-discrimination measures and specific action plans
- o Passing on expertise: Mentoring of young recruits and temporary staff by older employees
- o Employee retention: Skills development; measures focused on workstation ergonomics and reducing strain, particularly for those roles most exposed to physical or mental stress
- o 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**:

2019-21

- o In 2019, Parfums Christian Dior renewed its agreement to promote the recruitment of older people, improve their work-ing conditions and offer part-time working options toward the end of their career. Kenzo 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.

4. Employment of people with a disability [📖 “2020 Social and Environmental Responsibility Report” (pp. 35-36) and "2019 Universal Registration Document" (p. 95) & "2020 Universal Registration Document" (p. 100)]:

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.

- Results:**

2019-21

Worldwide, people with disabilities make up **1.2%** of the LVMH group’s workforce as of December 31, 2020. Due to changes in the legislative framework governing the compulsory declaration of employees with disabilities in France for fiscal year 2020, data consolidation was delayed and it has not been possible to publish figures for the year. However, by the end of 2019, the Group’s redoubled efforts had enabled it to increase the proportion of employees with disabilities in France to **4.2%** according to official standards (sum of direct and indirect employment).

% of Disabled persons:		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
France	<i>global employment rate</i>	3.57 %	3.72 %	4.1 %	4.1 %	4.1 %	4.5 %	4.5 %	4.7 %	4.4%	4,2%
Group		0.93 %	0.84 %	0.87%	0.85 %	0.85 %	1 %	1 %	1 %	1.1%	1%

Between 2010 and 2019, the number of employees with disabilities increased as a proportion of the total workforce in France, from 3.6% to 4.5%* (up 25%) calculated in accordance with official independent standards (AGEFIPH) that combine the rates of direct and indirect employment. Internationally, the Group has set itself a target of 2%

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 this day on December 3rd, 2019, the Group sought to raise awareness about accessibility among its Maisons by highlighting the following initiatives:
 - The Fondation Louis Vuitton has been designed to be accessible to all people. Entrance is free of charge and priority is given to people with disabilities and those accompanying them. It is also taking action to make its work accessible by putting in place tactile maps for the visually impaired and training its guides to offer tours adapted to disabled visitors
 - The Champagne Maison Mercier chose to train two members of its visitor reception team in sign language.
 - Bvlgari, Fendi and Loro Piana in Italy are supporting disabled people to stay in work, in particular by adapting workstations.
 - Guerlain in Canada inaugurated a spa accessible to all in early November
- **“Sheltered” and “supported” employment sector:** LVMH encourages its Maisons to develop their relationships with **companies specifically employing people with disabilities**, and the volume of business entrusted to such companies rose sharply in 2019.

2019-21

2019-21

Working with companies specifically employing people with disabilities		2015	2016	2017	2018	2019	2020
France	Purchases in M€	6.2	6.5	7.1	8.3	8.8	7.8
	Representing full-time-equivalent (FTE) jobs	156	312	368	415	440	384

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.

2019-21

A number of initiatives were promoted by the Maisons during the European Disability Employment Week held from November 18th-24th, 2019, including facilitating part time work for disabled employees (Berluti), encouraging remote work-ing or adapting duties (Parfums Christian Dior) and raising awareness among managers in recruitment (Chaumet).

- **Among best practices:**

- 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.
- In November, Hennessy organized a Digital Blender on the theme of “disability as a driver of innovation”, which brought together special guest speakers including Hugo Horiot, who wrote the essay “Autisme: j’accuse”, Ismaël Guillorit, founder of the inclusive sport charity Vagdespoir and Sandrine Dhellemmes, advisory member of the European Confederation of Inclusive Enterprises (EuCIE). These conferences offered a valuable forum for debate and helped to catalyze change in the way people view employment for people living with disabilities and autism.
- In May 2019, LVMH and the events department of Groupe Les Echos-Le Parisien organized the fourth Disability, Employment and Responsible Purchasing trade fair, which attracted nearly 4,500 visitors and over 150 vocational rehabilitation centers and sheltered workshops from all areas of the economy. In order to raise awareness and inform participants, the event held over 70 conferences and workshops. At its next edition, the fair, which was created by LVMH in 2012 and organized with its partners Groupe Les Echos-Le Parisien, Société Générale and EY, will be called “Inclusiv’Day

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 “2020 Social and Environmental Responsibility Report” (Pp. 41-42).]

☑ **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. 2019-21

LVMH worked particularly hard to listen to its employees and find out how they were coping in this unusual year: in mid-2020, the Group launched a survey to sound out all its employees worldwide. Over 78,000 employees – more than 50% of the Group's workforce – responded to the questionnaire. [📖 See "2020 Universal Registration Document" (pp. 102 and 106) and "2020 Social and Environmental Responsibility Report" (p. 43)]
- **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

▶ See in CRITERION 1: "Alert and whistleblowing system".

📖 Relating the "whistleblowing system" see "2020 Universal Registration Document" (pp. 59-61 and 126).

📖 See also "2020 Social and Environmental Responsibility Report" (p. 43-44): "Listening and engaging with employees"

☑ 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 draws 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 years 2019 - 2020.

▶ 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”.

☑ Grievance mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue (BRE4 + ARE4)

• Internal grievance mechanism and whistleblowing procedures:

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 ““2020 Universal Registration Document” (pp. 59-61 and 126).

📖 See also “2020 Social and Environmental Responsibility Report” (p. 43-44): “Listening and engaging with employees”

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:

- "2020 Social and Environmental Responsibility Report" (p. 111).
- "2020 Universal Registration Document" (pp. 50)

With regard to commitments through supply chain, see:

▶ CRITERION 2: Value chain implementation.

With regard to shared values, see:

📖 See:

- "2020 Social and Environmental Responsibility Report" (p. 119-121)
- "2020 Universal Registration Document" (pp. 53-57)

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 "2020 Social and Environmental Responsibility Report"]

• The “2020 Social and Environmental 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:

- 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. **2019-21**
 - This process also provides an opportunity for employees to talk to their managers about their performance and aspirations. A total of **21,000 employees** took part in these annual interviews in 2019. 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. **2019-21**

- **66%** of executive positions were filled internally, half of them on the basis of succession plans in place.
- Lastly, digital tools facilitate talent management and give employees greater independence in managing their careers. In particular, 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 "2020 Social and Environmental Responsibility Report" (pp. 51-52).

☑ 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".

☑ Active engagement with suppliers to address labour-related challenges

Several examples of engagement are : [📖 See “2020 Universal Registration Document” (p. 56)]

- For several years, LVMH has taken part in Utthan, an embroidery industry initiative bringing together major luxury brands. This initiative aims to empower artisans in Mumbai’s hand embroidery cluster, where many of the embroiderers partnering with the Maisons are based, and help them gain recognition for their skills. The initiative also includes an on-site training program for embroiderers. In light of the exceptional circumstances relating to the public health crisis, the Group provided direct financial assistance to the employees of subcontractors of its Mumbai-based suppliers.

- Continuing with an approach adopted in 2019, Sephora has reinforced its HERproject initiative (pursued in collaboration with BSR), which aims to help low-income women working for certain suppliers improve their well-being, build self-confidence and manage their financial resources, adding two new Chinese factories to the program during the year.

☑ 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 “2020 Social and Environmental Responsibility Report” (p. 51-52)]

2019-21

- 2020 was marked by an unprecedented public health crisis. Employee health and safety was a priority for the Group. Initiatives for awareness-raising and training in workplace safety and risk prevention are expanding. In 2020, 49,535 people throughout the world received health and safety training, up 1% from 2019.

2019-21

- In 2020 a dedicated working group was established to perform a health & safety diagnosis. Based on the findings, they proposed an action plan including the creation of a health and safety charter. Having been drawn up in 2020 and signed by a member of the Executive Committee, this charter will be disseminated starting in 2021.

2019-21

- 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:**

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 ““2020 Universal Registration Document” (pp. 59-61 and 126).

📖 See also “2020 Social and Environmental Responsibility Report” (p. 43-44): “Listening and engaging with employees”

• **Examples of systems to promote feedback and dialogue in Maisons:**

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: LVMH is convinced that its employees are more fulfilled when they share the Group’s vision. In mid-2020, the Group launched a survey to sound out all its employees worldwide. Over 78,000 employees – more than 50% of the Group’s workforce – responded to the questionnaire.
- 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..

2019-21

Launched in 2007, the EllesVMH program has been flying the flag for gender equality. It brings together a range of initiatives and unites women across different generations, Maisons and backgrounds to help them grow and progress within the Group. The program also champions the EllesVMH Coaching setup. In March 2019, several projects were unveiled at the event organized to celebrate International Women’s Day, including SHERO, an internal digital platform to boost gender

parity, and the Inclusion Index, an internal observatory to promote and enhance diversity and inclusion.

- **Innovation and change training** [📖 See “2020 Social and Environmental Responsibility Report” (p. 51)

2019-21

The LVMH Group looks to its talent to stimulate innovation and strive for excellence. Launched in 2017, the global initiative DARE (Disrupt Act Risk to be an Entrepreneur) lies at the crossroads between open innovation and talent development. It offers LVMH employees of all levels the possibility to put forward their vision of innovation and translate it into a tangible project. Since it was launched, seven editions of DARE have been held in various countries (France, Italy, China, the US, the UK and Japan) on various themes (including the future of luxury, sustainable development, gender equality and the customer experience). The DARE events identify 20 projects that are able to go on to benefit from incubation at the Group’s Acceleration Days.

The DARE Acceleration Days were organized on June 18th and 19th, 2019. The two-day program included a series of workshops – including networking, mentoring and master classes – designed to accelerate 20 projects identified during DARE events.

- **Expanding certification:**

- OHSAS 18001 certification (obtained in 2019 by Louis Vuitton in Issodun, Benefit Cosmetics, Make Up For Ever, Fendi, Glenmorangie, and in Singapore, Parfums Christian Dior and the Louis Vuitton warehouse)
- ISO 45001 (obtained in 2019 by Fendi 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.

- **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 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.

2019-21

- For the 16th 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 April 2021.

☑ 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.

✔ **Process to positively engage with the suppliers to address the challenges (i.e., partnership approach instead of corrective approach) through schemes to improve workplace practices**

Several examples of engagement are : [📄 See “2020 Universal Registration Document” (p. 56)]

- For several years, LVMH has taken part in Utthan, an embroidery industry initiative bringing together major luxury brands. This initiative aims to empower artisans in Mumbai’s hand embroidery cluster, where many of the embroiderers partnering with the Maisons are based, and help them gain recognition for their skills. The initiative also includes an on-site training program for embroiderers. In light of the exceptional circumstances relating to the public health crisis, the Group provided direct financial assistance to the employees of subcontractors of its Mumbai-based suppliers.

- Continuing with an approach adopted in 2019, Sephora has reinforced its HERproject initiative (pursued in collaboration with BSR), which aims to help low-income women working for certain suppliers improve their well-being, build self-confidence and manage their financial resources, adding two new Chinese factories to the program during the year.

- Participation in multi-party 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 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, Alongside suppliers and other pioneering competitors, LVMH also participates in the Coloured Gemstones Working Group (CGWG) run by sustainable development consultancy The Dragonfly Initiative (TDI), aimed at optimizing oversight of supply arrangements for colored gemstones. In April 2021, LVMH, alongside the CGWG, made public the Gemstones and Jewellery Community Platform, an open-source platform intended to enable all actors in the coloured gemstones industry in achieving responsible practices from mine to piece of jewellery.

- ✔ 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. 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. Work to map Indian mica supply chains began in 2015, followed by a program of audits down to the individual mine level. Over 80% of the supply chain has been covered to date.

✔ **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 2020: 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 reason for absence. For fiscal year 2020, Ernst & Young issued a verification/attestation on those indicators.

2019-21

- 📖 Labour indicators and KPIs are available in “2020 Universal Registration Document”:
- “Independent verifier’s report on the consolidated statement of non-financial performance” (pp. 62-64)
 - "Attracting and retaining talent" section” (pp. 93-108).

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 2019 and 2020, 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.

- As a 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 enabled 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 with the intention 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. LVMH decided to set a price of 30 euros for each tonne of CO₂ generated by the activities of its Houses since January 1, 2019, in particular by the energy consumption of their production sites and sales areas.
 - ✓ The Maisons must 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.
 - ✓ In 2020, total contributions were 3.8 million, compared to 16.5 million in 2019. The fund financed 23 structuring projects. Amidst the public health crisis and context of economic uncertainty, the Maisons were not able to contribute to the Carbon Fund to the same extent as in past years, and some planned investment projects were postponed until 2021.
 - ✓ LED Lighting Installation: 95 projects to implement LED lighting in stores, industrial or logistical sites and offices have been implemented in 2019 across the Maisons and worldwide, particularly in carbon intensive mix countries like Australia, China, Malaysia, etc.
 - ✓ Electricity and heating with biomass: the Belvedere House is implementing a massive project on its land in Mazovia, Poland: the installation of a biomass plant that is set to meet the electricity and heating needs of its distillery, using steam released by the combustion of recycled materials (wooden pallets, maceration residues, etc.). The initiative is all the more commendable since

electricity production in Poland is 81% based on coal and oil, a huge emitter of greenhouse gases (GHGs).

- ✓ Projects in energy efficiency: 37 projects from replacement efficient Air Handled Units in stores to thicker insulation or even heat recovery form compressor smart metering. Due to the variety of projects, the ROI goes from less than 1 year to more than 10 years (more efficient burners for distillation).
- ✓ Renewable Energy: 4 projects: photovoltaic panels, connection to district heating or geothermal cooling/heating from groundwater river in a store. Since fall 2019, the Maison's headquarters in San Francisco, its distribution centers and all its US stores are fully powered by green electricity. LVMH also makes progress through the framework agreements it signs with its suppliers to power a number of its sites in France and Italy using renewable energy. Other framework agreements are being negotiated for sites in Spain and the US.
[📖 See "2020 Social and Environmental Responsibility Report" (p. 89)]

Future LIFE, which provided an exceptional discussion forum, was interspersed with a great number of speeches. **This event was renewed in 2018 in Tokyo.**

2019-21

- 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 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). **This event was renewed the same year in New York City.**

2019-21

- Since end 2019, sign of a renewed commitment by LVMH to the Environment, the Department of Environmental Development reports directly to **Antoine Arnault, LVMH Image and Communication Director, member of the board of Directors.**

2019-21

- During **one week in December 2020**, five years after the Paris Agreement, and virtually due to the global pandemic, the Group organized the LVMH Climate Week—a week of dialogue with its 150,000 employees to present the key priorities of the LIFE 360 program—which will guide the Group's environmental initiatives over the next three, six and 10 years—and to encourage everyone to take up the call for action and be a changemaker. Figures such as Laurent Fabius, President of COP 21, and Bertrand Piccard, founder of the Solar Impulse Foundation, took part.
- *"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.

- *“The emergency brought about by the pandemic did not sway us from the challenges we have been tackling for many years, including climate change and the need to protect biodiversity. We have always recognized the extent to which nature’s treasures are essential to the beauty of our creations. After achieving the objectives set out in our LIFE 2020 (LVMH Initiatives For the Environment) program, we have begun a new chapter in our history with LIFE 360. This fresh momentum comes with new ambitions, at a time when the search for meaning guides our actions, and everything we do is framed by the need to replenish the resources we borrow from nature. All our products, operations and initiatives must drive environmental and social progress.”* [📖 See below and “2020 Social and Environmental Responsibility Report” (p. 2)]

- **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

2019-21

- ✓ 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.
On May 22, 2019 LVMH marks International Day for Biological Diversity by reaffirming groundbreaking engagement alongside UNESCO to protect the environment. A news is published on the website LVMH and a video of the participation in a round table organized by UNESCO (video).
<https://www.lvmh.com/news-documents/news/lvmh-marks-international-day-for-biological-diversity-by-reaffirming-groundbreaking-engagement-alongside-unesco-to-protect-the-environment/>
- ✓ Earth Day, article from Antoine Arnault in WWD (April 20): Inspiring Creativity for A Post-Crisis World - LVMH was able to quickly provide solutions at the onset of the COVID-19 outbreak thanks to its long-term stand for creating value for society as a whole.
- ✓ Communication website LVMH.FR 2020 Sustainable Development Week - LVMH spotlights initiatives to reduce the Group’s environmental footprint: <https://www.lvmh.com/news-documents/news/european-sustainable-development-week-2020-lvmh-spotlights-initiatives-to-reduce-the-groups-environmental-footprint/> Green Week 2020: LVMH expands commitments to protection biodiversity (Website LVMH.FR: <https://www.lvmh.com/news-documents/news/green-week-2020-lvmh-expands-commitments-to-protecting-biodiversity/>)
- ✓ When using 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](#) in [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 thresholds and balances in order to protect the environment. 2019-21

- ✓ On September 3rd, 2019, the Chair of Environmental Accounting, set up in partnership with AgroParisTech and supported by LVMH, was officially launched at UNESCO’s headquarters in Paris. In 2019, the ParisTech Foundation created the “Ecological Accounting” Chair for an initial five-year period with partners including LVMH. The project seeks to develop, model, promote and test strong sustainability accounting methods with a view to creating accounting systems to help everyone in society make their environmental transition. The Chair will finance and support the work of four master’s and four PhD students. One of the theses covered intends to test the CARE (Comprehensive Accounting in Respect of Ecology) model applied at one of LVMH’s vineyards. 2019-21

- ✓ In 2019, the Group bolstered its commitment by signing a major partnership with UNESCO. “Man and the Biosphere” (MAB) the UNESCO intergovernmental scientific program, the most iconic programs, MAB was established in 1971 to facilitate international cooperation to achieve a number of objectives including protecting biodiversity and promoting innovative, interdisciplinary approaches to economic development that are socially and culturally appropriate and environmentally sustainable.

The program is implemented through a vast network, with 701 biosphere reserves in 124 countries around the world, used as learning places to test new approaches. LVMH and its Maisons harness this network and UNESCO's scientific expertise to develop sustainable sourcing channels that benefit the local communities and economies involved. The partnership also seeks to come up with innovative solutions to encourage the sustainable development of natural resources and the identification of new markets built around quality and traceability. In addition, LVMH takes part in scientific research projects supported by the MAB program, in particular by making its infrastructure available to deploy pilot sites in conservation and long-term responsible management of biodiversity. The Group will communicate on its actions for biodiversity at the International Union for Conservation of Nature (IUCN) World Conservation Congress.

2019-21

- ✓ In 2019, the Group joined the “Entreprises engagées pour la nature act4nature France” initiative, to help businesses promote and encourage tangible and measurable action to protect nature. (File Act4Nature / LVMH: http://www.act4nature.com/wp-content/uploads/2020/06/LVMH_VA_2020.pdf)
- Following the achievement of the LIFE 2020 targets, LVMH published in 2021 the new LIFE 360 Program that will be rolled out for the next decade to come. LIFE 360 is an initiative with precise targets and timeframes designed to forge a new alliance between nature and creativity: products in harmony with nature that respect and preserve biodiversity, water resources and the climate, engaging and motivating all stakeholders transparently. The LIFE 360 Program is based on **4 + 1 strategic action plans, among which one entirely dedicated to the preservation of Biodiversity.**

✓ 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.* »
 - **Corporate environmental strategic program “LIFE 2020” renewed into LIFE 360:**
 - 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 “2020 Universal Registration Document” (pp. 78-84) and “2020 Social and Environmental Responsibility Report” (pp. 125-134)]:
 - 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.

In 2020 the **different targets** and **results** linked to **environmental stewardship** are summarized as follows

2019-21

○ Performance of products

Indicators	Baseline	Performance in 2020	Target for 2020
EPI score for Perfumes and Cosmetics packaging	8.32	9.15 (+10%) ^(a)	+10%
EPI score for Wines and Spirits packaging	Champagne: 16.03 Cognac: 10.60	16.1 (+0.5%) 13.9 (+31%)	+10%

(a) Maisons included: Guerlain, Parfums Christian Dior, LVMH Fragrance Brands, Benefit, Bvlgari and Make Up For Ever.

○ Highest standards in the supply chain

Progress toward meeting the LIFE 2020 "Sourcing" targets:

Indicators	Baseline (2013)	Performance in 2020	Target for 2020
Wines and Spirits			
Sustainable Winegrowing Certification (certified grapes by weight, as %)	LVMH vineyards: French vineyards: 100%	LVMH vineyards: French vineyards: 100% Rest of the world: 90%	LVMH vineyards: French vineyards: 100% Rest of the world: 100%
	Independent grape suppliers: Champagne: 7%	Independent grape suppliers: Champagne: 24%	
Fashion and Leather Goods			
LWG-certified tanneries (leather from certified tanneries by weight, as %)	25%	74%	70%
Certified cotton (GOTS- or Better Cotton-certified cotton by weight, as %)	2%	51%	70%
Perfumes and Cosmetics			
Perfume ingredient supplier performance (Tier 1 suppliers covered by environmental/social audits, as %)	64	82	90
Cosmetics ingredient supplier performance (Tier 1 suppliers covered by environmental/social audits, as %)	56	78	80
Palm oil derivatives (RSPO-certified Mass Balance or Segregated palm oil derivatives by weight, as %)	0%	91%	70%
Watches and Jewelry			
Diamonds: RJC COP certification (carats of diamonds from COP-certified direct suppliers, as %)	90%	99%	100%
Gold: RJC COP certification RJC CoC certification (For Maisons without CoC certification, gold is included within the reported indicator if it is sourced from CoC-certified precious metal refiners, regardless of any intermediate subcontractors between the precious metal refiner and the Maison)	94%	79% 77%	100% 100%

o **Reduction of CO₂ emissions**

Progress toward meeting the LIFE 2020 “Climate change” targets:

Indicators	Baseline	Performance in 2020	Target for 2020
CO ₂ emissions	220,480 tCO ₂ e	- 36.5% ^(a)	-25%
Proportion of renewable energy in the Group’s energy mix	1%	39%	30%
Store energy efficiency (electricity consumption in kWh/m ²)	460 kWh/m ²	-31%	-15%

(a) The performance of production, logistics and administrative sites is calculated by comparing data for each site between 2013 and the reporting year. Store CO₂ performance is calculated by multiplying CO₂ efficiency for the reporting year (in metric tons of CO₂ equivalent per square meter) by the baseline floor area (total floor area of stores reported in 2013). The CO₂ value generated covers 60% of total emissions in 2020.

2019-21

- o Following the achievement of the LIFE 2020 targets, LVMH published in 2021 the new LIFE 360 Program that will be rolled out for the next decade to come. LIFE 360 is an initiative with precise targets and timeframes designed to forge a new alliance between nature and creativity: products in harmony with nature that respect and preserve biodiversity, water resources and the climate, engaging and motivating all stakeholders transparently. The LIFE 360 Program is based on **4 + 1 strategic action plans, all linked to environmental stewardship:**

Create products in harmony with nature


Strategic priority 1: Creative Circularity



The Group will draw on its creativity to drive environment excellence in its products and its packaging:

- 100% of the Group’s new products will result from ccodesign by 2030, with a minimal environmental footprint from extraction of materials through their transformation.
- Packaging will follow this same trajectory, with a target of zero plastic from virgin fossil oil by 2026.
- One of the main things that defines luxury products is that they are made to last. The Group aims to leverage this unique asset and amplify it through sophisticated repair services, as well as upcycling or reuse of precious materials such as leather and fur, and by identifying alternative materials.

Strategic priority 2: Transparency



Being able to trace a material from its origins through each step in its transformation is essential to ensure responsible practices. To achieve this the Group will pursue its sourcing certification policy and actively engage across every link in its supply chains:

- By 2030, 100% of the Group strategic supply chains will integrate dedicated traceability systems.
- The Group will strengthen the integration of farming and tanning activities, especially for precious leathers, giving it direct control over responsible practices.
- The final element in transparency is making traceability an integral part of the customer experience. By 2026, all new products will come with a dedicated information system. This is essential to guarantee the excellence of the Group practices for its customers.

Preservation of ecosystems

Strategic priority 3: Biodiversity



The Group's activities are intimately linked to nature. They would not be possible without farming, or growing grapes and other plants. The Group intends to take initiatives to restore what it takes from nature:

- LVMH aims to have **zero sourcing** in areas where there is a very high risk of deforestation or desertification, and wants **100%** of its strategic raw materials certified to the highest standards guaranteeing the preservation of ecosystems and water resources by 2026.

- The Group has begun to introduce regenerative agriculture programs with a target of **5 million hectares** (50,000 sq. km) of habitat for flora and fauna preserved by 2030.

- The Group is more committed than ever to animal well-being and will continue to apply the measures in the charter published in 2019, working closely with its suppliers.

Strategic priority 4: Climate



The aggregate carbon footprint of the LVMH Group amounts to 4.8 million tons of CO₂ equivalent. Calculating this carbon footprint has enabled to identify the most significant sources: raw materials sourcing, packaging and transport of merchandise, both upstream and downstream. The Group is pursuing a carbon trajectory in line with the Paris Agreement:

- By reducing greenhouse gases from energy consumption at its sites and stores by **50%** by 2026 (baseline 2019) thanks to a policy of **100%** renewable energy.

- By reducing or avoiding its **Scope 3 GHG emissions** (raw materials and transport) by **55%** per unit of added value by 2030.

- **Ethnobotany 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 **ethnobotany** 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.
 - In 2019, the Maison Fresh deployed a sustainable sourcing channel to produce its Super Lotus cream. The lotus flowers used are traced, which enables the Maison to ensure they come from a sustainable source.

In 2019 Guerlain and UNESCO have launched a five-year partnership to train new beekeepers in UNESCO's global biosphere reserves. Through the MAB program, this partnership will focus on four areas:

training beekeepers in UNESCO biosphere reserves; setting up beekeeping operations with around 50 hives each; providing technical support and monitoring to ensure sustainable development and a stable business model; and measuring the beneficial impact of pollination on local ecosystems.

- **Sustainable viticulture**, another key aspect of LVMH’s responsible supply policy, ensures the sustainability of vines while encouraging biodiversity. At the end of 2020, all winegrowers in Champagne will be operating without the use of chemical weedkiller, and Moët Hennessy supports and assists its partner vineyards. Moët Hennessy will invest €20 million to develop a research center in Champagne to promote sustainable viticulture. A University of Living Soils will be set up to stimulate innovation, knowledge sharing and best practice. It will organize an annual event from 2021 onward to bring together international specialists to discuss sustainable viticulture and arboriculture practices.

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

- **Reducing and recovering waste** [📖 See “2020 Universal Registration Document” (pp. 90-91):

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

- In 2020, the Group generated **80,687** tons of waste, **93% of which was recycled**, transformed into energy or reused [91% in 2019]. Many Maisons implemented initiatives in the field of waste management, based **upon design and products**. 2019-21
- **Use of recycled components:** The **CEDRE platform** (Environmental Center for Environmentally-Friendly Packaging Elimination and Recycling) alone treated 2,920 tons of various waste products ranging from bio-waste to product testers in 2020 and gave them a new life through several selective sorting streams (glass, cardboard, wood, metal, plastic, alcohol, cellophane, etc.). In 2019, CEDRE recovered 62% of the waste delivered by LVMH by selling it on to specialized recycling centers. Since it opened in 2010 in Pithiviers, CEDRE has continued to expand. In 2019, four new recycling streams were developed for transparent glass, silk scraps, two new metals, and Surlyn (a thick, transparent plastic). 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 & 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. To celebrate the 10th anniversary of their partnership, CEDRE and LVMH produced a film that takes a look back at the origins of their collaboration and showcases CEDRE’s expertise in recovering and recycling the Group’s products. This video—which can be watched here—allowed CEDRE to promote its services to LVMH suppliers and co-contractors (markets for secondary raw materials), and is a source of pride for its employees.

Website LVMH.FR: <https://www.lvmh.com/news-documents/news/lvmh-steps-up-waste-recycling-with-cedre-platform/>

In 2019, Louis Vuitton pledged to optimize the end-of-life of sets and props used in its global events (runway shows and temporary exhibitions). Its Environment, Events and Indirect Purchasing

departments worked in close collaboration to fulfill this promise and found solutions for 96% of items: 58% were reused, 5% were donated and 33% were recycled.

- 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, 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 2020.
 - 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.

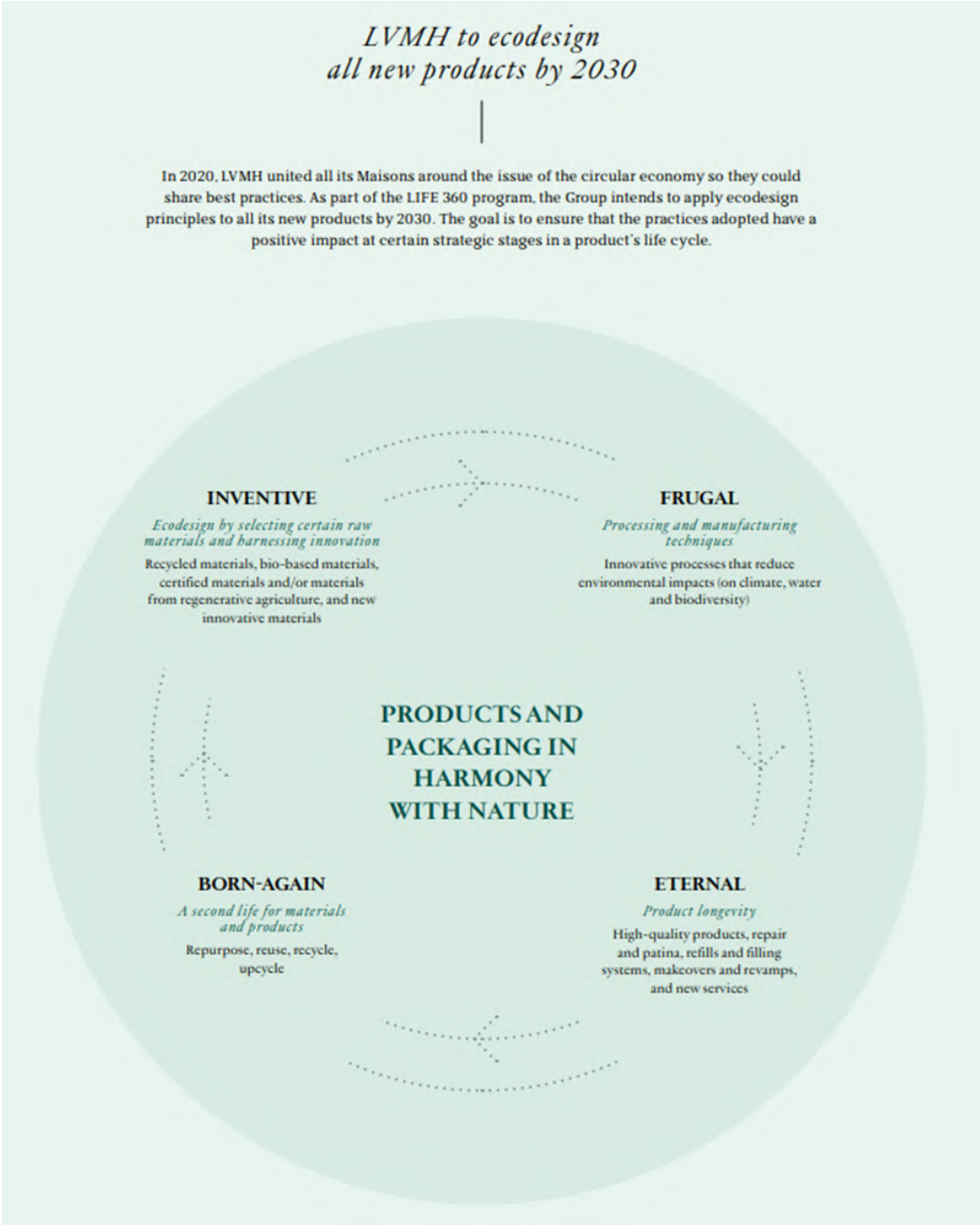
• **Increasing the lifespan of products:** Increasing the lifespan of products is another way to reduce their environmental impact. The Houses of the LVMH Group strive to achieve this goal, backed by a major asset: their extremely high quality standards, intrinsic to the luxury goods industry and an 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 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.

2019-21

As part of the **LIFE 360 Program**, the Group has set ambitious targets related to **Creative circularity**:

- 100% of the Group's new products will result from **ecodesign** by 2030, with a minimal environmental footprint from extraction of materials through their transformation.
- Packaging will follow this same trajectory, with a target of **zero plastic from virgin fossil oil** by 2026.
- One of the main things that defines luxury products is that they are **made to last**. The Group aims to leverage this unique asset and amplify it through sophisticated repair services, as well as upcycling or reuse of precious materials such as leather and fur, and by identifying alternative materials.



“2020 Social and Environmental Responsibility Report” (p. 74)

- **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.

Each Maison is already fine tuning the way consumers will access environmental product information, like Dior Couture and its responsible denim.

In 2020, for the third year running, Louis Vuitton took part in the Go for Good responsible fashion initiative launched by Galleries Lafayette to highlight the environmental, social and community commitments of its brands.

Maison Patou is innovating with Patou Way, a platform that enables it to share environmental information about materials and suppliers with consumers on its website and on the product using a QR code.

With the Clean initiative, Sephora highlights products that have specifically removed certain ingredients in its stores and on its website.

2019-21

As part of the **LIFE 360 Program**, the Group has set ambitious targets related to **Transparency**:

- By 2030, 100% of the Group strategic supply chains will integrate **dedicated traceability systems**.
- The Group will strengthen the **integration** of farming and tanning activities, especially for precious leathers, giving it direct control over responsible practices.
- The final element in transparency is making traceability an integral part of the customer experience. By 2026, all new products will come with a **dedicated on-product information system**. This is essential to guarantee the excellence of the Group practices for its customers. LVMH follows closely the French and EU discussions on the PEF via the FHCM.

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 2020, 69% of all the Group’s manufacturing sites were **ISO 14001-certified**.

2019-21

Some of LVMH’s Maisons use standards other than ISO 14001 in order to make progress from an environmental standpoint [See “2020 Universal Registration Document” (p. 88) and “2020 Social and Environmental Responsibility Report (pp. 89-90)]:

- 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 were included in the scope.
- 2019 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.
- After the manufacturing facility set up by Celine in central Chianti in Italy, and the new Louis Vuitton leather workshop in Beaulieu-sur-Layon that received BREEAM® certification in 2019, Fendi broke ground on its new Fendi Factory in November 2020. The newly converted site, a study in glass nestled in the rolling Tuscan countryside, is aiming for LEED Platinum certification.

- 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 “2020 Social and Environmental Responsibility Report” (pp. 89-90)]
 - In 2019, La Manufacture Celine in Italy: the new manufacturing facility inaugurated in 2019, built and fitted to meet LEED® and HQE® requirements. The new leather goods workshop Louis Vuitton in Beaulieu-sur-Layon certified BREEAM® very good Parfums Christian Dior is working to achieve BREEAM RFO certification with Kosmo, its new registered office in Neuilly-sur-Seine The logistics center Bulgari is in Ireland certified LEED® Gold
 - **Promote the eco-design of the boutiques** [📖 See “2020 Social and Environmental Responsibility Report” (pp. 89-90)]:
 - 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. All new stores are required to achieve an environmental performance score of 50/100 on the LVMH LIFE in Stores matrix (developed using leading international standards) while existing stores have seen their objective increased from 15 to 30% improvement in energy efficiency by the end of 2020 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®).

2019-21

Sephora Europe continued to roll out its program to equip all its retail spaces with LED lighting in every country in which it operates, carrying out further renovation work in France, Poland, Russia, Spain, Greece, Italy, China and the US.
In France, Le Bon Marché pursued its efforts to renovate the lighting systems in its buildings. Throughout the year, Fendi renovated the lighting systems in seven of its stores, including its address in Saint Petersburg.
Other Maisons such as Christian Dior, Loro Piana, Rossimoda, Acqua di Parma, Fresh, Guerlain, Bvlgari and DFS also made progress in installing LED lighting in their stores in 2019.
 - **Give preference to certified supplies** [📖 See “2020 Universal Registration Document (pp. 50, 55-56 & 82) and “2020 Social and Environmental Responsibility Report” (pp. 119-121)]
 - ▶ 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 “2020 Social and Environmental Responsibility Report” (pp. 64, 82)]

▶ 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 “2020 Social and Environmental Responsibility Report” (pp. 64, 82-84, 92, 95)]

See in:

▶ CRITERION 2: “Wines & Spirits (sustainable viticulture)” among “Targets relating to specific challenges for groups of activities” (Value chain implementation).

▶ CRITERION 9: “Ethnobotany and sustainable viticulture” among “Environmental stewardship”.

- **Monitor the materials and substances present in the products** [📖 See “2020 Social and Environmental Responsibility Report” (pp. 65-66, 126)]

▶ 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 “Product” objective for achievement by 2020 encouraged the Houses to proceed with the widespread roll-out of eco-design, which takes the environment into consideration from the product design stage. [📖 See "2020 Social and Environmental Responsibility Report" (pp. 126-134)]. The new **LIFE 360 Program** reinforced this target through the strategic priority “Creative circularity” requiring that by 2030 100% of products be eco-designed. [📖 See "2020 Social and Environmental Responsibility Report" (pp. 65-66)]

2019-21

- 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.
 - In 2020 and 2021, the Group is exploring a similar tool for Watches & Jewellery and Fashion & Leather Goods group activities.
- 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**.
 - Hennessy, for example, now incorporates ecodesign principles at every stage of its new product development process. In 2020, the Maison set up an ecodesign committee, bringing together the Marketing, Purchasing, Packaging Development and Environmental Development departments, in pursuit of an ambitious roadmap, regarding in particular the

weight of glass carafes. Loewe has also added a new module to its life cycle management tool, which rates the environmental impact of products based on three factors: the materials used, the manufacturing process and transparency. Products are given individual and overall sustainability scores (for example, they receive a score for their main material and a score for all their materials combined). As well as the scores, the tool provides product sustainability information that can be used by the marketing teams and stores.

- The Perfumes and Cosmetics Maisons are also well versed in life cycle assessment. Bvlgari, for example, partnered with a specialized consulting firm to perform a life cycle analysis of Eau de Parfum Bvlgari Man Wood Essence. The aim was to identify environmental, water management and ecotoxicity hotspots all along the value chain.

As an industrial partner, the LVMH Group has supported 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 2019 and 2020. 2019-21
 - Ruinart teams up with papermaker James Cropper to craft a new case for its bottles. The new case, which is made from natural wood fibers from sustainably managed forests in Europe, is nine times lighter than the previous generation of gift-boxes. It consists of an entirely recyclable second-skin with technical features like a snap button for easier opening and represents a major technological advance in the art of paper making.
 - Bvlgari replaced the polyethylene terephthalate used inside its men's and women's pouches with a recycled equivalent. The Maison also used a recycled organic material for the shaped wedging inside the cardboard boxes for its perfume Omnia. Landia.
 - Fendi applied an ecodesign policy to its iconic Baguette and Peekaboo bags, which resulted in a Zucca motif fabric woven from recycled polyester and sustainable cotton. Dior, Kenzo, Loewe and Patou are adopting sustainable design practices and promoting the use of responsible materials in their collections, from denim to leather.
 - The Perfumes and Cosmetics Maisons focus their efforts on sourcing natural ingredients. Colonia Futura, Acqua Di Parma's first entirely ecodesigned product, is made exclusively from natural ingredients that have received the ISO 16128 organic cosmetics certification. The Maisons use an Index of Eco Formulation built around six criteria, including how natural the components are and to what extent the raw materials are traceable. By taking this proactive, stringent approach to the composition and formulation of its products, the Group fosters the use of alternatives and encourages innovation to eliminate undesirable raw materials and substances.
 - The Watches and Jewelry Maisons are also implementing ecodesign practices. At its workshop in Valenza, Italy, Bvlgari has made precious stone setting a more environmentally friendly process by replacing a hazardous chemical with an equally effective non-dangerous substance, removing alcohol from the process, and switching to electricity as a heating power source.

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 "2020 Universal Registration Document" (p. 77)]:

2019-21

○ Environmental protection expenses in 2020 broke down as follows:

- operating expenses: EUR 24,4 million;
- capital expenditure: EUR 10.4 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, 2020 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 2020-21 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 “Environmental Indicators and methodology” in the "2020 Social and Environmental Responsibility Report" (pp. 128-138).]
- Any request to consult the “environmental reporting protocol” may be made by sent to the following address: contact_environment@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 2020, the work focused on:

Selected Environmental Information identified by a check mark (v)

[📄 See “INDEPENDENT VERIFIER’S REPORT ON THE CONSOLIDATED STATEMENT OF NON-FINANCIAL PERFORMANCE” (LVMH 2020 URD pp. 62-64).

Workforce-related information	
Quantitative information (including key performance indicators) <ul style="list-style-type: none"> - Breakdown of the workforce as of December 31 by gender and professional category - Recruitment on permanent contracts from January 1 to December 31 (breakdown by gender) - Turnover among employees on permanent contracts from January 1 to December 31 (total, voluntary and involuntary) - Proportion of employees on permanent contracts trained between January 1 and December 31, by professional category - Average number of days' training for employees on permanent contracts - Absence rate by reason - Work-related accident frequency rate - Work-related accident severity rate 	Qualitative information (actions and results) <ul style="list-style-type: none"> - Implementing the employer policy and attracting and retaining students and recent graduates - Training and support for employees throughout their careers - Workplace health and safety - Constructive labor relations
Environmental information	
Quantitative information (including key performance indicators) <ul style="list-style-type: none"> - Proportion of manufacturing sites certified ISO 14001 (%) - Total energy consumption (MWh) ✓ - Energy-related greenhouse gas emissions - Scope 1 and 2 (metric tons of CO₂ equivalent) ✓ - Greenhouse gas emissions generated by outbound transport - Scope 3 (metric tons of CO₂ equivalent) ✓ - Total water consumption for process requirements (m³) - Total water consumption for agricultural requirements (m³) - Total waste produced (metric tons) - Total hazardous waste produced (metric tons) - Waste recovery rate (%) - Total packaging that reaches customers (metric tons) ✓ - Environmental Performance Index for packaging (value) - Greenhouse gas emissions avoided per year by projects under the banner of the Carbon Fund (metric tons of CO₂ equivalent avoided) 	Qualitative information (actions and results) <ul style="list-style-type: none"> - 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 "Sites" targets
Social information	
Quantitative information (including key performance indicators) <ul style="list-style-type: none"> - Proportion of grape supplies (in kg), from the Group's own vineyards or from purchases, with sustainable winegrowing certification (%) ✓ - Proportion of supplies of palm oil, palm kernel oil and their derivatives (in kg) certified RSPO Mass Balance or Segregated (%) ✓ - Proportion of leather supplies (in m²) sourced from LWG-certified tanneries (excluding exotic leather) (%) ✓ - Proportion of gold supplies (in kg) certified RJC CoC ✓ - Proportion of gold supplies (in kg) sourced from RJC CoP-certified supplier ✓ - Proportion of diamond supplies (in carats) sourced from RJC CoP-certified suppliers ✓ - Proportion of certified cotton supplies (in metric tons) (%) ✓ - Number of social and/or environmental audits carried out on suppliers and subcontractors 	Qualitative information (actions and results) <ul style="list-style-type: none"> - Implementation of the Charter on Working Relations with Fashion Models and Their Well-Being - Supplier assessment and support - Management of personal data - Business conduct and ethics

✓ 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 awareness and training of its 150,479 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 2020, training and education programs about the environment comprised **15,380 training hours** to compare with 2019 (**21,225** hours). [📖 See “2020 Social and Environmental Responsibility Report” (p.112) and “2020 Universal Registration Document” (p. 76)]

2019-21

- 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 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.

• Training towards suppliers.

▶ 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 “2020 Universal Registration Document” (pp. 59-61 and

126).

📖 See also “2020 Social and Environmental Responsibility Report” (p. 43-44): “Listening and engaging with employees”

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: contact_environment@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).

📖 “2020 Universal Registration Document” (page 57-58).

- 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 for the Watches & Jewellery Business Group: The business group, which enjoys a strong international presence, has reaped the benefits of its excellent coordination and pooling of administrative, sales and marketing teams. A worldwide network of after-sale multi-brand services has been gradually put in place to improve customer satisfaction. LVMH Watches and Jewelry has a territorial organization that covers all European markets, the American continent, northern Asia, Japan, and the Asia-Pacific region

- **Responsible consumption** [📖 See “2020 Universal Registration Document” (p. 58)]: The LVMH group’s Maisons specializing in wines and spirits are committed to combating practices that encourage inappropriate drinking. For many years, Moët Hennessy has promoted the responsible enjoyment of its champagnes, wines and spirits, which is also one of the key social responsibility tenets of its sustainable development manifesto, “Living Soils, Living Together”. This commitment takes shape through a diverse range of initiatives aimed at its employees and customers, as well as guests and visitors to its Maisons.
 - Not only does Moët Hennessy scrupulously adhere to local regulations, it also self-regulates across the entire spectrum of its communications and marketing practices, as well as following strict digital media guidelines, for example by using filters to keep underage viewers from visiting its Maisons’ websites.
 - On the labels of all its wine and champagne bottles sold in the European Union (except in France for legal reasons), Moët Hennessy provides links to websites that provide consumers with information on responsible drinking, such as www.wineinmoderation.com for wines, www.responsibledrinking.eu for spirits and www.drinkaware.co.uk in the United Kingdom. Links to these websites are also available on the websites of the Maisons in this business group.
 - Raising awareness also means educating consumers. For example, every year, Moët Hennessy’s teams teach hundreds of consumers the rituals for tasting its exceptional products.
 - Moët Hennessy continues to provide its employees with training on the importance of responsible drinking, notably through an in-house mobile app, as well as running an internal communications campaign reminding employees that they are “all ambassadors for responsible drinking”.
 - Lastly, Moët Hennessy continued to actively support responsible drinking programs run by the industry associations it belongs to around the world. In particular, Moët Hennessy is one of three ambassador companies of Wine in Moderation, a nonprofit that actively supports a wine culture based on a healthy and balanced lifestyle.

- **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.

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[📖 See "2021 Social and Environmental Responsibility Report" (pp. 114-117) according the following categories of information:

- Federations and professional associations
- Foundations and NGOs
- Schools and academies
- Partners for innovation
- International institutions, states and regional authorities
- Local communities
- Industry and certification bodies

- Non-financial rating agencies
- Suppliers, sub-contractors and recycling service providers
- Clients
- Employees

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

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

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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 2019 and 2020.** The amount of EUR 12.4 million as of December 31, 2019 and December 31, 2020 corresponds to the financial guarantees required by law for Seveso upper tier establishments. [📖 See "2020 Universal Registration Document" (p.77)]

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- **LVMH is assessed** on its environmental policy by its external stakeholders. The Group is **included in the main indices based on responsible investment criteria**, i.e., FTSE4Good Global 100, Euronext Vigo Eurozone 120, , ESI (Ethibel Sustainability Indices) Europe Sustainalytics MSCI World Index. LVMH also took part in the "Wake-Up Call on the Environment" student manifesto organized by several French schools. [📖 See "2020 Social and Environmental Responsibility Report" (p.112)]

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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).

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▶ See in CRITERION 1: "Strategy" and "Management".

📖 See "2020 Social and Environmental Responsibility Report":
- "LIFE 2020 Status report per objective" (pp. 125-126)

- **Examples of projects financed by the internal Carbon Fund** 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 36% between 2013 and 2019**.

- 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 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 and updated in 2018 and 2020. 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).

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- **KPIs "LIFE 360" program:** Following the achievement of the LIFE 2020 targets, LVMH published in 2021 the new LIFE 360 Program that will be rolled out for the next decade to come. LIFE 360 is an initiative with precise targets and timeframes designed to forge a new alliance between nature and creativity: products in harmony with nature that respect and preserve biodiversity, water resources and the climate, engaging and motivating all stakeholders transparently.

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

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”.
- 📖 “2020 Universal Registration Document” (p. 69).

☑ 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 **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 the company and its stakeholders among which their suppliers and their workers. [📖 See "2020 Universal Registration Document", pp. 51 and 65-72]
- 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").*

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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"

📖 "2020 Universal Registration Document" (pp. 119, 144).

☑ Carrying out risk assessment of potential areas of corruption (D3)

See also in:

▶ CRITERION 2:

- Risk identification

☑ Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees (B5 + D8)

▶ See in CRITERION 14: **Communications, awareness and training**

☑ Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice (D9)

- 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

▶ See in CRITERION 1: "Alert and whistleblowing system".

📖 Relating the "whistleblowing system" see "2020 Universal Registration Document" (pp. 59-61 and 126).

📖 See also "2020 Social and Environmental Responsibility Report" (p. 43-44): "Listening and engaging with employees"

▶ See in CRITERION 1: "Centralized whistleblowing system".

☑ **Management responsibility and accountability for implementation of the anti-corruption commitment or policy (D7)**

☑ **Actions taken to encourage business partners to implement anti-corruption commitments (D6)**

☑ **Internal checks and balances to ensure consistency with the anti-corruption commitment (B6)**

▶ See in CRITERION 14: “Rules, procedures and tools” & “Centralized whistleblowing system”

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”

📖 “2020 Universal Registration Document” (pp. pp. 51, 59-60).

• **Support resources:**

- 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. It was updated in 2020. Some of the weightings given to risk factors were revised in light of lessons learned during the initial exercise and in order to better reflect potential risks

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The risk identification exercise is 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 geographical location, the nature and 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:

- With respect to human rights: decent pay and working hours, workplace discrimination, freedom of association and trade union membership, health and safety, forced labor, etc.
- With respect to the environment: air quality, waste management, water stress, water quality, deforestation, climate change, risk of drought, etc. The CO2 emissions indicator was also added.
- **With respect to corruption: the Corruption Perceptions Index published by the NGO Transparency International was used to assess country risk. Verisk Maplecroft’s industry risk indices were used to assess risks for specific industry sectors**

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, CSR and Environment Officers, and an assessment of the impact and probability of occurrence of the various risks identified – the following were classified in 2019 and reviewed in 2020 by representatives of the Group's central functions and Executive 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”.

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.
 - 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.
 - 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.
 - 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:**

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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 “2020 Social and Environmental Responsibility Report ” (pp. 21-22) presents the different contributions of LVMH to the Sustainable Development Goals” (SDGs).

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▶ See our 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 2020-21” include different pieces of information, 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:

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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:

Amount of philanthropic activities:

Type of Contribution	Amount (thousand of euros)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Cash contributions	83 567	89 482	122 891	103 622	121 512	122 396	127 579	127 935	124 013	
Time: employee volunteering during paid working hours	690	170	185	143	210	193	153		43	
In-kind giving: product or services donations, projects/partnerships or similar	520	673	661	1 189	1 159	2 880	3 381	4 532	3 897	

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 2020 are presented according to the following typology:

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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.

- For French and world heritage, 2019 will be remembered first and foremost as the year of the fire that devastated Notre-Dame de Paris Cathedral in the spring. LVMH, spurred by its Chairman, Bernard Arnault, offered a forceful response, pledging a 100 million euros donation to help save the monument and ensure the long restoration process is followed through to completion
- 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 the fall, LVMH reaffirmed its commitment to France by contributing to the installation, in the Champs - Élysées gardens, of Bouquet of Tulips, a monumental sculpture offered by artist Jeff Koons as a tribute to the victims of the 2015 and

2019-21

2016 terrorist attacks. By doing so, LVMH wished to show its support for the cultural values and the universality of France and of Paris, offering Parisians and visitors from the entire world an opportunity to come together in a shared spirit of freedom around a work of art that symbolizes the unbreakable bonds of friendship and brotherhood between France and the United States. Furthermore, in 2019, LVMH maintained its commitment to supporting art, culture, heritage and contemporary design. LVMH has been a loyal patron of the Nuit Blanche night - time arts festival for more than 11 years, and once again in 2019 provided support alongside the City of Paris to the French and international arts scene, giving center stage to contemporary artists at an event open to all in the heart of Paris. LVMH also renewed its support for the Giacometti Institute, helping it develop its scientific and cultural program.

2019-21

- Since it was opened in 2014, the Fondation Louis Vuitton (see note (1) next page) has consolidated its position as a leading institution on the international arts scene and has been achieving success with a French and international audience. For the Fondation Louis Vuitton, the theme of 2019 was support for the arts, illustrated by its exhibitions dedicated to two major figures of 20th century modernity: Samuel Courtauld and Charlotte Perriand. This groundbreaking program, spanning multiple disciplines and eras, drew more than a million visitors to the Fondation Louis Vuitton. In the first half of the year, “The Courtauld Collection: A Vision for Impressionism” paid tribute to the exacting standards and keen eye of English industrialist Samuel Courtauld (1876 - 1947), who amassed one of the world’s largest Impressionist collections. The exhibition at the Fondation Louis Vuitton featured around 110 works, brought together for the first time in Paris in 60 years, allowing nearly 500,000 visitors to rediscover masterpieces of art history such as Manet’s *A Bar at the Folies-Bergère* (1882), Gauguin’s *Nevermore* (1897), Renoir’s *The Theatre Box* (1874) and Van Gogh’s *Self-Portrait with Bandaged Ear* (1889). In parallel, “A Vision for Painting” presented a new selection of contemporary works, including pieces by Gerhard Richter, Pierre Soulages, Bernard Frize, Joan Mitchell, Albert Oehlen and Mark Bradford. Then, in the second half of the year, the Fondation Louis Vuitton launched a major exhibition celebrating the immense, multifaceted body of work of Charlotte Perriand (1903 - 1999), a pioneer of modernity and one of the leading lights of 20th century architecture and design, who helped define a new art of living as well as a new role of the artist in society by bringing together different disciplines and forms of artistic expression. The exhibition included spectacular reconstructions – built with the utmost scientific rigor and in very close collaboration with Perriand’s successors – that plunged visitors into the heart of the “synthesis of the arts” championed by this maverick creative visionary, whose works were in constant dialogue with contemporary artists (such as Léger, Picasso and Calder) and cultures (Japan in particular) the world over. Lastly, the end of 2019 saw the inauguration in Seoul of a spectacular edifice designed by Frank Gehry – the architect of the Fondation – to house a store and a new Espace Louis Vuitton, where an exhibition was held to mark the occasion, featuring an exceptional set of eight works by Alberto Giacometti. In 2020, the Fondation Louis Vuitton will hold two major exhibitions: first, an extensive retrospective on one of the world’s most influential living artists: American photographer Cindy Sherman; and then – for the first time in Europe, in partnership

with the State Hermitage Museum in Saint Petersburg, the Pushkin State Museum of Fine Arts and the State Tretyakov Gallery in Moscow – one of the most legendary collections in the history of modern art: the Morozov Collection.

- **Restoring and enriching historical heritage**

2019-21

- For French and world heritage, 2019 will be remembered first and foremost as the year of the fire that devastated Notre-Dame de Paris Cathedral in the spring. LVMH, spurred by its Chairman, Bernard Arnault, offered a forceful response, pledging a 100 million euros donation to help save the monument and ensure the long restoration process is followed through to completion

- **Supporting the next generation of designers** [📖 See “2020 Social and Environmental Responsibility Report” (p. 50)]

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- Each year, this prize offers the Group the opportunity to reiterate its commitment to supporting young designers. Unprecedented in its concept, content and international scope, the LVMH Prize recognizes particularly talented designers chosen by a panel of judges made up of artistic directors from the Maisons in an effort to encourage vitality and creativity in fashion the world over.
 - ✓ In 2020, the 300,000 euros grant LVMH Prize for Young Fashion Designers was exceptionally split equally between the eight finalists.
 - ✓ In 2019, the sixth edition of the LVMH Prize for Young Fashion Designers led to the recognition of South African designer Thebe Maguguwas who was awarded the Grand Prize, presented by Swedish actress Alicia Vikander in a ceremony held at the Fondation Louis Vuitton, along with a 300,000 euros grant and a year of mentoring by a dedicated team. The special jury prize – now called the Karl Lagerfeld Prize – was awarded to Hed Mayner, who received 150,000 euros and a year of mentoring by LVMH as well.
 - ✓ Since it was first awarded in 2014, the LVMH Prize has received more than 6,500 applications from designers of all backgrounds. The previous winners of the Prize for Young Fashion Designers are Thomas Tait (from Canada, 2014), Marta Marques and Paulo Almeida (Portugal, 2015), Grace Wales Bonner (United Kingdom, 2016), Marine Serre (France, 2017) and Masayuki Ino (Japan, 2018).
- 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.

2019-21

- LVMH Métiers d’Art celebrates 2019 artist in residence program with an exhibition of works by Sabrina Vitali at the Galerie Papillon in Paris and invited Raphaël Barontini as 2020 artist in residence. To celebrate the end of the residency of Sabrina Vitali, who spent the first part of 2019 at

metal hardware manufacture Renato Menegatti, the works she created will be shown in Paris from January 30 to February 22, 2020 in partnership with the Galerie Papillon in the Marais. The LVMH Métiers d'Art artist in residence program is designed to draw on the materials and savoir-faire of producers recognized for their unique quality as the inspiration for a major artistic project. At the same time, the program stimulates the creativity and innovation of the artisans as they engage with the artist's vision. Sabrina Vitali, 33, whose work has been shown at the Centre d'Art Labanque in Béthune, as well as the Palais de Tokyo, created 37 pieces during her residency during the first half of 2019 at Renato Menegatti Manufacture in Italy, a widely-recognized leader in high-quality machining of metal hardware for leather goods and fashion houses. As for the previous residencies, the artworks done by Sabrina Vitali will be featured in a book by RVB Books, to be published in January 2020 in conjunction with her show at the Galerie Papillon. For the fifth chapter in its artist in residence program sponsored by LVMH Métiers d'Art, the LVMH Group selected French artist Raphaël Barontini. Raphaël Barontini, visual artist and graduate of the Beaux-Arts de Paris and the Department of Art at Hunter College in New York, carried out an artistic residency in the Group's Heng Long leather tannery in Singapore as part of the LVMH Métiers d'Art residency program. Over several months, he worked on screen-printing and dyeing leather alongside internationally renowned specialists in crocodilian leathers, which represented an incredible challenge for the young artist. Indeed, accustomed to screen-printing and dyeing on supple materials, he learned to adapt his techniques to the thick crocodilian leather, with its irregular surface. To get the most from this exceptional material, he teamed up with the tannery's artisans to learn the specific techniques to process crocodile leather, which are so precise that they require the knowhow of an entire team. Raphaël Barontini harnessed their incredible skills to expand his creative range.

- 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 2020, LVMH also announced a new partnership between the IME and the Campus d'excellence des métiers d'art et du design in Paris.

2. Health and Research [📖 See "2020 Social and Environmental Responsibility Report" (pp. 59) and "2020 Universal Registration Document" (p. 114)]:

In 2019, LVMH also pledged support for **several scientific foundations and teams involved in cutting-edge research on public health issues.**

The many initiatives undertaken by the Maisons are celebrated every year at the Dîner des Maisons engagées. Those involved in upholding the Group's social responsibility—the Maisons, employees and its charitable partners—came together at the eighth annual Dîner des Maisons engagées, which was organized as a virtual event, dubbed the "Émission Engagée", and held on December 17, 2020. Despite the pandemic, the Group was keen to maintain the annual event that has celebrated its social engagement since 2011 and brings together all those concerned. During the evening, LVMH and its Maisons confirmed they would provide their financial support to combating sickle cell disease and an initiative known as "À Table Les Soignants!"—an idea put forward by three-Michelin-star chef Arnaud Donckele and supported by several restaurants. It calls on the generosity of restaurant owners to invite every hospital-based healthcare worker and a guest of their choice to enjoy a meal as a way of expressing gratitude for all they have done. During the evening, Group employees commended the initiative, to which the Group donated 20,000. This occasion also allowed LVMH to raise funds for the Robert Debré Hospital in Paris, the leading center for sickle cell

anemia. A total of 1.3 million euros has been donated to this institution since 2011 to improve patient care and fund research.

LVMH supported numerous institutions well known for their work with children, the elderly and people with disabilities, and for their efforts to combat major causes of suffering and exclusion. In particular, LVMH has supported: the Fondation des Hôpitaux de Paris-Hôpitaux de France and the Association Le Pont Neuf in France; Save The Children Japan; the Robin Hood Foundation in New York, who promote initiatives for children; the Fondation Claude Pompidou, which provides support in France for seniors and people with disabilities; Association Fraternité Universelle, which works in Haiti to improve access to health care and education alongside actions in favor of agricultural development, especially in the Central Plateau; and Institut Curie in France, for its research and efforts to combat childhood cancers. The Group is also a long-standing supporter of a number of scientific teams and foundations engaged in cutting-edge public health research.

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- **Building self-confidence:**

Through Classes for Confidence, Sephora offers both beauty classes and coaching to help people facing major life transitions – including cancer survivors, people who have been marginalized on the job market, and transgender and non-binary people – show themselves in the best light and regain self-confidence. Many of these classes have been held around the world. They were launched in the United States and were expanded in seven countries across Europe (France, Russia, Poland, Spain, Italy, Greece and Portugal) and the United Arab Emirates. Given the public health situation, a number of countries have developed online formats. Since the start of this program, more than 77,000 participants have taken nearly 2,150 classes.

LVMH also supports Secours Populaire to help underprivileged women. The Group's partnership with this nonprofit made it possible to hold the second event in the Une Journée Pour Soi ("A Day All Your Own") initiative. Participants were able to put their day-to-day worries aside for a special day focused on regaining self-confidence and looking to the future in order to move forward. They were treated to makeover sessions with makeup artists from the Group's Maisons, photo shoots with professional photographers, a wellness coaching workshop and the chance to explore unique cultural landmarks. In three cities across France, more than 500 women supported by Secours Populaire took part in these events.

- **Supporting sick children:**

In 2009, Bvlgari decided to get involved with Save The Children. Through its custom-designed Save The Children jewelry collection, the Maison has so far donated nearly 100 million US dollars, helping more than two million children. Through this major financial support, Bvlgari's top priority is helping ensure a quality education for children around the world. Its other priority areas are empowering young people and helping them access employment, responding to emergencies, and fighting poverty. This year, Bvlgari also provided support to the nonprofit in its efforts to fight Covid-19. In addition, in the aftermath of the Beirut explosions, the Maison launched its "B for Beirut" initiative, a large-scale fundraising campaign to help children affected by the situation.

- **Children emergency fund:**

In 2016, Louis Vuitton launched an international partnership with the United Nations International Children's Emergency Fund (UNICEF). It has collected a total of 13 million dollars since its launch, in support of vulnerable children facing emergencies. Of this total, 1 million dollars has been allocated to the public health crisis. Sales of the Silver Lockit also raised 400,000 dollars in donations to help survivors of the Beirut explosions. Once a year, volunteer employee-reporters travel with UNICEF to refugee camps and share their first-hand accounts of their experience.

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: Parfums Christian Dior in Saint-Jean-de-Braye (near Orléans), Guerlain in Chartres, Veuve Clicquot and Moët & Chandon in the Champagne region, Hennessy in the Cognac region and Louis Vuitton in the Drôme region. They have developed long-standing relationships with local government, covering cultural and educational aspects as well as employment. [📖 See "2020 Universal Registration Document" (p. 110)]

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In 2020, in the United States, Hennessy launched "Unfinished Business", an initiative to support store owners from the African American, Latino and Asian communities, which have been hit particularly hard by the economic crisis amid the Covid-19 pandemic. The Maison has offered them financial assistance and counseling to help them weather the crisis. In order to tailor its outreach for each community, the Maison is partnering with the nonprofits One Hundred Black Men of America, the Asian American Business Development Center, and the Hispanic Federation

- Concerning particularly "**Net permanent job**" creation in 2019 [📖 See "2019 Social Responsibility Report" (p.61)]:

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▶ 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.

2019-21

- For the fifth edition of the LVMH Innovation Award, 28 startups shortlisted for the final round presented their vision of the customer experience of tomorrow to industry professionals and the public during Viva Technology. Six startups received awards in the different categories: Data & Artificial Intelligence, Employee Experience, Media & Brand Awareness, Omnichannel & Retail Experience, Operations & Manufacturing Excellence, and Sustainability. Bambuser, a startup specialized in Live Stream Shopping, was chosen as the overall winner by Bernard Arnault, Chairman and Chief Executive Officer, Toni Belloni, LVMH Group Managing Director, and the members of the selection committee.

2019-21

- Through its Bold Woman Award and Bold Future Award, Veuve Clicquot has been shining a spotlight on remarkable female entrepreneurs since 1972. The 2020 ceremony—held online for the first time—recognized inspirational women who encourage girls everywhere to be bold. Female students in the US benefit from mentoring through the Women@Dior program implemented by Christian Dior Couture, and Fendi has partnered with the NGO Perspective, which offers individual coaching to female leaders. With the French economy suffering the full force of the Covid-19 pandemic, most young entrepreneurs find themselves struggling. That is why Veuve Clicquot extended its BOLD program with SISTA x BOLD, to support female entrepreneurs through the economic recovery and safeguard their future success. The Maison teamed up with the collective SISTA to develop a platform to bring together 100 mentors willing to provide female entrepreneurs with 1,000 hours of advice and consultation.

- **Empowering women entrepreneurs:**

2019-21

Even in the beauty industry, female entrepreneurs are under-represented. Sephora launched “Sephora Accelerate” in 2016 to support women around the world, especially women of color, who set up their own beauty business. In 2020, 20 entrepreneurs benefited from mentoring, coaching, financial support and opportunities to meet and engage investors.

4. Supporting integration through employment:

2019-21

- **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**. Since 2007, 630 young people have successfully found employment after being mentored by an LVMH employee. In order to promote equal opportunities through greater access to higher education, LVMH extended for a further two years its support for the priority education program run by the Institut d'Études Politiques (Sciences Po Paris), which involves funding scholar-ships and giving young graduates from the program the opportunity to be mentored by managers from the Group.
- In 2020, LVMH also continued its partnership with Clichy-sous Bois and Montfermeil, two Paris suburbs with young, diverse populations. Driven by a shared commitment to excellence, this partnership helps facilitate employment for young people from underprivileged neighborhoods and social inclusion. A wide range of initiatives are developed, including “business discovery” internships for 108 middle school students in 2020, visits to the Group’s Maisons and career orientation. As an illustration, the national work-linked training fair showcasing the positions on offer at the Institut des Métiers d'Excellence was held once again on February 4 in Clichy-sous-Bois. It drew more than 1,000 attendees.
- In Clichy-sous-Bois, the LVMH Institut des Métiers d'Excellence Village – an annual fair celebrating professions in crafts, design and sales – raises awareness about the IME’s 14 apprenticeship programs and the careers in which the institute offers training in France through its unique network of partner schools and universities and the engagement of our Maisons. The fair also helps to identify potential candidates for apprenticeship programs. LVMH also supports the “Cultures et création” fashion show in Montfermeil, which showcases the region’s creative talent. The Group provides early training for young people through masterclasses and organizes events where they can meet designers and craftspeople. At the fashion show, it awards the LVMH CSR Young Talent Prize to one young but underprivileged fashion design enthusiast, helping winners gain wider recognition within the profession. Since the program was launched, several of the winners have joined the Group’s Maisons under a work-linked training program organized together with

Paris's couture union school. The 2013 winner was hired at Christian Dior's Haute Couture workshop.

- **Helping disadvantaged individuals and people with disabilities find work:**

- In order to facilitate the integration of people from minority ethnic backgrounds into work and society, LVMH organizes Job Coaching sessions involving recruiters and beauty advisors from the Group and its Maisons. The aim is to help jobseekers regain their self-confidence and properly prepare for job interviews. In 2019, LVMH held 10 Job Coaching sessions benefiting over 150 people supported by its part-ners (including Force Femmes, Nos Quartiers ont des Talents, Cap Emploi, and ARPEJEH).
- LVMH and the Institut des Métiers d'Excellence partner HANDIPASS, a specialist branch of the French unemployment agency Pôle Emploi, participates in a number of job dating events and forums.
- **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.
 - 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 8.8 million euros in 2019. This purchasing volume represents 440 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.

- **Supporting populations in emergency situations:**

2019-21

The Group's two most iconic international partnerships include the backing Bvlgari provides to Save the Children, and the support Louis Vuitton offers the United Nations Children's Fund (UNICEF).

In June 2021, amid the unprecedented Covid-19 crisis, LVMH announced the launch of the LVMH Heart Fund, a global emergency and support fund for its 150,000 employees (operating in 70 countries), with an initial endowment of €30 million.

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

2019-21

- **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.

- **Supporting women entrepreneurs:**

- Through its Bold Woman Award and Bold Future Award, Veuve Clicquot has been shining a spotlight on remarkable female entrepreneurs since 1972. The 2020 ceremony—held online for the first time—recognized inspirational women who encourage girls everywhere to be bold. Female students in the US benefit from mentoring through the Women@Dior program implemented by Christian Dior Couture, and Fendi has partnered with the NGO Perspective, which offers individual coaching to female leaders. With the French economy suffering the full force of the Covid-19 pandemic, most young entrepreneurs find themselves struggling. That is why Veuve Clicquot extended its BOLD program with SISTA x BOLD, to support female entrepreneurs through the economic recovery and safeguard their future success. The Maison teamed up with the collective SISTA to develop a platform to bring together 100 mentors willing to provide female entrepreneurs with 1,000 hours of advice and consultation.

- **Empowering women (Promoting women's autonomy and self-confidence):**

- Even in the beauty industry, female entrepreneurs are under-represented. Sephora launched "Sephora Accelerate" in 2016 to support women around the world, especially women of color, who set up their own beauty business. In 2020, 20 entrepreneurs benefited from mentoring, coaching, financial support and opportunities to meet and engage investors.
- The Inclusion Index, designed to help monitor and strengthen diversity and inclusion across the Group, is sponsored by two members of the LVMH group's Executive Committee: Chantal Gaemperle, Director of Human Resources and Synergies, and Jean-Jacques Guiony, Group Chief Financial Officer. This tool highlights initiatives within the Maisons and encourages them to go further. In 2020, the Index counted 148 initiatives promoting gender equality and 65 in support of LGBTI people; based on the results of the consolidated LVMH companies in France that employ more than 1,000 people, the Group achieved a Gender Equality Index score of 91/100. The particularly hard-hitting initiatives of 2019 were honored with awards and celebrated on International Women's Day and during Pride Month in June. LVMH has designed training in unconscious bias in decision-making and its effects. Starting in late 2019 and throughout 2020, the Group delivered this training to senior executives and encouraged its Maisons to roll out this type of training to managers. In 2020, 500 members of the human resources function took part in two "Black Lives Matter" webinars. The first was for the US-based HR team and the second for all the Group's HR staff. Organized by the Group and moderated by the United States human resources team, these webinars were aimed

at raising awareness among HR staff and empowering them to help create a fairer and more inclusive culture. They covered the issue of racial bias and its impact.

- In 2018, awards were presented to Hennessy for “Vignobles au féminin”, Christian Dior Couture for Women@Dior (a mentoring program to 200 talented young female students from Niger, Kenya, Ghana, Tanzania, Jamaica, Pakistan, the Philippines and Sri Lanka, via the online training platform “Women Leadership & Sustainability”) and Loro Piana for “EllesVMH on Stage”. Also recognized were Fashion Group UK for “Maternity Mentoring”, Benefit Cosmetics for Bold is Beautiful, Sephora for Classes for Confidence and Starboard Cruise Services for its workshop organized for the event.
- Bold is Beautiful project developed in 2015 by Benefit Cosmetics, which champions women’s independence—through education in particular—has raised nearly € 20 million from profits made at its eyebrow bars. This charitable community campaign has been rolled out in 21 countries throughout the world, including Malaysia.
- As part of the events organized to celebrate women’s rights at LVMH, a number of initiatives, identified through the Inclusion Index, were recognized with awards presented by Chantal Gaemperle. They included Christian Dior Couture for Women@Dior USA, LVMH Italy/Loro Piana for “EllesVMH On Tour”, LVMH Japan for “Family Concierge Service”, LVMH for “SHERO” and “Une Journée pour Soi”, Sephora Poland for “Fur Tech Future Program” and Hennessy for its “Vignobles au féminin” program. The Inclusion Index is designed to stimulate diversity throughout the Group by recognizing, measuring and celebrating year after year the initiatives implemented by the Maisons in this area. A total of over 148 initiatives were implemented in 2020 in support of gender equality, involving almost 29,000 employees.

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 “2020 Social and Environmental Responsibility Report” (pp.18, 34, 58)]: LVMH also takes action for the environment via corporate sponsorship.

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The Group’s Houses make broad use of sponsorship for a variety of environmental causes. LVMH announced it was providing aid to help fight the wildfires in the Amazon, by both donating €5 million to the emergency aid package pledged by the French government and investing a further €5 million in the MAB program to protect the South American rainforest in collaboration with UNESCO’s local partners. Alongside the MAB program, the Group will communicate on its action to support biodiversity at the International Union for Conservation of Nature (IUCN) World Conservation Congress. It has also helped to raise awareness across society by joining the Act4Nature initiative. In addition, the LVMH Maisons are working to protect biodiversity, through scientific sponsorship action. For example, Glenmorangie supports the efforts of the Marine Conservation Society to reintroduce oysters in the Dornoch Firth in Scotland, while Hennessy funds research into diseases affecting wood and vines. Other Maisons support prominent organizations and operations in a variety of areas, including safeguarding water resources (Hublot with Charity: Water and TAG Heuer with the NGO Wasser Für Wasser), combating pollution in rivers and oceans (Belvedere with the town of Zyrardów in Poland and Kenzo with Blue Marine Foundation), encouraging sustainable development for forests (Champagne Maisons with the French National Forests Office) and protecting threatened species (Loewe with Knot On My Planet and Hublot with the Black Jaguar White Tiger Foundation). Louis Vuitton, Guerlain and Chaumet have all chosen to support efforts to protect bees. 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. TAG Heuer promotes green energy through the **FIA Formula E**, a 100% electric automobile racing championship.

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 policies in 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 “2020 Social and Environmental Responsibility Report” (pp. 113-117) 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 2019 are presented according to the following involvements.**

2019-21

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 an extraordinary 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 the seventh plenary meeting of the Intergovernmental Science Policy Platform on Biodiversity and Ecosystem Services (**IPBES**), otherwise known under the name "IPCC of biodiversity", on May 14ⁿ 2019, LVMH partnered with **UNESCO** and became partner of its intergovernmental scientific program "Man and the Biosphere" (MAB), the goal of which is to act to protect global biodiversity. The MAB program is an important tool for international cooperation in achieving the UN's sustainable development goals. It is one of UNESCO's major programs.

2019-21

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

2019-21

- 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 project, within the **Man & Biosphere (MAB)** partnership between **UNESCO** and LVMH signed in June 2019. This project will improve 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 will 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.

- 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 discussions and work on the issue. In 2017, for example, LVMH attended the **Fifth International Africa and Beauty Forum**, which was held in Lomé, Togo, from February 20 to 24.

2019-21

- 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.
 - 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 Piana supported the filing of an amendment by the **Peruvian Government** aimed at ensuring that there is only one label for trademarking the origin of vicuna fibers, which will enable better traceability. As a reminder, between 2011 and 2013, LVMH participated, with Sephora, in the **French government's trial of environmental labeling**.

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 Paris 2020.

- **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 "2020 Universal Registration Document" (pp. 110) and "2020 Social and Environmental Responsibility Report" (p. 56).]

▶ 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).

2019-21

The Group established a nine-year partnership with the towns of Clichy-sous-Bois and Montfermeil in the Seine-Saint-Denis department north of Paris, with a view of promoting integration among young people from underprivileged areas and boosting social cohesion. The Group has set up a number of initiatives, including programs to give 120 middle school students an insight into the company in 2019 or tours of the Maisons and support for jobseekers. In Clichy-sous-Bois, the LVMH Institut des Métiers d'Excellence Village – an annual fair celebrating professions in crafts, design and sales – raises awareness about the IME's 14 apprenticeship programs and the careers in which the institute offers training in France through its unique network of partner schools and

universities and the engagement of our Maisons. The fair also helps to identify potential candidates for apprenticeship programs. The fourth annual fair, held in January, attracted over 600 visitors. The Group has been sponsoring the Montfermeil Défilé Cultures et Création show since 2011, which shines a spotlight on creative talent outside the fashion industry. At the end of the 14th show, Tëena Franchi, a first-year fashion student, was presented with the “LVMH CSR Young Talent” Award, which also gives the winner the opportunity to carry out an internship at Christian Dior Couture. Since the program began, several young people have joined Maisons within the Group on long-term work-study contracts in collaboration with the Chambre Syndicale de la Couture Parisienne. 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.

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 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 2008, LVMH cofounded the non-profit ARPEJEH (acronym for the French name, meaning “supporting young disabled students through education”) and has been sitting on its Board of Directors since 2012. This structure rallies over 80 companies to get involved in training young people living with disabilities.
- 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 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 wants to 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 became the first private company to join the eight public research bodies to sit on its Board of Directors. It is also one of the 160 members of the Foundation’s Strategy Board, charged with reviewing the design of research programs to promote biodiversity. LVMH monitors all the FRB’s work, and regularly contributes to this work with the assistance of the Houses. Based on a study conducted on two lines of plants for cosmetic use present in the formulation of the Christian Dior perfumes (*Aframomum Angustifolium* from Madagascar, and *Anogeissus Leiocarpus* from Burkina Faso), for example, the FRB published recommendations on the use of natural substances and access to and the sharing of the benefits in the cosmetics industry.
 - Convinced that scientific knowledge can improve the integration of the need to preserve natural resources in corporate strategies, the Group relies in 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**. 2019-21 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 is a first step and symbolizes the goal of the Group’s 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.
 - 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 group set up by **Orée**, the French multiparticipant organization, and by the **Fédération des Entreprises de la Beauté (FEBEA)**, the French 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 of the 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 work on the traceability of leathers and environmental audit standards for tanneries is internationally recognized.
- In 2016, LVMH joined the **Textile Exchange**, a US organization dedicated to sustainable supplies for the textile sector. LVMH 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. LVMH plays an active role within this organization, developing unconventional cotton supply chains or in introducing new standards such as the Responsible Wool Standard (RWS). These standards, which are directly inspired by the issue of animal welfare, are expected to enable the procurement of supplies with a guarantee of the best animal breeding conditions. Several projects are being monitored and deployed by LVMH and its Houses for the cashmere supply chain via the **Sustainable Fiber Alliance** and the Textile Exchange platform.
- LVMH also pays attention to animal welfare in the wool sector, particularly the practice of mulesing sheep. The Group is in discussions 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, and incorporates animal welfare criteria among other subjects, such as 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 and Mark Jacobs) had initially joined, LVMH became a **member of the Better Cotton Initiative (BCI)**, a not for profit organization set up in 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 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.
- 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 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 independent consultants; 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 were all certified in S1 2021.

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 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 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 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 a 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 boutiques of the Group's Maisons, the production of proprietary renewable energy, and the use of alternative ways of transport to air freight.

- **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 2020-21:
- ▶ 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.
- 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.

2019-21

 - **Guerlain:** Bee Respect, how transparency enhances the customer experience. In April 2019, Guerlain made Bee Respect public so anyone is now able to consult this digital platform to learn more about the Maison’s products, including information about its raw materials, suppliers, manufacturing sites and the carbon footprint of transportation through to the point of sale. Originally, Bee Respect was designed as an in-house tool to encourage collaborative ecodesign. The platform helped employees better understand product lifecycles and inspired the teams to follow good examples set by their colleagues. Guerlain is the first perfume and cosmetics Maison make such information public, and in having done so it continues to enhance the customer experience by allowing them to see its products in a new light.
 - With its platform Patou Way, the Maison Patou invites consumers behind the scenes to discover how its products are manufactured. Patou is innovating by making selected environmental information about materials and suppliers available via a QR code on each product. Consumers scan the code to open the product page on the website, where they can learn about the product’s entire life cycle, from the original drawing made by Guillaume Henry, Artistic Director of the Maison, to an interview with the craftsman who helped manufacture it.

- **Local residents:**

As an example, **La Samaritaine** underwent a large-scale renovation project which adheres to an innovative environmental approach. Several activities are 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. 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".

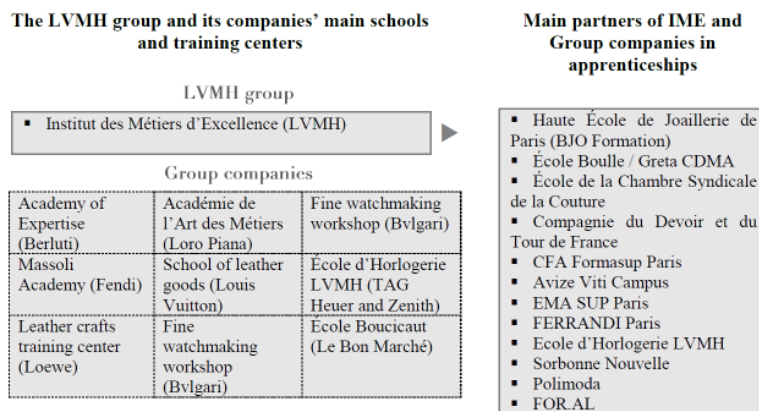
7. Universities and Business Schools: Many events were organized along these lines, together with schools and universities across various professions, regions, and levels of qualification. The Group has set up a large number of academic and creative collaboration processes with this exceptionally well-known 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.

2019-21

In order to build a bridge between the worlds of academia and business, LVMH launched the INSIDE LVMH program in 2016. This digital platform helps students from partner schools and interns of the Group's Maisons enhance their understanding of the professions and careers on offer in the luxury industry. After running for two years in Europe, the program was rolled out in China in April 2019. LVMH continues to bolster its long-standing partnerships with world-renowned schools and universities such as ESSEC, HEC Paris, Institut Français de la Mode, Polytechnique and Centrale Supélec in France, Central Saint Martins in the UK ("LVMH & Central Saint Martins | Sustainability & Innovation in Luxury | Fostering Creativity"), Bocconi University in Italy and Fudan University in China. LVMH is working with Central Saint Martins to identify disruptive solutions to boost sustainable development and innovation in the luxury industry. In January 2019, the LVMH Chair at ESSEC took on its 29th class of students. In 2019, LVMH organized nearly 250 events in schools and universities throughout the world, enabling employees to go out and meet students to introduce them to the Maisons and their professions and present the opportunities available. The LVMH Days offer people an insight into what the Group does through events and conferences with inspirational leaders. For example, Christian Dior Couture regularly speaks to master's students at the Institut Français de la Mode, and Guerlain is actively 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 and its Maisons foster appeal through their ambitious efforts with schools and universities to inform young people about their structures and the diverse range of career opportunities available. The 8,328 interns and 1,628 graduates who joined the Group's Maisons in 2019 offer conclusive proof of LVMH's commitment to nurturing young talent.

2019-21

- One of the most emblematic partnerships was launched in 2017, namely the **“LVMH & Central Saint Martin’s Sustainability & Innovation in Luxury | Fostering Creativity – Maison Zero”** 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. From September 14th to October 27th, 2019, **“Maison/0”**, the incubator set up by LVMH and Central Saint Martins to drive responsible and sustainable innovation through design, presented the exhibition **“Designing in Turbulent Times”**, which celebrated the most innovative sustainable creations, such as a biodegradable alternative to standard sequins, a collection of jewelry that recycles waste feathers and a vegetable-based yarn alternative made from pineapple leaf fibers
- 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.
- 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”**.
- See finally an exhaustive list of partnerships developed with a number of specialist schools and educational establishments [ **“2017 Social Responsibility Report”** (p. 20).]



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

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

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:

- "2020 Universal Registration Document":
 - "Operating model" (p. 12)
 - "Ethics and responsibility" (pp. 50-72)
 - "General environmental policy" (pp. 74-77)
 - "Outreach and giving back" (pp. 110-114)
- "2020 Social and Environmental Responsibility Report":
 - "Message from Bernard Arnault Chairman and Chief Executive Officer" (p. 2)
 - "Combating the pandemic", "Sustaining activities", "Contributing to an inclusive society", "Supporting young people", "Facing climate change together", "Preserving territories", and "Protecting life" (pp. 3-18)
 - Interview with Chantal Gaemperle, Director of Human Resources and Synergies and Antoine Arnault, LVMH Image and Communication Director, member of the board of Directors (pp. 19-20)
 - Working hand in hand with our stakeholders (pp. 114-118)

- 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:

- "2020 Social and Environmental Report":
 - "Working hand in Working hand in hand with our stakeholders (pp. 114-118)
 - "The LVMH Group CSR Strategy and the Sustainable Development Goals" (pp. 21-22)
 - "A certified and recognized strategy" (pp. 112)

- ☑ Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns

In 2020, LVMH worked particularly hard to listen to its employees and find out how they were coping in this unusual year. Midway through the year, LVMH launched its largest-ever survey of all employees worldwide. The LVMH Global Pulse Survey aimed to "take employees' pulse" and ask staff what they were learning through this experience. LVMH wanted to find out how employees were feeling and gather opinions about the Group's management of the crisis, as well as to ask how they saw the future of customer relationships and work culture and what they saw as essential aspects of leadership.

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