

# United Nations Global Compact



United Nations  
Global Compact

## Communication On Progress 2021-2022

*August, 10, 2022*

# LVMH

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About main facts and best practices **for the years 2021-2022**, 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**.

2021-22



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 2021-2022 [Criteria 1 and 2: "mainstreaming into corporate functions and business units" and "value chain implementation"].

## *2021/2022 Key press releases*

[LVMH Stresses Eco-Design Thrust With New Life 360 Targets](#) – WWD (April 2021)

[Eco-design, traceability, use of recycled plastic the linchpins of LVMH’s LIFE 360 programme](#) – Fashion United (April 2021)

[LVMH partners with Canopy on sustainable initiatives](#) – Fashion United (June, 2021)

[The importance of sustainable growth](#) – Bernard Arnault – Investir (July 2021):

[LVMH and Kering Announcing New Initiatives at the IUCN World Conservation Congress](#) – WWD (September 2021)

[COP26 - Fashion Steps Up Climate Commitments](#) – BoF (November 2021)

[LVMH Stages First ‘Tribunal for Future Generations’ Sustainability Debate](#) – WWD (May 2022)

[LVMH presents commitment to circular economy at ChangeNOW Summit](#) – Fashion United (May 2022)

[LVMH’s Nona Source Fabric Platform Gets a New Home in London](#) – WWD (May 2022)

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

**Stand-alone document**

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

Fiscal year 2021 in accordance with all public reports and documents of LVMH, and Semester 1 of calendar year 2022:

“2021 Universal Registration Document”	<a href="https://r.lvmh-static.com/uploads/2022/03/lvmh-deu-2021_va.pdf">https://r.lvmh-static.com/uploads/2022/03/lvmh-deu-2021_va.pdf</a>
“2021 Annual Report”	<a href="https://r.lvmh-static.com/uploads/2022/03/lvmh_rapport-annuel-2021-va.pdf">https://r.lvmh-static.com/uploads/2022/03/lvmh_rapport-annuel-2021-va.pdf</a>
“2021 Social and Environmental Responsibility Report”	<a href="https://r.lvmh-static.com/uploads/2022/04/uk_lvmh_rse21_digital-accessible-may22.pdf">https://r.lvmh-static.com/uploads/2022/04/uk_lvmh_rse21_digital-accessible-may22.pdf</a>

“LVMH Code of Conduct” (revised/published in December 2017)	<a href="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</a> <a href="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</a>
“LVMH Supplier Code of Conduct” (revised/published in April 2022)	<a href="https://r.lvmh-static.com/uploads/2022/04/lvmh-supplier-code-of-conduct-april-2022.pdf">https://r.lvmh-static.com/uploads/2022/04/lvmh-supplier-code-of-conduct-april-2022.pdf</a>



**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 2021-22", 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**

### **Interview of Antoine Arnault**

#### **2021 United Nations Global Compact–Accenture CEO Study on Sustainability**

« The link between climate and biodiversity is undisputable and we need a clear way of measuring the impact of our efforts. The private sector has the means to tackle this problem, we just need guidance from policy makers on what to do. »

*Antoine Arnault - Image & Environment, LVMH, & Member of the LVMH Board*

**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 2021 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:

- ✓ “2021 Universal Registration Document” ([https://r.lvmh-static.com/uploads/2022/03/lvmh-deu-2021\\_va.pdf](https://r.lvmh-static.com/uploads/2022/03/lvmh-deu-2021_va.pdf))
  - “History” and “Financial Highlights” (pp. 1-4)
  - “The LVMH business model” (pp. 9-12)
  - “Business overview, highlights and outlook” (pp. 13-34)
- ✓ “2021 Annual report” ([https://r.lvmh-static.com/uploads/2022/03/lvmh\\_rapport-annuel-2021-va.pdf](https://r.lvmh-static.com/uploads/2022/03/lvmh_rapport-annuel-2021-va.pdf)):
  - “The LVMH Group” (pp. 6-44)
  - “Performance measures” (pp. 154-158).
- ✓ “2021 Social and Environmental Responsibility Report” ([https://r.lvmh-static.com/uploads/2022/04/uk\\_lvmh\\_rse21\\_digital-accessible-may22.pdf](https://r.lvmh-static.com/uploads/2022/04/uk_lvmh_rse21_digital-accessible-may22.pdf)):
  - “Chairman’s Message” (pp. 12-13)
  - “Our social responsibility” (pp. 28-63)
  - “Our environmental responsibility” (pp. 64-102)
  - “LVMH Group Business Groups and key figures” (pp.14-15)
  - “Social and environmental governance” (pp.18-19)
  - “2020 social indicators and methodology” (pp.126-129)
  - “2020 environmental indicators and methodology” (pp. 130-141)

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- ✓ 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](https://r.lvmh-static.com/uploads/2021/05/life_360_en_externe_def.pdf)
- ✓ “LVMH Snapshot – 2021 figures” (February 2022)  
([https://r.lvmh-static.com/uploads/2022/02/lvmh\\_snapshot\\_2021-va-042022.pdf](https://r.lvmh-static.com/uploads/2022/02/lvmh_snapshot_2021-va-042022.pdf))
- ✓ “Letter to shareholders 2022” (March 2022)  
(<https://praquin.com/lvmh/letter-to-shareholders-march-2022/>)

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 fourth year, LVMH publishes tables summarizing its contribution to the SDGs. [See "2021 Social and Environmental Responsibility Report" (pp. 22-23)]. In the continuity of SDGs, LVMH Group supported previously, since 2007, the United Nation's Millennium 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.

- Within the **CRITERION 1**, the COP 2021-22 presents very clearly the commitments and objectives related to the Group's strategy:
  - Environmental 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 2021-22 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 2021-22 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 2022.
- Through the **CRITERION 9**, the COP 2021-22 highlights the Group's pursuit for the implementation of a carbon trajectory in line with the Paris Agreement based on the SBTi through the LIFE 360 Program that was introduced in May 2021 (the original LIFE Program was launched in 2014). 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 2021-22 describes how the year 2021-2022 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 2021-22” include different 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. Moët Hennessy hosted the first edition of the World Living Soils Forum on June 1st and 2nd 2021 in Arles, France. The event mobilized specialists and stakeholders around actions to preserve living soils. This ground-breaking forum brought together over one hundred experts from across the globe who share a deep commitment to protecting and regenerating soils.
- **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.** Creative circularity and climate are two pillars of LVMH LIFE 360 Program. It includes 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.
- **SDG15.** Transparency & biodiversity are two pillars of LVMH LIFE 360 Program. It includes the 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 2021-22 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.”*



**1. Launched in 2021, the LIFE 360 Program** sets 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.

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**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. **Launched in 2021, the LIFE 360 Program** sets 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 supports and collaborates with. In 2021, 575 partnerships were established with the Maisons. See pp. 120-124 of the LVMH “2021 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.

## *I. Implementing the Ten Principles into Strategies & Operations*

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

#### *Best practices*

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

#### **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	« <b>Universal Declaration of Human Rights</b> »	« <b>United Nations Global Compact</b> » (2003)
	« <b>OCDE Guidelines</b> »	« <b>Gordon Brown’s Millenium Development Goals</b> » (2007)
	« <b>Kimberley Process</b> »	▪ <b>Watches &amp; Jewelry business group of LVMH member of the RJC (Responsible Jewellery Council)</b> (since 2011)
	« <b>Sustainable Development Goals (SDGs)</b> » (2015)	
Environment	« <b>Caring for Climate</b> (voluntary and complementary action platform for UN Global Compact) »	▪ « <b>Copenhagen Communique on Climate Change</b> » launched at the initiative of the Prince of Wales and Cambridge University (June 2009)
	« <b>CITES Conventions</b> (on International Trade in Endangered Species) »	« <b>Act4nature charter</b> » (July 2018)
	« <b>COP21 on Climate Change</b> » (December 2015)	<b>LVMH partnership with UNESCO “Man and the Biosphere” program</b> (2019)
Social	« <b>International Labour Organization conventions</b> »	« <b>Apprenticeship Charter</b> » (June 2005)
		« <b>Enterprise Charter for Equal Opportunity in Education</b> » (December 2006)
		« <b>Diversity Charter</b> » (2007)
		« <b>Charter for professional integration of disabled people</b> » (November 13, 2009)
		« <b>Women on the Board Pledge for Europe</b> » (July 12, 2011)
		« <b>Women’s Empowerment Principles</b> » (November 13, 2013)
		<b>Participation in the Davos World Economic Forum’s gender equality task force</b> (March, 2018)
		« <b>#StOpE anti-sexism charter</b> » (December 4, 2018)
		« <b>UN standards of conduct for business</b> » fighting against discrimination towards LGBTI (March 14, 2019)
		<b>The Maisons of the LVMH Group signed the “WE for ME” pact for its Métiers d’Excellence</b> (2021)
		<b>Signature of the Health &amp; Safety Policy</b> (2021)
		<b>Creation of the LVMH Heart Fund, a global emergency fund for its 175,000 employees</b> (2021)

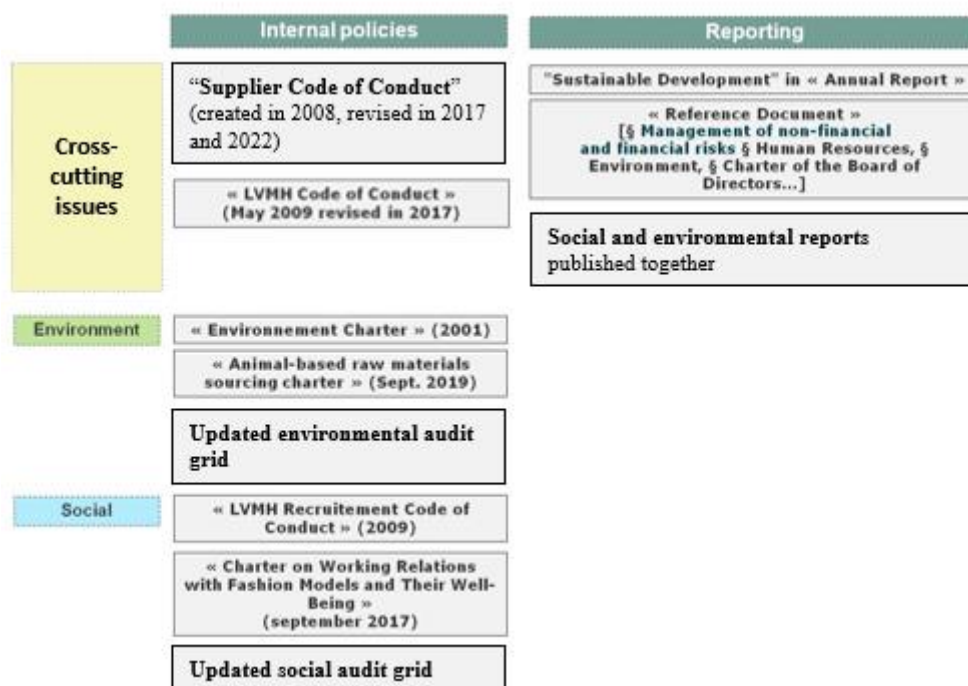
## Social & Environmental commitments

1. 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)
2. 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. At the IUCN World Conservation Congress in September 2021, UNESCO and LVMH **highlighted their joint commitments** to protect biodiversity as part of the Man and the Biosphere Program. Within a single pavilion, UNESCO, the LVMH Group and its Maisons presented their vision and the tangible actions they have taken to protect and promote biodiversity.

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. ("2021 Social and Environmental Responsibility Report", pp. 81-84)

3. LVMH unveiled its **LIFE 360 environmental strategy**, which sets out ambitious objectives with specific milestones for 2023, 2026 and 2030 2021-22
4. The 75 Maisons that form the LVMH Group signed the "**WE for ME**" pact for its Métiers d'Excellence, reflecting the Group's commitment to safeguarding and promoting these highly skilled professions 2021-22
5. LVMH signed the **Health & Safety Policy**, underscoring its ambition to strive for excellence regarding the health and safety of its employees, as well as that of service providers and customer 2021-22
6. LVMH creates the **LVMH Heart Fund**, a global emergency and support fund for its 175,000 employees 2021-22
7. **Sustainable Development Goals (SDGs)**: The "2021 Social and Environmental Responsibility Report" (pp. 22-23) presents the different contributions of LVMH to the Sustainable Development Goals" (SDGs).

## Internal Codes and Processes:



8. **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 “2021 Universal Registration Document” (p. 51).]
9. 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.
10. On September 25, 2019, LVMH presented new commitments including its brand-new **Animal-based Raw Materials Sourcing Charter**
  - 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.

11. **The LVMH standard for responsible crocodilian production (SRCP)** whose launch and rollout was announced back in 2019 underwent an update in 2022 with the close collaboration of the international crocodilian farmers association (ICFA) to ensure equivalence in outcomes. **2021-22**

12. **The LVMH Supplier Code of Conduct** has been updated for the second time after the original version dated 2008 was first **revised in 2017**. This version has been validated by the Comex in April 2022 and distributed to all the Maison's presidents. The new version notably: **2021-22**

- makes updates reflecting the changes in laws and societal norms;
- aligns the Code with LIFE 360 objectives;
- strengthens the fight against corruption;
- introduces the supplier's commitment to establish processes by which workers and stakeholders can raise concerns without fear of retaliation;
- includes some fine-tuning of the audit clause.

Finally the signature of the Supplier Code Of Conduct by a supplier will be valid for all Maisons. [📖 See "2021 Universal Registration Document" (p. 51)]

### Strategy:

The strategic **LIFE Program** (LVMH Initiatives For the Environment) launched in 2011 was achieved in 2020, and led to the launch of the new **LIFE 360 Program**.

**LIFE 360 Program** [📖 See "2020 Social and Environmental Responsibility Report" (pp. 67-69) and LIFE 360 Program Press Kit (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. **2021-22**

- 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 “2021 Social and Environmental Responsibility Report” (p. 126)]:

- 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. A scorecard of the Group's social responsibility strategy will be published next year.

## **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:

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.

- The Committee meets once during the year, with all of its members in attendance. 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 "2021 Universal Registration Document" (pp. 181-182)]

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 82 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 200 Environment Officers** from the Maisons. This body provides a forum for reflection and discussion about major objectives (LIFE 360 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.

#### **Alert and whistleblowing system:**

[ See "2021 Universal Registration Document" (pp. 60-61).]

- In addition to the LVMH Code of Conduct, the Group has **internal guiding principles** – a set of documents that apply to all entities intended to be used as a reference guide to help employees adopt appropriate behaviors in various areas to do with business ethics.
- **LVMH's internal control framework was revised in 2018**, notably to incorporate new or more stringent ethical and compliance requirements and to ensure that the Group's various entities meet those requirements
- In addition to the usual existing communication and warning channels within the Group and Maisons, **LVMH has set up centralized whistleblowing system (Alert Line)**, available in around ten languages, to collect and process reports from all employees concerning infringements or serious risks of infringement of laws, regulations, the provisions of the LVMH Code of Conduct and other principles, guidelines and internal policies. The system covers the following behaviors: corruption and influence peddling; money laundering, fraud and falsification of accounting records; embezzlement; anti-competitive practices; data protection breaches; discrimination, harassment, violence and threatening behavior; infringements of social standards and labor law, illegal employment; infringements of occupational health and safety regulations, violation of environmental protection laws; practices contrary to ethical principles.
- Alerts handled through dedicated whistleblowing systems help improve risk identification procedures, as part of a continuous improvement approach. If employees fail to abide by rules laid down in the Code of Conduct, the guiding principles or, more generally, the Internal Rules (or equivalent document) of their employing Maison, the Group will take appropriate and timely steps to put an end to the infringement in question, including appropriate disciplinary sanctions proportionate to the severity of the infringement, in accordance with the provisions of the Internal Rules (or equivalent document) and applicable laws and regulations.

## **2.2. Organisation**

In 2016, the Board of Directors decided to establish an **Ethics & Sustainable Development Committee**, whose main duties are to:

- ensure compliance with the rules and values defined by the LVMH Code of Conduct as well as the other codes and charters resulting from this Code;
- help define rules of conduct and principles for action regarding ethics and environmental, workforce-related and social responsibility, which must be followed by the Group's senior executives and employees;
- review the ethical, environmental, workforce-related and social responsibility issues faced by the Group;
- review the environmental, workforce-related and social information contained in the Management report of the Board of Directors and submit its opinion on this information to the Board;
- monitor the functioning of whistleblowing systems put in place within the Group.

The Committee met once in fiscal year 2021, with all of its members in attendance. At that meeting, the Environment and Sustainable Development Director gave an update on the early work of the LVMH Future of Luxury Commission, chaired by Antoine Arnault and bringing together a number of individuals from outside the Group, whose role is to help the Group think about societal issues facing the luxury goods sector over the coming years and propose tangible actions to address those issues.

She also gave a progress update on the LIFE 360 program sponsored by Antoine Arnault and reiterated the program's objectives and the commitments entered into by the Group in this regard, including various milestones to be achieved between 2023 and 2030.

The Ethics and Compliance Director presented a progress report on the Group's arrangements for complying with the Sapin 2 Act and steps taken to combat money laundering and protect human rights. This was followed by a discussion with the Committee's members about future developments in these areas.

## **Environment**

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 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 Environmental Development Department acts as an intermediary between the Executive Committee and the Maison's senior management on environmental issues. Each Maison also draws on a network of **nearly 200 Environment Officers** from Maisons, known as the Environment Committee.

- **The network of Environment Officers** now includes many 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 four action plans (creative circularity, traceability, biodiversity and climate) of the LIFE 360 program across all Maisons
- 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, organizes **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 Maisons have incorporated the LIFE 360 objectives into their road maps. Like the Group, several Houses have restructured their organization to support their environmental policy. Some Maisons place the emphasis on networking in order to mobilize their teams:

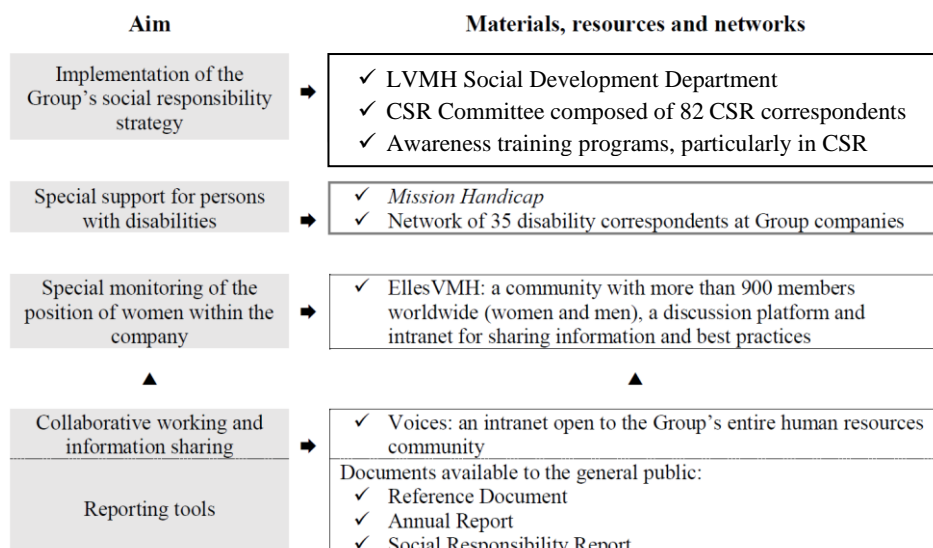
- **Louis Vuitton** has entrusted its environmental strategy to a dedicated department. Approximately one hundred correspondents and local teams representing the key positions for environmental performance relay its action at all sites and in all activities. In countries such as Japan, China, Italy and Switzerland, Louis Vuitton also has CSR ambassadors and store correspondents. 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. Sustainable Development division MAJ phrase site du dpt
- **Moët Hennessy** created a on the **management committee in 2020**

**In 2019, LVMH introduced its 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

On this occasion, LVMH also announced the creation of a multidisciplinary **Scientific Committee** that will help LVMH research, assess and pilot scientific projects. The Scientific Committee is composed of highly regarded, independent experts who are both 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 Sachet, CEO of the Earthworm Foundation, Marie-Bénédicte Desvallons, lawyer and president of WAP.

## **Social**

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



- The LVMH Holding relies on a **network composed of 82 Correspondents** belonging to business groups and Maisons. A special support for persons with disabilities is led by the **Mission Handicap** initiative and a **network of 35 disability correspondents**.
- Group companies, particularly in France, have works councils, employee representatives, as well as **health and safety committees**.
- Generating even greater synergies between the Maisons, the LVMH ecosystem was set up in 2012 to provide a new, highly collaborative approach, with the creation of a global HR community on the **Group intranet, “Voices”**, an intranet dedicated to the entire human resources community.
- **LVMH Mind** is an intranet dedicated to CSR, available to all staff. A new application called **LumApps** is being developed to consolidate and share information to all employees of LVMH and the Maisons about LIFE 360 latest news, projects and initiatives.

### 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.”

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.

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

(1) 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.

- The "2021 Universal Registration Document" (p. 116) reports that, in France and in 2021, employee representatives attended 1,078 meetings as a result of which **153 company-wide agreements** were signed in France.

2021-22

- The "2021 Universal Registration Document" (p. 112) LVMH has taken action based on the results of its Global Pulse Survey conducted in 2020. More than **78,000 employees** responded to this survey and over 90% of them expressed their pride in working for their Maison and in belonging to the LVMH group. Remaining true to the core values of LVMH and in line with their differing contexts, the Maisons have designed action plans that are now an integral part of their road maps for human resources management. The main topics covered are flexible work arrangements, communication with staff, talent development and learning experiences, and diversity and inclusion.

2021-22

(2) The **Group Works Council** was formed in 1985. This body – which covers the whole of France and currently has 29 members. Through this representative body, delegates meet with the heads of all of the Group's business areas. They exchange information on strategic direction, business and financial issues, employment trends within the Group and prospects for the current year. The Group Works Council met on October 6, 2021

(3) At the European level, **the SE Works Council** (established in 2014) is an employee representative body consisting of 28 members from the 22 European countries in which the Group's Maisons operate. The SE Works Council handles transnational issues at the European level. It held one plenary meeting in 2021, on November 24.

### **3. Incentive schemes**

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

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.
- Following the initiatives conducted by Hennessy and Sephora Collection, the climate objective was integrated into the calculation for the **profit sharing scheme** open to employees of the LVMH Holding company in 2021. Le Bon Marché included an environmental target in the performance-related pay calculations for all its teams. **2021-22**
- Compensation paid to the Chairman and Chief Executive Officer and the Group Managing Director also includes a **variable annual component** based on the achievement of quantifiable and **qualitative targets**. Qualitative criteria – which can be strategic, managerial, organizational or operational in nature – are focused on corporate social responsibility and sustainable development in particular. Specific qualitative criteria have been set, but their details are not made public for confidentiality reasons.

#### **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. **2021-22**

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

### *Best practices*

- ☑ **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**

### **1. Group Ethics and Code of Conduct**

**Compliance with international conventions:** Since 2003, the LVMH group has shown its support for universal values as a **signatory of the United Nations Global Compact**. It is committed to aligning its operations and its strategy with ten principles related to human rights, working standards, respect for the environment and the fight against corruption. LVMH also supports the Universal Declaration of Human Rights, OECD guidelines, the International Labor Organization's Fundamental Conventions, the United Nations' Millennium Development Goals and Sustainable Development Goals, Women's Empowerment Principles, the French Diversity Charter and #StOpE anti-sexism charter, the UN Standards of Conduct for Business on tackling discrimination against Lesbian, Gay, Bi, Trans, and Intersex (LGBTI) people.

#### **1.1. 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**:

1. acting **responsibility** and with **solidarity**;
2. offering a **fulfilling working environment** and making the most of talented people;
3. committing to **protecting the environment**;
4. earning **customers' trust**;
5. earning **shareholders' trust**;
6. 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.

## 1.2. Supplier Code of Conduct

The LVMH Supplier Code of Conduct has **been updated for the second time** (2022) after the original version dated 2008 was first revised in 2017. This version has been validated by the Comex **in April 2022** and distributed to all the Maison's presidents. The new version notably:

2021-22

- makes updates reflecting the changes in laws and societal norms;
- **aligns the Code with LIFE 360 objectives;**
- **strengthens the fight against corruption;**
- **introduces the supplier's commitment** to establish processes by which workers and stakeholders can raise concerns without fear of retaliation;
- includes some fine-tuning of the audit clause.

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. The LVMH social & environmental audit grids were also updated in 2021/2022.
- 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**”...

## 2. Risk identification

### 2.1. Risk identification relating to internal operations

2021-22

In line with EU directives, the Group has implemented an **approach known as ERICA (Enterprise Risk and Internal Control Assessment)**, a comprehensive process for improving and integrating **systems for managing major risks and internal control** related to its day-to-day activities.

This approach has been rolled out across all of the Group's brands. It includes annual mapping of the major risks for each brand and self-assessment of the 64 key controls taken from the internal control framework by all Group entities.

**The internal control assessment** as of June 30, 2021 covering all Group entities generating over 20 million euros in revenue focused on the LVMH 10 IC Essentials (10 key controls) and on the Ethics and compliance program's 10 controls.

The results of the ERICA campaign, which takes place annually across the whole of the Group, are **shared with LVMH's entire network of internal control staff**. The results of dedicated anti-corruption controls and action plans are also presented by LVMH's Ethics & Compliance Director to his or her correspondents.



Recently acquired entities are allowed two years to implement this approach once the integration process has been completed.

The Maisons and business groups acknowledge their responsibility in relation to this process each year by signing two letters of representation:

- an **ERICA letter of representation concerning risk management and internal control systems**, signed on June 30. By signing this letter, the President, CFO and/or members of the Management Committee at each entity confirm their responsibility for these systems, and give their assessment of them, identifying major weaknesses and the corresponding remediation plans. These letters are analyzed, followed up on and “consolidated” at each higher level of the Group’s organizational structure (region, Maison and business group); they are forwarded to the Group’s Finance Department and to its Audit & Internal Control Department. They are also made available to the Statutory Auditors;
- the annual letter of representation on financial reporting, which includes a paragraph devoted to internal control.

Depending on the circumstances, Presidents of Maisons are required to present the Performance Audit Committee with an update on achievements, action plans in progress, and the outlook for their area of responsibility in terms of internal control and risk management.

## 2.2. Risk identification relating to supply chain

A **global risk analysis** focused primarily on risks associated with the **Group’s supply chain** was carried out with the assistance of **Verisk Maplecroft**, an external service provider specialized in analyzing political, economic, social and environmental risks in 2020. In view of the economic climate in 2021, the Maisons continued to use the analysis resulting from the work carried out in 2020. **A new general risk analysis exercise will be conducted in 2022** on the basis of figures for 2021. The approach is based on an assessment comparing external assessments of risk levels by this external service provider with the quantitative information provided internally by a number of the Group’s Maisons, especially 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).

2021-22

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

- **Human rights:** Decent pay and working hours, workplace discrimination, freedom of association and trade union membership, health and safety, forced labor, etc.
- **Environment:** Air quality, waste management, water stress, water quality, deforestation, climate change, risk of drought, CO2 emissions indicator, etc.
- 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 analysis of all these risk factors highlights the severity of potential risks arising from the Group’s activities and those of its supply chain. With regard to the risk of corruption, the Group’s Maisons have each identified and ranked risk scenarios relating to their operations within the framework of specific risk mapping exercises based on interviews with representatives of the various functions and regions. **These risk maps demonstrate their “gross” and “net” risk exposure** (to take account of the risk management measures in place). The results were presented to the Maisons’ governing bodies and action plans have been defined to manage the risks identified.

**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 “2021 Universal Registration Document” includes the Group’s statement of non-financial performance which identified the main risks/opportunities [📖 See “2020 Universal Registration Document” (pp. 62-74)]

<b>Social consequences</b>	- Loss of key skills and expertise. - Safeguarding health and safety at work. - Implementation of a policy to promote employee inclusion and fulfillment.
<b>Respect for human rights</b>	- 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.
<b>Environmental consequences</b>	- 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).
<b>Fight against corruption</b>	- 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 “2021 Universal Registration Document” (pp. 71-73)]

<b>Human rights and fundamental freedoms</b>	<b>Individuals’ health and safety</b>	<b>Environment</b>
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**Example of risk identification – management of suppliers across the Carbon Footprint:**

**2021-22**

- 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

### **3. Risk management**

#### **3.1. Risk management relating to internal operations**

**Major risks** relating to the Group’s brands and businesses are managed **at the level of each business group and Maison**. As part of the budget cycle and in connection with the preparation of the three-year plan, major risks affecting strategic, operational and financial objectives are identified and evaluated, and formalized in specific chapters.

Once an acceptable risk level has been determined and validated, risks are handled via preventive and protective measures; the latter include business continuity plans (BCPs) and crisis management plans in order to organize the best response to risks once they have occurred. Lastly, depending on the types of risk to which

a particular brand or entity is exposed and the amount of residual risk, the entity may decide, in collaboration with the Group, to use the insurance market to transfer part or all of the residual risk and/or assume this risk.

**Ongoing monitoring of the internal control system** and periodic reviews of its functioning take place on a number of levels:

- **managers and operational staff** at the Maisons, with support from internal control staff, are given responsibility for assessing the level of internal control on the basis of key controls, identifying weaknesses, and taking corrective action. Exception reports allow for the enhancement of detective controls in addition to preventive measures;
- **a formal annual self-assessment process**, based on a list of key controls taken from the internal control framework, integrated into the **ERICA** system;
- **the Statutory Auditors** are kept informed of this approach, as is the Performance Audit Committee, by means of regular briefings;
- reviews are carried out by Group Internal Audit and the Statutory Auditors, the findings and recommendations of which are passed on to entities’ management and Group Executive Management;
- a review of the ERICA system and the quality of self-assessment is an integral part of the work of the Internal Audit team at all audited entities.

### 3.2. Risk management relating to supply chain

As part of the **comprehensive supplier risk assessment process**, the Group put in place a **Convergence program**, which covers three main courses of action. The first involves identifying and mapping the most serious risks, with help from **Verisk Maplecroft**, a leading research firm specializing in global risk analytics. A variety of factors and indicators beyond the standard risk levels are assessed through an approach that is broken down by both geographic region and business segment.

These findings are cross-referenced with the quantitative data provided by the Maisons. **Then, suppliers are ranked by criticality level**, which serves to measure the potential risk across the Group’s supply chain. The second course of action **requires suppliers identified as high risk to be assessed using the EcoVadis methodology**. Suppliers are contacted and undergo assessment remotely to evaluate their ethical, social and environmental performance by collecting data, carrying out external monitoring and conducting internet searches. The third course of action involves **carrying out audits on site** and working with the suppliers concerned to put together a **corrective action plan** that is monitored by the relevant buyer within the Group. The Maisons work collaboratively with suppliers, supporting them to conduct new audits and roll out the remediation plan. 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.

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:

<b>Social consequences</b>	✓ See “2021 Universal Registration Document” (pp. 102-113). ✓ See “2021 Social and Environmental Responsibility Report” (pp. 37-63)
<b>Environmental consequences</b>	✓ See “2021 Universal Registration Document” (pp. 75-101). ✓ See “2021 Social and Environmental Responsibility Report” (pp. 64-102)
<b>Supply chain</b>	✓ See “2021 Universal Registration Document” (pp. 53-61). ✓ See LIFE 360 “Objective Sector” in the “2021 Social and Environmental Responsibility Report” (pp. 125-137 & 64-102)
<b>Quality and safety</b>	✓ See “2021 Universal Registration Document” (p. 58).
<b>Integrity in business</b>	✓ See “2021 Universal Registration Document” (pp. 58-60).

<b>Responsible management of personal data</b>	✓ See “2021 Universal Registration Document” (p. 61).
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**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 managing risk in 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

**2021-22**

#### 4. Supplier site audits and corrective action plans

The Group uses **specialist independent firms to conduct these audits**. In 2021, **1,512 audits** (not including EcoVadis assessments) were undertaken at 1,201 suppliers and subcontractors.

**2021-22**

Thanks to a slight improvement in the health situation in the countries where production facilities are located, this figure was higher than in 2020, when 1,325 audits were carried out. Of all the audits undertaken, **78% 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, anti-corruption, 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 17% of audits covered only workforce-related aspects, and 5% only environmental aspects. There was a significant increase in the number of audits covering all social and environmental aspects thanks to the introduction of new LVMH guidelines in January 2021.

In keeping with the aim of monitoring at-risk suppliers and ensuring permanent controls on their level of compliance, around one-quarter of the audits carried out in 2021 involved suppliers that had already been audited in previous years.

	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

Some Maisons have supplemented their audits using measures **to directly ask their suppliers’ employees about their working conditions**. These surveys help gain a clearer vision of working conditions at the sites concerned and check for problems such as forced labor or harassment, which may not be detected during audits. These fully anonymous, confidential surveys are offered through a mobile instant messaging application. In 2021, additional specific controls were introduced relating to tasks performed by people working from home.

**2021-22**

- In 2021, **5% of suppliers audited failed** to meet the Group’s requirements based on a four-tier performance scale that takes into account the number and severity of critical compliance failures. The majority of compliance failures identified had to do with health and safety. In such cases, the Group always works with the supplier to draw up a corrective action plan, implementation of which is monitored by the buyer responsible for the relationship within the relevant Maison. Some Maisons, such as Berluti, Fendi, Tiffany & Co. and Parfums Christian Dior, also offered personalized coaching to help suppliers correct compliance failures identified during audits.
- When, in spite of the support offered by LVMH, a supplier or its subcontractors prove unwilling to make the effort required to meet the relevant requirements, the relationship is terminated. Given the increasing maturity of the suppliers for the Group’s Maisons, **17 contracts were terminated in 2021** (compared with six in 2020). Similarly, one production site was not approved following unsatisfactory preliminary audits.
- Following work carried out in 2020 with the aim of establishing a shared set of workforce-related audit guidelines for all the Group’s Maisons, these guidelines – which also include a section concerned with the assessment of environmental and anti-corruption risks – were applied starting in January 2021.

[📖 See “2021 Universal Registration Document” (p. 55)]

## 5. Supplier and buyer support and training

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

2021-22

- LVMH has, for many years, taken part in the **Utthan initiative**, which brings together major purchasers in the luxury industry to recognize the expertise of embroiderers in Mumbai, India, where many embroidery factories work with the Group’s Maisons. The initiative also includes deploying a training program for the embroiderers in the region. In 2021, the audit scoring grid and levels of compliance were revised to align them with India’s new regulations.
- LVMH joined the **Coloured Gemstones Working Group (CGWG)**; led by sustainability advisory firm The Dragonfly Initiative, to collectively improve the sourcing conditions of colored gemstones. In 2020, the CGWG developed a gemstones and jewelry **community platform**, which can be used by the Group’s Maisons. The suppliers can use this platform to **learn and assess their practices**
- In October 2021, seven Maisons (Berluti, Fendi, Givenchy, Loro Piana, Louis Vuitton, Acqua di Parma and Bulgari) came together to implement an **online training course for 25 site managers working for suppliers in Italy**. In December, 10 Maisons (Moët Hennessy, Berluti, Celine, Fendi, Givenchy, Loewe, Louis Vuitton, Bulgari, Parfums Christian Dior and Sephora) did the same for 65 site managers working for suppliers in China. The courses covered human rights, health and safety, the environment and anti-corruption.
- The **sixth LVMH Italia sustainable development coordination seminar** was held in Milan in November, focusing on understanding and implementation of the LIFE 360 program.

### **Prudent use of chemical compounds in production processes for environmental risk management & consumer health and safety** [📖 See “2021 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 and provides guidelines for alternatives for 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 2021, the Group and the Fashion and Leather Goods Maisons worked on rolling out the program and set targets for 2023.

2019-22

#### **Internal Training on ethic & compliance issues:**

Various training and awareness initiatives are carried out with central functions and at the Maisons. The following initiatives in 2021 are some examples:

In 2021, environmental training and awareness programs totaled **20,106 hours**, all actions included.

2019-22

- ✓ The Group’s Ethics & Compliance Department organized a number of anti-corruption training webinars that were attended by over 450 head office staff;
- ✓ Parfums Christian Dior took steps to raise **awareness among its senior managers** about preventing corruption, organizing face-to-face small group interactive training sessions;
- ✓ TAG Heuer launched a **business ethics training program via an e-learning app**. This training, mandatory for all employees worldwide, covers the fight against corruption, the prevention of conflicts of interest and requirements linked to industry initiatives to which the Maison has signed up (Kimberley Process, Responsible Jewellery Council);
- ✓ Sephora China restated the ethics and compliance requirements incumbent on its business partners during its **Landlord Day and Brand Day events**, which attracted over 500 participants;
- ✓ Perfumes Loewe produced a video in which its Executive Committee members **present the Group’s Code of Conduct and guidelines**. Special attention was paid to conflicts of interest, and gifts and entertainment practices (a mobile app for recording gifts and entertainment was launched).
- ✓ The Group and its Maisons, the Group has also developed a **specific 45-minute online anti-corruption training module**, which is available to all Maisons and serves as a common core that supplements existing training materials. Since it was launched in late 2018, the module has been completed by several thousand employees throughout the Group. This module has been translated into six more languages to expand employee awareness of its content, and more than 11,000 of them successfully completed this training in 2021.
- ✓ 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.

## 6. Participation in multi-party initiatives covering high-risk areas

*See also: the following for other related partnerships*

- ▶ **Section VI. Criterion 17.** “The COP describes advocacy and public policy engagement”
- ▶ **Section VI. Criterion 18.** “The COP describes partnerships and collective action”.

[📖 See: “2021 Universal Registration Document” (pp. 56-57)]

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 the Group’s individual business groups. To maximize efficiency and optimize influence over subcontractors’ practices, preference is generally given to sector-specific initiatives covering multiple purchasing entities.

2021-22

- 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.

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.**
- Throughout 2021, Berluti conducted checks on 14 suppliers to ensure that specific Covid 19 related protocols were implemented. A total of **45 protocols** have been brought in since the start of the pandemic
- 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
- LVMH is a member of the **International Reference Center for Life Cycle of Products, Services and Systems (CIRAIG)**, an organization renowned for its work and initiatives solidly grounded in science. In particular, LVMH has conducted studies on stores and lighting systems.

## **7. Communication of policies & expectations to suppliers**

### **7.1. Codes of Conduct**

- The LVMH ethical and good governance principles are included in the **LVMH Code of Conduct**, which was revised in 2017. 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.* » (LVMH Code of Conduct, pp. 10-11).

**The Supplier Code of Conduct updated in 2022** 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.

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## 7.2. Environmental Charter 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) 360 Program, 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.

## 7.3. Animal-based Raw Materials Sourcing Charter

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 360 Program, 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).

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## 8. Targets relating to specific challenges for groups of activities

[ See “2021 Universal Registration Document (pp. 50, 55-56 & 79) and “2021 Social and Environmental Responsibility Report” (pp. 119-121)]

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.

### 8.1. 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.

*See also the following for more information about supply chain risk management*

▶ **Section I. Criterion 2. 3.2)** "Risk management relating to supply chain"

### 8.2. Table tracking LIFE 360 sector objectives

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*See also the following for more information about LIFE 360 performance*

▶ **Section IV. Criterion 9. 2)** "Environmental strategy & Performance"

### 8.3. Certifications and partnerships

*See also the following for information about other partnerships*

▶ **Section VI. Criterion 18.** "The CoP describes 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. A responsible sourcing guide identifies the key certifications for each strategic raw material. The Group developed a strategy to source and preserve raw materials that binds its Maisons to ensure that **by 2026, 100% of the strategic raw materials they purchase or produce are certified** to the highest standards.

**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

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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.

As part of its aim to achieve **zero deforestation**, LVMH and its Maisons rely in particular on Forest Stewardship Council (**FSC**) certification, which will ultimately account for 100% of its demand for wood, paper and card, as well as the wood (mixed and recycled) used to decorate its stores by 2026. The **partnership with the NGO Canopy**, established in spring **2021**, aims to eradicate deforestation from the wood, card and viscose supply chains through responsible sourcing.

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*Other partnerships include:*

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

At the **IUCN** (International Union for Conservation of Nature) World Conservation Congress in September 2021, LVMH presented its solutions for promoting diversity at a stand shared with **UNESCO**; Antoine Arnault spoke about the Group's commitment during the CEO Summit at the start of the congress. LVMH has been active for more than 10 years alongside many partners working to conserve biodiversity.

**LVMH is supported by a consultative Science Committee that helps support scientific research.** LVMH shares civil society's aim of improving animal welfare, as reflected in the charter unveiled by the Group in 2019. 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.

### 8.3.1. Fashion & Leather Goods

- **Certified 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, recycled cotton, or Better certified 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 **Welfare Fur 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.
- All hides purchased by the Heng Long tannery now come from farms certified as complying with the standard developed by LVMH in 2018;
  - **The standard was reviewed in 2021** to take into account the latest research findings on the welfare of farmed crocodilians and to ensure equivalence in outcomes with the International Crocodilian Farmers Association (**ICFA**) standard. This standard is based on four pillars:
    1. the **preservation** of the species and respect for local communities;
    2. the **well-being of the animal** through the stages of its life;
    3. the **working conditions** of the men and women on the farms;
    4. the protection of the environment.

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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. In 2021, the Group made significant progress in the level of certification of certain sourcing channels. Indeed, **100% of the exotic leather purchased by the Heng Long tannery now comes from farms certified** to the standards reviewed in 2021 to take account of the latest findings from research into the welfare of farmed crocodilians.

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.**

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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.

- ✓ Several projects are also being monitored and deployed by LVMH and its Houses for the cashmere supply chain via the **Sustainable Fiber Alliance**, ICCAW 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. 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

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. The Group is also a **member of the French Veal Project** aimed at developing a welfare standard for French farmed calf (farm, transportation and abattoir).

### 8.3.2. Watches & Jewelry

The Watches and Jewelry business group has set itself **three key LIFE 360 targets in relation to its supply chain to be achieved by 2026:**

- **all supplies of gold** to be purchased from sustainable sources, including Responsible Jewellery Council Chain-of-Custody (RJC CoC) or equivalent certification for recycled gold and **RJC CoC** or equivalent certification for mines for new gold. The Group is currently working to recognize other standards for future adoption such as the Initiative for Responsible Mining Assurance (IRMA), Fairmined, Fairtrade and the CRAFT and Swiss Better Gold Association (SBGA) initiatives;
- **all supplies of diamonds** to be purchased from **RJC CoP certified** suppliers;

- **all supplies of colored gemstones** to be purchased from suppliers certified **RJC CoP** or equivalent or verified via the Gemstones and Jewellery Community Platform (**GJCP**).

All of the Watches and Jewelry Maisons have received certification under the Responsible Jewellery Council's Code of Practices standard, known as RJC CoP. As part of the LIFE 360 targets, and in line with this certification, which applies to their gold and diamond supply chains, they expanded their responsible sourcing efforts. **Bulgari** is particularly active in this area, and has become the **first company in its market to obtain the Chain of Custody (CoC) certification for its jewelry business**. The Group and its Maisons are also involved in the Coloured Gemstones Working Group (**CGWG**) run by The Dragonfly Initiative. The CGWG aims to roll out **environmental and social best practice across the colored gemstone sector** by making all tools developed by the initiative available to the industry on an open-source basis and allowing industry players to assess the maturity of their practices

### 8.3.3. Perfumes & Cosmetics

The Perfumes and Cosmetics business group has set itself **three key LIFE 360 targets** in relation to its supply chain to be achieved by 2026:

- ✓ **all supplies of palm oil** to be purchased from sustainable sources, including **RSPO**-certified palm oil and palm oil from regenerative agriculture;
- ✓ **all supplies of alcohol** to be purchased from sustainable sources, including **organic beet** and regenerative agriculture as well as alternative and innovative solutions;
- ✓ **all iconic ingredients** used by the Maisons to be **EUBT certified**.

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.
- The Perfumes & Cosmetics Houses are working to establish a supply chain while preserving plant resources. The Group's Research & Development Department and Maisons have been carrying out **ethnobotanical studies for a number of years**. They seek to identify plant species with a particular interest as components of cosmetic 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 LVMH's staff with its partners. As part of this initiative, Parfums Christian Dior's **Dior Gardens are plots dedicated to cultivating plant species** 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.

### 8.3.4. Wines & Spirits (sustainable viticulture)

Various certification systems have been established across winegrowing regions: **Viticulture Durable en Champagne** for champagne houses, environmental certification for cognac (Haute Valeur Environnementale), organic farming for certain vineyards, Napa Green in California, etc. LIFE 360 targets are as follows:

- ✓ for **vineyards owned** by the Group: all grapes to be from sustainable, **organic or regenerative winegrowing by 2026**;
- ✓ for **partner/supplier vineyards** (Champagne, cognac, wines): **80% of grapes** to be from sustainable, organic or regenerative winegrowing by 2026.

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 “2021 Universal Registration Document (p. 85)"]

- 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).
- **In June 2022**, LVMH’s wine and spirits arm **Moët Hennessy** hosted the first edition of the **World Living Soils Forum**. The event mobilized specialists and stakeholders around actions to **preserve living soils**. This groundbreaking forum brought together some one hundred experts from across the globe who share a deep commitment to protecting and regenerating soils.

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## II. Robust Human Rights Management Policies & Procedures

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

#### Best practices

- ☑ **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)**
- ☑ **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)**
- ☑ **Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff**

#### 1. Commitments in the area of human rights

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 **Section I. Criterion 1. 1)** "Commitment and involvement at the highest level".

- **Compliance with international conventions:**  
 [📖 See: "2021 Universal Registration Document" (pp. 50-52)]

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"

- 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/](https://www.lvmh.com/investors/profile/governance-sri/documents/news/lvmh-maisons-in-the-u-s-sign-united-nations-standards-of-conduct-joining-the-fight-against-lgbti-discrimination/)

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.

## 2. Internal guiding tools

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 “2021 Universal Registration Document” (pp. 54-71).]

- a. **The LVMH Recruitment Code of Conduct**, implemented 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. The Group began work on **updating the Recruitment Code of Conduct in 2020** to better take into account new challenges and situations relating to recruitment, which will be completed in 2022. 2021-22
- b. **Health and Safety Charter**: Signed by the Group’s Executive Committee in April 2021, the Health and Safety Charter serves as the basis for a comprehensive approach across all the LVMH group’s operations with the aim of developing a “**zero accident**” culture. Each commitment is associated with a target to be met by 2025. The charter will be covered by an annual reporting process, with results published in this document. 2021-22

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

### *Best practices*

- ☑ **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)**
- ☑ **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):**
- ☑ **Internal awareness-raising and training on human rights for management and employees:**
- ☑ **Allocation of responsibilities and accountability for addressing human rights impacts**
- ☑ **Processes to provide for or cooperate in the remediation of adverse human rights impacts that the company has caused or contributed to (BRE 3+ BRE 4 + ARE3 + ARE 4)**
- ☑ **Operational-level grievance mechanisms for those potentially impacted by the company’s activities (BRE 4 +ARE 4):**
- ☑ **Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff**
- ☑ **Internal decision-making, budget and oversight for effective responses to human rights impacts**

## 1. Risk management

### 1.1. Risk identification processes

▶ See in **Section I. Criterion 2. 2)**. “Risk Identification”.

Human rights and fundamental liberties are clearly identified in the “**risk identification**” process.

“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 “2021 Universal Registration Document” (pp. 71-73).]

- In accordance with Article L.225-102-1 of the French Commercial Code, the “2021 Universal Registration Document” includes the **Group’s statement of non-financial performance** which identified the main risks/opportunities [📖 See “2021 Universal Registration Document” (pp. 76-77)]

<b>Social consequences</b>	- Loss of key skills and expertise. - Safeguarding health and safety at work. - Implementation of a policy to promote employee inclusion and fulfillment.
<b>Respect for human rights</b>	- 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.

- 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 “2021 Universal Registration Document” (pp. 54-57 & 71-73)]

<b>Human rights and fundamental freedoms</b>	<b>Individuals’ health and safety</b>	<b>Environment</b>
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### 1.2. Risk management processes

▶ See in **Section I. Criterion 2. 3)** “Risk management”.

### 1.3. Internal warning mechanism, sanctions and monitoring

▶ See in **Section I. Criterion 1. 2.1)** “Responsibility for control and implementation”.

## 2. Processes to support human rights

In this COP 2021-2022, see also:

- ▶ **Section VI. Criterion 16.** “Strategic social investments and philanthropy”
- ▶ **Section VI. Criterion 18.** “Partnerships and collective action”

## 2.1. Internal awareness-raising and training on human rights

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.

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.

▶ See in **Section I. Criterion 2. 5)** “Supplier and buyer support and training”

## 2.2. Children’s rights

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

- 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).
- In line with its commitment to pass on knowledge and expertise, the **Group continues to provide practical guidance** to young people as they build their career plans. The Group is moving forward with its “**Craft the Future 2022**” action plan, which involves many initiatives, in partnership with schools and universities in France and around the world. **The INSIDE LVMH platform** ([www.insidelvmh.com](http://www.insidelvmh.com)) helps students and young people around the world improve their knowledge of the luxury sector, while also offering the chance
- **By the end of 2022, the Group plans to hire 25,000 young people** under 30 worldwide, including nearly 5,000 internship or apprenticeship contracts and 2,500 permanent contracts in France.

2021-22

## 2.3. Facilitating employment for people with disabilities

- **Facilitating employment for people with disabilities** [📖 See “2021 Universal Registration Document” (p. 109)]

▶ See in **Section VI. Criterion 16. 4.2):** “Helping disadvantaged individuals find work”

- **Helping those in need** [📖 See “2021 Universal Registration Document” (pp. 108-111)]

▶ See in **Section VI. Criterion 16. 4.2): “Helping disadvantaged individuals find work”**

[📖 “2021 Social and Environmental Responsibility Report” (pp. 36-37) and "2021 Universal Registration Document" (p. 109)]

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. **In 2021**, LVMH signed the International Labour Organization (ILO) **Global Business & Disability Network Charter** and fixed a target of increasing the proportion of people with disabilities in its global workforce to **2% by 2025**

**2021-22**

### 2.3.1. Results

Worldwide, people with disabilities make up **1.2%** of the LVMH group’s workforce as of December 31, 2021. For the International Day of People with Disabilities on December 3, 2021, LVMH reiterated its commitment to better integrate people with disabilities into work and society by collecting narratives from teams across Europe, America and Asia in a series of videos entitled **“Looking Beyond Disabilities”** and communicating to all employees. It gave people with disabilities who have successfully integrated every level of the Group’s Maisons a platform to talk about their day-to-day reality on the job and the adjustments that still need to be made. In France, LVMH co-founded the **“Inclusiv’Day”** event held each year around the country to promote the integration of people with disabilities. The 2021 edition brought together 3,500 participants.

*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.*

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

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%

[📖 See “2021 Universal Registration Document” (p. 109).]

### 2.3.2. 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 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**.

**“Sheltered” and “supported” employment sector:** LVMH also encourages its Maisons to develop their relationships with companies specifically employing people with temporary or permanent severe disabilities, and provide them with special facilities and support (known as the “secteur protégé et adapté” in French). **The value of services entrusted to companies specifically employing people with disabilities totaled 7.8 million euros in 2021, in line with 2020 levels.**

Working with companies specifically employing people with disabilities		2015	2016	2017	2018	2019	2020	2021
France	<i>Purchases in M€</i>	6.2	6.5	7.1	8.3	8.8	<b>7.8</b>	<b>7.8</b>
	<i>Representing full-time-equivalent (FTE) jobs</i>	156	312	368	415	440	<b>384</b>	-

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.

#### 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 the United States, **Sephora** has pursued a program in place since 2017 whose goal is to have people with disabilities **make up 30% of the company's workforce across its five distribution centers**. As of 31.12.2021, 246 employees with disabilities have been hired, bringing the number of people with disabilities to 9% of its distribution center workforce.
- To help certain employees with disabilities remain in their jobs, **Moët & Chandon created MHEA, a disability-friendly company, in 2011**. Eligible employees can therefore continue working under conditions specifically designed to meet their needs. Since it was founded, **MHEA has hired more than 80 people**. 2021-22
- **Guerlain** has rolled out an innovative approach to workplace accessibility in partnership with two nonprofit organizations active in this area, **Vivre et Travailler Autrement and PEP 28**. Following workstation assessments and the resulting adjustments, along with training sessions for prospective hires and their managers, employees with severe autism began working at the Chartres production site. One of them was hired under a permanent contract in 2021 and another new hire is due to join the site's permanent staff in early 2022. A total of eight new hires are planned.

#### 2.4. 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". 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).

### 3. Equality of opportunity for men and women

#### 3.1. Results

- In 2021, **44% of key positions at LVMH were held by women**, compared with 23% in 2007. The Group aims to achieve gender equality in these positions by 2025. Seventeen of the Group's Maisons were led by women in 2021, two more than in 2020. Through its EllesVMH initiative, the Group is working closely with its Maisons to achieve this target and implementing coaching and mentoring programs.
- Women represent **71% of the Group's total workforce, and 74% of the people hired**
- LVMH scored 92.1 points out of 100 on the French government's Gender Equality Index.

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Proportion of women among joiners and in the Group's workforce<sup>(a)</sup>

(% women)	Joiners			Group workforce		
	2021	2020	2019	2021	2020	2019
<b>Breakdown by business group</b>						
Wines and Spirits	49	49	45	39	38	38
Fashion and Leather Goods	66	66	65	67	67	67
Perfumes and Cosmetics	85	84	85	82	82	83
Watches and Jewelry	67	58	60	65	59	59
Selective Retailing	84	82	83	83	83	83
Other activities	45	37	42	39	38	37
<b>Breakdown by job category</b>						
Executives and managers	67	64	65	65	64	65
Technicians and supervisors	68	67	68	67	66	68
Administrative and sales staff	78	79	79	78	79	80
Production workers	62	56	61	60	57	59
<b>Breakdown by geographic region</b>						
France	65	64	66	64	64	64
Europe (excl. France)	72	72	74	70	71	72
United States	77	80	79	74	75	78
Japan	65	71	73	72	73	73
Asia (excl. Japan)	74	73	75	76	76	77
Other markets	72	70	79	66	67	73
<b>LVMH group</b>	<b>74</b>	<b>73</b>	<b>75</b>	<b>71</b>	<b>71</b>	<b>73</b>

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

#### 3.2. 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 2021, 44% of key positions at LVMH were held by women**, compared with 23% in 2007

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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. **The first major group study on the pay gap between women and men was launched in 2021**, based on 2020 data. A sample of Maisons and Divisions covering 50% of the workforce was asked to report payrolls by social and professional categories, by age bracket and by men and women (split identical to that requested for the Gender Equality Index). The five largest geographical areas of the LVMH Group were concerned: France, Italy, Japan, Greater China (China, Macao, Hong Kong and Taiwan) and USA. The data was processed with a specialized firm.

**It was decided to renew the exercise on the 2021 data in order to be able to ensure the consistency of the difference over the two consecutive years and on the methodology applied.**

- In 2021, the LVMH group introduced SHERO Academy, the Group's first online coaching program open to all female employees. It offers two modules to get to know oneself better and cultivate an entrepreneurial spirit, along with over 40 hours of coaching provided by outside and in-house experts.
- The EllesVMH Coaching program has been offered to around 30 women a year for over 10 years. Redesigned in 2021, it gave 45 women leaders the opportunity to take part in six months of training, which included both individual coaching and mentoring by a Group senior executive. Specific programs have also been rolled out locally, such as Futur'Elles in the AsiaPacific region and Allyship in North America.

#### **4. Actions in favour of employees aged 50 and up**

The most experienced employees play an especially important role in passing on knowledge and expertise, but also the Group's values. Issues relating to older employees are addressed using specific approaches for each geographic region. **In 2021, employees aged 50 and up represented 23% of the workforce in France and 15% of the workforce outside France.** In France, specific company-wide agreements cover issues relating to older employees: reduction in working hours, quality of life, remote working, and the forward-looking management of jobs and skills.

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LVMH aims to keep its older employees in work by continuing to offer them a motivating and fulfilling work environment. **The Group implements an employee-centered approach to career development** that takes into account, as necessary, the lengthening of working lives and adjustments to workstations or working hours, while offering specific health checks, particularly in the context of the pandemic.

- By way of example, **Ruinart** has set up a **secondment program for vineyard workers** during the grapevine pruning season to avoid physical strain for older employees.
- Some of the Maisons, such as TAG Heuer, Zenith, DFS, Givenchy and Bodega Numanthia, have both employees and their managers take part in **unconscious bias training** to tackle discrimination experienced by older staff.
- Lastly, many of the Maisons, such as Berluti and Tanneries Roux, **enlist older employees to serve as mentors or tutors for younger workers.** Some of the Maisons offer end-of-career interviews and dedicated training to older employees.
- **LVMH also provides assistance in preparation for retirement.** In 2021, the Group's holding company launched **SWITCH**, a program for employees reaching the end of their careers, with the dual aim of providing information about their retirement plans and remaining at their side during this transition.
- Celine includes a focus on assistance provided for retirement at all its workshops for human resources personnel. Other Maisons like Loewe, Bvlgari, Domaine Chandon Argentina and LVMH Fragrance Brands offer both partial retirement arrangements, with the **employer assuming a portion of the resulting salary loss**, and extensions of employment contracts beyond the legal retirement age. In 2021, Royal Van Lent continued with its **Generatiepact pilot project to grant additional leave and promote part-time employment.**

#### **5. Raising awareness on psychosocial risks**

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 "2021 Social and Environmental Responsibility Report" (pp. 116-117).]

## 5.1. Revised Code of Conduct

- ▶ See in **Section I. Criterion 2. 1.1)** “The LVMH Code of Conduct”
- ▶ See in **Section I. Criterion 1. 2.1)** “Management of control and actions”

## 5.2. 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:** LVMH has taken action based on the results of its Global Pulse Survey conducted in 2020. More than **78,000 employees** responded to this survey and over 90% of them expressed their pride in working for their Maison and in belonging to the LVMH group. Remaining true to the core values of LVMH and in line with their differing contexts, the Maisons have designed action plans that are now an integral part of their road maps for human resources management. The main topics covered are flexible work arrangements, communication with staff, talent development and learning experiences, and diversity and inclusion. The Group drew on the findings of this survey to draft eight HR convictions, which were co-written and signed by the members of the Executive Committee.

## 5.3. 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 Alerts handled through dedicated whistleblowing systems can be used to help improve risk identification and prevention procedures, as part of a continuous improvement approach. The Group’s whistleblowing system **gave rise to 252 reports in respect of fiscal year 2021**. Most of these reports related to human resources matters.

- ▶ See in **Section I. Criterion 1. 2.1)** “Management of control and actions”



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

### *Best practices*

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

▶ See in **Section I. Criterion 1. 2.1)** “Management of control and actions”

▶ See in **Section I. Criterion 1. 1)** “Commitment & involvement at the highest level”

▶ See in **Section I. Criterion 1. 4)** “Employee Support”

▶ See in **Section I. Criterion 2. 1.1)** “The LVMH Code of Conduct”

▶ See in **Section I. Criterion 2. 3)** “Risk Management”

📖 See also “2021 Social and Environmental Responsibility Report” (p. 44-45): “Listening and engaging with employees”

### *III. Robust Labour Management Policies & Procedures*

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

##### *Best practices*

- ☑ Reference to principles of relevant international labour standards (ILO Conventions) and other normative international instruments in company policies
- ☑ Reflection on the relevance of the labour principles for the company
- ☑ Written company policy to obey national labour law, respect principles of relevant international labour standards in worldwide company operations and engage in dialogue with representative organization of the workers (international, sectoral, national).
- ☑ Inclusion of reference to the principles contained in the relevant international labour standards in contracts with suppliers and other relevant business partners
- ☑ Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff
- ☑ Specific commitments and Human Resources policies, in line with national development priorities or decent work priorities in the country of operation
- ☑ Structural engagement with a global union, possibly via a Global Framework Agreement
- ☑ Participation and leadership by employers' organizations (international and national) to jointly address challenges related to labour standards in the countries of operation, possibly in a tripartite approach (business – trade union – government).

*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 **Section I. Criterion 1. 1)** “Commitment & involvement at the highest level”

With regard to **commitments through supply chain**, see:

- ▶ See in **Section I. Criterion 2.** “Value chain implementation”

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

### *Best practices*

- ☑ Risk and impact assessments in the area of labour
- ☑ Dialogue mechanism with trade unions to regularly discuss and review company progress in addressing labour standards
- ☑ Allocation of responsibilities and accountability within the organization
- ☑ Internal awareness-raising and training on the labour principles for management and employees
- ☑ Active engagement with suppliers to address labour-related challenges
- ☑ Grievance mechanisms, communication channels and other procedures (e.g., whistleblower mechanisms) available for workers to report concerns, make suggestions or seek advice, designed and operated in line with the representative organization of workers
- ☑ Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff

### **1. Risk and impact assessments in the area of labour**

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. This annual report was **merged** with the environmental report **in 2020 and titled "Social and Environmental Responsibility Report"**. 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 "2021 Social and Environmental Responsibility Report"]

The "2021 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 in **Section I. Criterion 1. 2)** "Risk identification"
- ▶ See in **Section I. Criterion 1. 3)** "Risk management"

### **2. Recruitment Code of Conduct and recruitment without discrimination training program**

- ▶ See in **Section II. Criterion 3. 1)** "Commitments in the area of human rights"
- ▶ See in **Section II. 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 includes **promoting the sharing of knowledge and cross-functionality in general**. 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 help everyone reach their full potential, the Group also has a robust performance management system in place. **The performance and career review (PCR)** carried out via an application covers 50,000 employees across the Group. It takes the form of an annual interview between the employee and his or her line manager, supplemented in some cases by a mid-year meeting. The aim of this exchange is to take stock of the past year, **identify motivating goals and areas for improvement and learning**, and help shape the employee's professional development and career path. In order to adapt the Group's organizational culture and managerial practices to changing requirements, LVMH and all of the Maisons have introduced **a new approach to performance management, developed jointly with Louis Vuitton**.

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- This approach promotes three essential leadership values: **empowerment, cooperation and agility**. It includes giving employees the opportunity to propose their own self-directed learning or peer-to-peer learning plans to meet their improvement goals, by way of training projects or initiatives. It encourages more feedback, more collaboration, more agility and aims to make employees more responsible for their own growth and development throughout their career within the Group.
  - In 2021, **nearly 80% of key positions** within the Group were covered by a succession plan and **75% of the most strategic roles were filled internally**
  - In 2021, **more than 20,000 employees were able to take advantage of an internal transfer** opportunity. This total included 448 employees accepting a position abroad, in spite of restrictions due to the Covid-19 pandemic.
  - In 2022, **60,000 employees will experience this new approach**.

The **annual strategic Organizational Management Review (OMR)**: Each year, to anticipate and prepare for future challenges and opportunities, human resources staff, working closely with the Group's senior executives and managers, conduct an annual organizational and talent review, a **forward-looking analysis covering all the Group's Maisons**. Taking a systematic, structured and cohesive approach, this review highlights the strategic goals, business models and talent structures of each Maison. Worldwide in focus, it offers a **comprehensive overview of the Group's leaders and managers**. It helps to identify talent pools for future senior executives and high-potential employees, firm up succession plans, and anticipate skill and resource requirements. The subsequent action plans support LVMH's development. The data analyzed also shed light on the dynamic management of talent across the Group. **In 2021, nearly 80% of key positions within the Group were covered by a succession plan and 75% of the most strategic roles were filled internally**.

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.

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.

### 3. Dialogue mechanism with trade unions

▶ See in **Section I. Criterion 1. 2.3)** “Employee Representation”

### 4. Accountability & compliance

#### ➤ Responsibility:

▶ See in **Section I. Criterion 1.**

- 1) “Commitments and involvements 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. The EllesVMH Coaching program has been offered to around 30 women a year for over 10 years. Redesigned in 2021, it gave 45 women leaders the opportunity to take part in six months of training, which included both individual coaching and mentoring by a Group executive. Specific programs have also been rolled out locally, such as **Futur’Elles in the Asia-Pacific region and Allyship in North America**.
- others which include:
  - **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. A new application called **LumApps** is being developed to consolidate and share information to all employees of LVMH and the Maisons about LIFE 360 latest news, projects and initiatives. This new app will be specifically devoted to social and environmental responsibility.
- **"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.
- In 2021, LVMH opened the **SHERO Academy**, a brand new digital coaching platform that offers over 40 hours of content for all of its employees. The topic of workplace equality has also been discussed at numerous workshops on the SHERO platform, an internal website collating a range of articles, videos and podcasts to support female employees throughout their career.

**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 **Section I. Criterion 1.**

- 1) "Commitments and involvements at the highest level"
- 2) "Management and control of actions"

## **5. Active engagement with suppliers**

▶ See in **Section I. Criterion 2. 4)** "Supplier and buyer support and training"

Several examples of engagement are : [📖 See "2021 Universal Registration Document" (p. 54-55)]

- As part of its **Convergence project**, the Group continued to **expand its use of the EcoVadis platform in 2021**. 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 **1,450 suppliers** were invited to join the platform in 2021. **66% of suppliers were reassessed and 72% of these improved their score.**

- 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.
- Throughout 2021, Berluti conducted checks on **14 suppliers to ensure that specific Covid-19-related protocols were implemented**. A total of 45 protocols have been brought in since the start of the pandemic.
- 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.

## **6. Internal awareness-raising and training on the labour principles**

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**. Additionally, the decision was made in 2021 to create an **LVMH-wide training program on this subject**. Delivery of this training program, developed with the support of consulting firm Des Enjeux et Des Hommes, will begin in 2022. [📖 See "2021 Universal Registration Document t" (p. 56)]

As the pandemic continued throughout 2021, the Maisons maintained the changes they had made to their workspaces to carry on operating while keeping their teams safe. In 2021 LVMH also continued its efforts to raise awareness among its teams about **safety and risk prevention, enabling 77,432 people to receive training in this area**.

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.

## 7. Internal grievance mechanism and whistleblowing procedures

▶ See in **Section I. Criterion 1. 2)** “Management and control of actions”

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

### *Best practices*

- ☑ **System to track and measure performance based on standardized performance metrics**
- ☑ **Dialogues with the representative organization of workers to regularly review progress made and jointly identify priorities for the future**
- ☑ **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**
- ☑ **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**
- ☑ **Outcomes of integration of the Labour principles**
- ☑ **Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff**

### 1. Systems to track and measure performance

▶ See in **Section III. Criterion 7. 1)** “Risk and impact assessment 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.

In 2021, the **Health & Safety Policy was drawn up and signed** by the members of the Executive Committee and the Maison presidents to mark the World Day for Safety and Health at Work. It commits the **Maisons to work on five tangible areas, each with their own monitoring indicators and targets to achieve by 2025**. The five areas include: identifying priorities and formulating an approach; drawing up and regularly revising an action plan; rigorously analyzing results within the Maisons’ management committees; raise all employees’ awareness about risk prevention and first aid; and organizing an annual event to promote health, safety and well-being at work. **A Health & Safety referent was appointed within each Maison** that had signed the policy. Brought together as part of a Health & Safety Community, these referents are tasked with developing operational tools.

2021-22

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

Dialogue takes place at the **level of the Maisons**, which have their **own specific trade unions and employee representatives**, which are able to work together to make specific decisions suited to the brand they represent.



**At the Group level**, two additional bodies have been set up: **the Group Works Council** [scope: France] and the **European Works Council** with a European scope, where the Maisons' employee representatives and the management of the Group meet to address cross-functional, transnational issues. All the business groups' financial and business-related information is presented and workforce-related issues are freely discussed by employee representatives and the Group's management, represented by Chantal Gaemperle, Group Executive Vice President, Human Resources and Synergies, and the members of the Executive Committee.

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.

2021-22

► See in **Section I. Criterion 1. 3)** "Incentive scheme"

► **The value created by social internal best practices:**

All of the Group's social/societal initiatives generate savings in the **short, medium and long term**. The sum of the savings generated, costs avoided, and intangible value added are not monetized today as positive externalities and are not subject to internal consolidation for the 70 or so Group brands. The Human Resources Department nevertheless tracks and promotes the many social internal best practices which represent value created for Human Capital Development. **Many subsidiaries use different cross-cutting indicator allowing to manage and assess the quality of policies:** turnover rate, absenteeism, number of hours spent in training, training cost per employee, recruitment cost, recruitment duration, succession plans for critical positions, assessment process, number and decrease of work-related accident, productivity.

► Launched in 2007, the **EllesVMH** program 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 2021, LVMH opened the **SHERO Academy**, a brand new digital coaching platform that offers over 40 hours of content for all of its employees. The topic of workplace equality has also been discussed at numerous workshops on the SHERO platform,

2021-22

► LVMH has created its **Inclusion Index to monitor and strengthen diversity and inclusion** across the Group. It is **sponsored by two members of the LVMH group's Executive Committee:** Chantal Gaemperle, Group Executive Vice President, Human Resources and Synergies, and Jean-Jacques Guiony, Group Chief Financial Officer. This tool encourages initiatives and helps bring forth joint projects within the Maisons. The particularly hard-hitting initiatives of 2020 were celebrated on International Women's Day on March 8 and at the "Voices of Inclusion" online event held on June 28 marking Pride Month.

2021-22

► **In 2021, a training course on the risk of attitudes and behaviors motivated by racial bias** was delivered to more than 1,500 employees of sales teams in North America. This seminar reminds employees of the Group's rules of conduct and its principle of zero tolerance for discrimination and harassment; it also includes interactive role-playing exercises to provide practical tools for fighting bias. It thus helps store managers create **an inclusive and fair environment for both employees and customers**. In the United States, **Sephora** was the first retailer to join the **Fifteen Percent Pledge**, an initiative that asks businesses to dedicate 15% of their shelf space to Black-owned brands. **This target was reached by the chain in 2021.**

► **Expanding certification:**

► The **OHSAS 18001 and ISO 45001 certifications** – which have already been obtained by some Hennessy, Fendi, Parfums Christian Dior, Bvlgari and Belmond

2021-22

facilities – demonstrate the Group’s Maisons’ commitment to providing **the healthiest and safest working environment for all employees**. The Group involves suppliers in the assessment process and supports them to adopt better working or production procedures, and more socially and environmentally responsible practices. Hennessy, which created an Environment, Safety and Quality Department precisely so it could implement a health and safety management and certification process, became the first Spirits Maison in the world to obtain the ISO 14001 certification back in 1998. Fendi has six ISO 45001-certified facilities, including its head office, the Palazzo della Civiltà Italiana in Rome.

- In October 2021, seven Maisons (Berluti, Fendi, Givenchy, Loro Piana, Louis Vuitton, Acqua di Parma and Bulgari) came together to implement an online **training course for 25 site managers working for suppliers in Italy**. In December, 10 Maisons (Moët Hennessy, Berluti, Celine, Fendi, Givenchy, Loewe, Louis Vuitton, Bulgari, Parfums Christian Dior and Sephora) did the same **for 65 site managers working for suppliers in China**. The courses covered human rights, health and safety, the environment and anti-corruption.

#### ➤ **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. For the 17th 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

## 2. Dialogue mechanism with trade unions

▶ See in **Section I. Criterion 1. 2.3)** “Employee representation”

## 3. Risk management

▶ See in **Section I. Criterion 2. 3)** “Risk Management”

## 4. Active engagement with suppliers


▶ See in **Section I. Criterion 2. 5)** “Supplier and buyer support and training”

▶ See in **Section I. Criterion 2. 6)** “Participation in multi-party initiatives covering high-risk areas”

## 5. Results

Since 2007, selected employee-related disclosures for the Group have been **verified each year by an independent third party**. For fiscal year 2021, workforce-related data was verified by **Ernst & Young**, in accordance with Article R. 225-105-2 of the French Commercial Code.

**Total headcount as of December 31, 2021 stood at 175,647 employees, an increase of 17% compared with 2020.** Of this total, 159,564 employees were working under permanent contracts and 16,083 under fixed-term contracts. Part-time employees represented 15% of the total workforce, or 26,786 individuals. Staff outside France represented 81% of the global workforce. The Group’s average total full-time equivalent (FTE) workforce in 2021 **comprised 157,953 employees, up 6.48% compared with 2020.**

[ Labour indicators and KPIs are available in "Attracting and retaining talent" section" "2021 Universal Registration Document" (pp. 102-118)]

## IV. Robust Environmental Management Policies & Procedures

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

#### Best practices

- ☑ **Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development):**
- ☑ **Reflection on the relevance of environmental stewardship for the company**
- ☑ **Written company policy on environmental stewardship**
- ☑ **Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners**
- ☑ **Specific commitments and goals for specified years**
- ☑ **Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff**

#### 1. Commitments and involvement at the highest level

► See in **Section I. Criterion 1. 1)** “Commitments and involvement at the highest level”, topic “Strategy”

**Bernard Arnault, Chairman and Executive Officer**, has been involved in several explicit statements (especially at the AGM). Between 2019 and 2021, **Antoine Arnault** (head of communications and image) and LVMH Environmental Department also participated in a number of international conferences and events (IUCN Congress in Marseille September 2021, COP26 in Glasgow November 2021....)

#### ► **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. Measuring impacts on biodiversity is a complex matter. LVMH rolled out two methods: **the Global Biodiversity Score and an environmental footprint** for its entire value chain, including Scope 1, 2 and 3 emissions, covering issues relating to climate change, biodiversity and water.

LVMH’s commitments and actions are in keeping with the reference framework drawn up by **Science Based Targets for Nature**, which aims to align companies’ actions with international biodiversity protection goals. Taking into account the results of these measurements, LVMH is taking action and making protecting and regenerating biodiversity a major focus of its LIFE 360 environmental strategy, whose three targets aim to reduce impacts and regenerate biodiversity:

1. **zero net deforestation by 2026** and zero gross deforestation by 2030 within the Group’s supply chains;
2. **all strategic raw materials to be certified by 2026;**
3. **5 million hectares of flora and fauna habitat to be preserved, regenerated or restored by 2030.**

► See in **Section VI. Criterion 16. 7)** “Partnerships, professional exchanges and fundamental research”

*Below a list of initiatives to achieve these targets*

2021-22

- 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.
- 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.
- In 2019, the Group bolstered its commitment by signing a major partnership with UNESCO. "**Man and the Biosphere**" (MAB). A 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 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](http://www.act4nature.com/wp-content/uploads/2020/06/LVMH_VA_2020.pdf))
- In spring 2021, LVMH entered into a **partnership with Canopy**, an NGO whose program aims to avoid deforestation in the wood, cardboard and viscose sectors;
- In June 2021; the **Wines and Spirits** business group reaffirmed its social and environmental commitment through the "**Living Soils – Living Together**" program. This was underscored by the opening of the Robert-Jean de Vogüé research center in France's Champagne region, which will support the Maisons in their transition to more sustainable practices and their adaptation to climate change.
- At the **IUCN** (International Union for Conservation of Nature) World Conservation Congress in September 2021, **LVMH presented its solutions for promoting diversity at a stand shared with UNESCO**; Antoine Arnault spoke about the Group's commitment during the CEO Summit at the start of the congress. LVMH has been active for more than 10 years alongside many partners working to conserve biodiversity. The Group was the **first private-sector entity** to join the eight public research bodies on the Board of Directors of the French Foundation for Research on Biodiversity (**FRB**).

- LVMH also wants to contribute to the transfer of knowledge from the scientific sphere to the corporate and civil society spheres. This is what drives the Group to support, in particular, **research on an accounting system for natural capital**. This is a major challenge, since many public or private operators see protecting natural resources as hindering their development. LVMH wishes to provide a scientific insight, in order to encourage a better inclusion of natural resources in companies' strategies.
  - Two theses financed by LVMH have highlighted the **interdependence between companies and biodiversity**. LVMH intends to promote what is known as **“strong” sustainability**. Unlike “weak” sustainability, this concept is based on the complementarity between technical, human and natural capital, and therefore does not permit any interchangeability between these three types of capital. In the accounting system, it requires observance of environmental thresholds and balances in order to protect the environment.
- 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).

## 2. **Environmental strategy & Performance**

- ▶ See in **Section I. Criterion 1. 1)** “Commitments and involvement at the highest level”, topic “Strategy”
- ▶ See in **Section I. Criterion 2.** “Value chain implementation”

### ➤ **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.

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 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.

### 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.

In 2021 the **different targets and results** linked to **environmental stewardship** are summarized as follows

## 2.1. Creative Circularity

### Summary of LIFE 360 “Creative Circularity” achievements in 2021

Objectives	Performance in 2021	Performance in 2020	Target
<b>Zero virgin fossil plastics in customer packaging</b>			
Quantity of virgin fossil plastics in packaging that reaches customers (in metric tons)	8,632	9,162	0 (2026)
<b>70% recycled materials in customer packaging</b>			
Percentage of recycled materials in customer packaging for glass and plastic (by weight) <sup>(a)</sup>	41%	N/A	70% (2030)
Presence of ISO 14001-compliant environmental management systems (at manufacturing sites and distribution hubs)	70%	69%	100%

(a) Data from a report currently under development.  
N/A: Not applicable.

- **Ecodesign, Durability & waster reduction** [📖 See “2021 Universal Registration Document” (pp. 80-82)]:

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

**2021-22**

- 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.

The Maisons are working to reduce and recycle production waste, end-of-life products and unsold products. As regards waste circularity, **in 2021, 91% of waste was recovered (93% in 2020)**. Recovered waste is waste for which the final use corresponds to, listed in descending order of interest in accordance with European and French laws: reuse, recovery of materials (i.e. recycling, composting or land treatment) or incineration for energy production.

- In France, **the Perfumes and Cosmetics Maisons**, as well as Sephora since 2010 and Louis Vuitton since 2011, **have used the CEDRE** (Centre Environnemental de Déconditionnement, Recyclage Ecologique) **recovery and recycling facility** to handle all the waste generated by the manufacturing, packaging, distribution, and sale of cosmetic products. CEDRE accepts several types of articles: obsolete packaging, obsolete alcohol-based products, advertising materials, store testers, and empty packaging returned to stores by customers. In 2014, the service was expanded to accept textiles.
  - In 2019, 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 2021, around **3,717 metric tons of waste were processed** (2,920 metric tons in 2020). The various materials (glass, cardboard, wood, metal, plastic, alcohol and cellophane) are resold to a network of specialized recyclers.
- As another example, LVMH has set a target of ensuring that all site waste from store construction and renovation is locally recycled or reused. To achieve this, the Maisons complete the store construction process by implementing a **recycling indicator for construction waste**.
- In 2021, LVMH launched **Nona Source, a platform on which the Group's Maisons can resell their unused textiles**. As well as fostering greater circularity in the fashion industry, Nona Source also offers tangible support for young designers by offering high-quality fabrics at very competitive prices. **Over 60,000 meters of fabric was upcycled** in this way in 2021.
- In 2021, **LVMH entered into a partnership with WeTurn**, which has begun developing the first dedicated process for recycling unsold textiles, fabric rolls and production offcuts from prestigious Maisons protected by intellectual property rights by transforming them into new, **fully traceable high-quality European thread**.
- **Kenzo also ran an upcycling project with CETI** (European Center for Innovative Textiles) aimed at producing recycled thread from distressed inventory. The resulting recycled thread was used to make more **than 6,000 new T-shirts**.
- In 2021, the **Sustainable Store Planning** was created with more than **300 people involved and training stepped up with over 400 webinars held throughout the year**. An LVMH Store Planning classification system was developed in collaboration with the Maisons, listing the areas of improvement in relation to managing energy, water and waste, and developing the circular economy (for example, by using recycled materials and making premises free from VOCs, etc.)

The weight of waste generated changed as follows between 2020 and 2021:

<i>(in metric tons)</i>	Waste produced in 2021	Of which: Hazardous waste produced in 2021 <sup>(a)</sup>	Waste produced in 2020	Waste produced in 2021 pro forma <sup>(d)</sup>	Change in waste produced <sup>(d)</sup> (as %)
Wines and Spirits	78,881	439	52,256	78,696	51 <sup>(b)</sup>
Fashion and Leather Goods	19,422	4,739	13,125	18,915	44 <sup>(c)</sup>
Perfumes and Cosmetics	10,297	2,352	8,540	10,369	21
Watches and Jewelry	985	409	1,584	976	(38)
Selective Retailing	2,373	12	3,140	2,418	(23)
Other activities	1,625	74	2,042	1,625	(20)
<b>Total</b>	<b>113,584</b>	<b>8,025</b>	<b>80,687</b>	<b>112,998</b>	<b>40</b>

(a) Waste that must be sorted and processed separately from non-hazardous waste (such as cardboard, plastic and paper).

(b) This change is the result of a process change at one site.

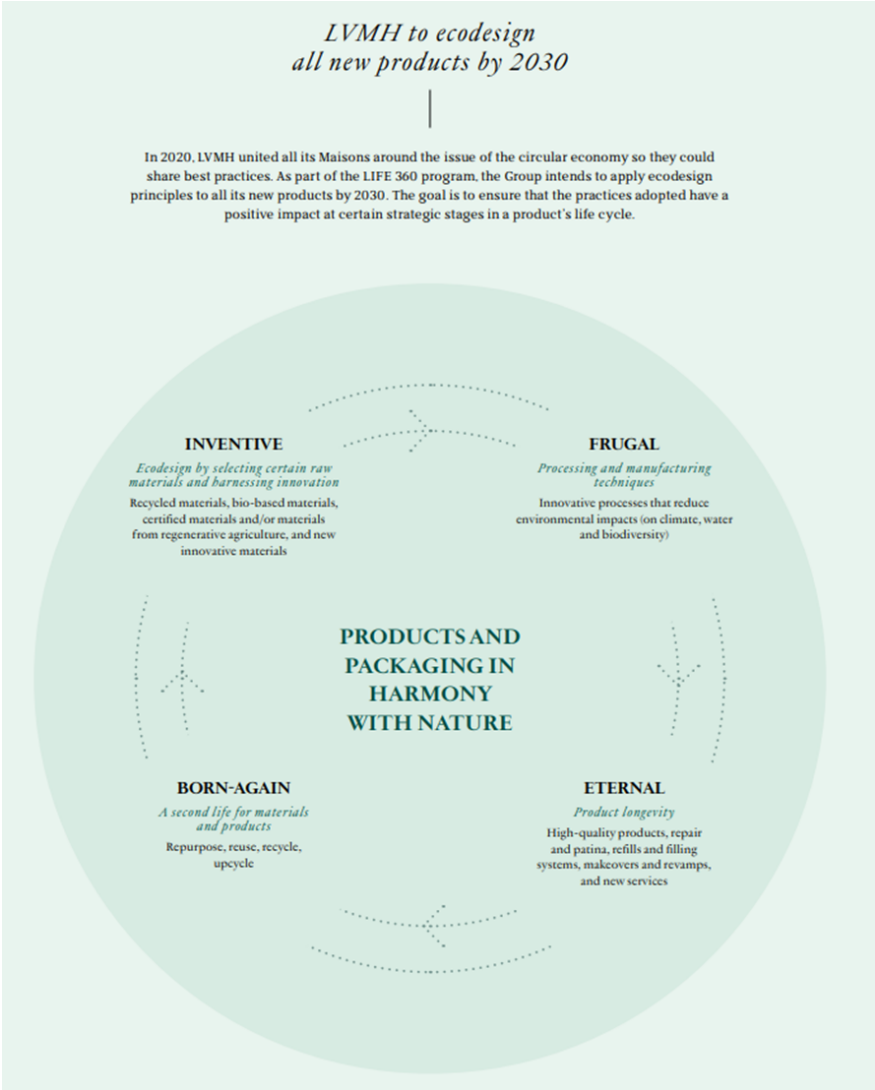
(c) This change is the result of exceptional activity at one site.

(d) Value and change at constant scope.

Waste was recovered as follows in 2021:

<i>(as % of waste produced)</i>	Re-used	Recovery of materials	Waste-to-energy recovery	Total recovery
Wines and Spirits	3	88	3	94
Fashion and Leather Goods	19	41	25	86
Perfumes and Cosmetics	1	75	17	93
Watches and Jewelry	1	46	25	72
Selective Retailing	2	38	38	78
Other activities	27	32	38	97
<b>Total</b>	<b>6</b>	<b>76</b>	<b>9</b>	<b>91</b>

- **Increasing the lifespan of products:** Bulgari’s **ecodesign approach** involves integrating recycled materials into its packaging, reducing its weight and volume, and offering services for recharges and refills. Consequently, the bottle for the Man Terrae Essence fragrance contains 40% recycled glass and the cap is made from 95% recycled plastic. The weight of cardboard in the packaging for Le Gemme fragrance has been reduced by 33%.
  - **Givenchy** has redeveloped its Soir Noir range, taking an ecodesign approach for each product. For example, the refillable Soir Noir skincare treatment has had the **weight of its packaging cut by 44% and its volume by 59%**. Furthermore, LVMH Recherche drew up a helpful ecodesign guide entitled “E-commerce packaging”. Stores have also been playing their part
  - The bottle for Christian Dior’s Sauvage fragrance has been designed to ensure it may be **easily refilled**



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

## 2.2. Biodiversity

### Summary of LIFE 360 “Biodiversity” achievements in 2021

#### Certification of strategic supply chains: LIFE 360 achievements in 2021

Indicators	Performance in 2021	Performance in 2020	Target for 2026
<b>Wines and Spirits</b>			
Grapes - Sustainable winegrowing certification (% certified grapes by weight; figures include still wines and eaux-de-vie)	LVMH vineyards: 92% French vineyards: 100% Rest of the world: 86%	LVMH vineyards: 92% French vineyards: 100% Rest of the world: 90%	LVMH vineyards: 100%
	Independent grape suppliers: 16%	Independent grape suppliers: 4%	Independent grape suppliers: 50%
<b>Fashion and Leather Goods</b>			
LWG certification of tanneries for bovine and ovine leather (leather from certified tanneries by weight, as %)	81%	74%	100%
LWG certification of tanneries for crocodile skin leather (crocodile skin leather from certified tanneries by weight, as %)	70%	N/A	100%
Certified cotton (% GOTS, Better Cotton, GRC, OCS and Supima certified cotton by weight)	61%	51%	100%
Certified paper, cardboard and wood <sup>(a)</sup> (% FSC- and PEFC-certified paper, cardboard and wood by weight)	77% <sup>(a)</sup>	N/A	100%
Certified fur (mink and fox) (% fur from farms certified as complying with one of the standards recognized by the FurMark program)	92%	87% <sup>(b)</sup>	100%
Certified sheep's wool (merino and other species) and cashmere (% wool and cashmere from farms certified RWS, ZQ, Authentico, New Merino, SustainaWOOL, Nativa or SFA)	24%	N/A	100%
Certification for all crocodile farms supplying the Group's tannery (% crocodile skin from farms certified as complying with LVMH's crocodile standard)	100%	86%	100%
<b>Perfumes and Cosmetics</b>			
Palm oil derivatives (RSPO-certified Mass Balance or Segregated palm oil derivatives by weight, as %)	95%	91%	100%
<b>Watches and Jewelry</b>			
Diamonds: RJC COP certification (carats of diamonds from COP-certified direct suppliers, as %)	99.9%	99%	100%
Gold: RJC COP certification	98%	79%	100%
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 <sup>(c)</sup>	93%	77%	100%

- **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. According to the LIFE 360 program, **Various certification** systems have been established across winegrowing regions: Viticulture Durable en Champagne for champagne houses, environmental certification for cognac (Haute Valeur Environnementale), organic farming for certain vineyards, Napa Green in California, etc.

**LIFE 360 targets** are as follows:

- for vineyards owned by the Group: all grapes to be from sustainable, **organic or regenerative winegrowing by 2026**;
- for partner/supplier vineyards (Champagne, cognac, wines): **80% of grapes to be from sustainable, organic or regenerative winegrowing by 2026**.

Maison performance

- At the end of 2020, Moët Hennessy had made **all of its own vineyards** in the Champagne region **herbicide-free** as part of its Living Soils program and plans to do the same by 2028 for its independent grape suppliers
- The Wines and Spirits business group reaffirmed its social and environmental commitment through the “**Living Soils – Living Together**” program. This was underscored by the opening of the Robert-Jean de Vogüé research center in France’s Champagne region, which will support the Maisons in their transition to **more sustainable practices and their adaptation to climate change**.
- **Hennessy takes steps to expand agroforestry**. Hennessy started to roll out regenerative agriculture across all its vineyards by eliminating the use of chemical weedkiller and planting trees. The Maison, which sponsors the French National Forests Office (**ONF**), introduced conservation grazing at its iconic 6-hectare Bagnolet facility and planted over 15,000 trees from 30 different species and over 4 km of hedges. **The aim is to plant 1,000 km in the Charentes area** over the next decade in partnership with Vitinnov, the French Chambers of Agriculture, the LPO, Prom’haies and les Planteurs Volontaires. Hennessy also partners with Reforest’Action.

▶ See in **Section I. Criterion 2. 8.3.4** “Wine & Spirits”

## 2.3. Transparency & Traceability

### Summary of LIFE 360 “Traceability & Transparency” achievements in 2021

#### Summary of LIFE 360 “Traceability and Transparency” targets for 2021

**2021-22**

Traceability indicators	Performance in 2021	Target for 2023
<b>Fashion and Leather Goods</b> (as % of quantities purchased in 2021)		
Sheep and cow leather - country of slaughter known	76%	100%
Exotic leather - country of slaughter known	90%	100%
Fur - country of rearing or trapping known	87%	100%
Wools (merino sheep and other species, and cashmere) - country of rearing known	62%	100%

#### Environmental labelling:

Sharing information about products’ environmental performance with customers has become a key requirement for the Group, which has set a target of ensuring that each product comes with a dedicated information system by 2030. With this in mind, LVMH is involved in **ongoing discussions on environmental labelling at both the French and European levels**, notably in respect of fashion products where quality and lifespan are of critical importance. Over the next three years, each business group will be equipped with the tools it needs to produce environmental indicators to be shared with customers.

#### Adoption of new traceability tools

- The Group launched a tender process in 2021 with the **intention of acquiring a system for mapping its strategic supply chains**. The objectives of this system are to monitor flows of materials along value chains and to **identify and mitigate environmental and social risks as well as risks to ethics and animal welfare**. In taking this approach, the Group aims to optimize synergies and streamline information management for Maisons and their suppliers. The Group and its Maisons have now identified a solution; the technology and **associated service will be piloted in the first half of 2022**.
- In addition, in 2021, LVMH developed new solutions tailored to each sourcing channel’s specific features, and together with Prada Group and Cartier (a subsidiary of Richemont) announced the launch of **the Aura Blockchain Consortium**: a unique, global blockchain solution, open to all luxury brands worldwide to address shared challenges in responsible sourcing. In keeping with the **Animal Materials Supply Charter** published in 2019, the Group’s Maisons are working to ensure that **their raw materials are traceable**; in 2021, the source of materials of **animal origin was known for 90% of exotic leathers, 87% of furs and 62% of wools**.

#### New information systems

The Group and its Maisons have begun rolling out **systems that measure the environmental impact of products as well as monitoring the sustainability of product design**. In 2021, LVMH took part in French and European methodological work on environmental labelling. Two Maisons, Louis Vuitton and Patou, are involved in **official testing of the European apparel standard** currently under development.

LVMH is also one of the founding members of **the Eco-Beauty Score Consortium**, which aims to develop a shared methodology for measuring and communicating the environmental footprint of cosmetic products.

In 2021, **4,000 products** sold by the Group’s Maisons already had an information system

## 2.4. Climate

### Summary of LIFE 360 “Climate” achievements in 2021

Indicators	Performance in 2021	Target for 2026
Energy-related CO <sub>2</sub> emissions (Scopes 1 and 2, baseline: 2019)	-6% <sup>(a)</sup>	-50%
Proportion of renewable energy in the Group's energy mix	39%	100%
Proportion of stores lit entirely by LED lighting	57% <sup>(b)</sup>	100%

(a) In accordance with the GHG protocol, performance between 2019 and 2021 is based on a recalculated 2019 scope that takes into account changes since 2021: inclusion of emissions from Maisons that joined the LVMH reporting scope (Belmond and Sephora North Asia); inclusion of emissions related to new sites opened since 2019; exclusion of emissions from sites present in 2019 but absent in 2021; inclusion of changes since 2019 in retail floor space, to which average 2019 emissions per square meter are applied. For entities for which 2019 data is not available, emissions for 2020 or 2021 are used instead, constituting a relatively conservative approach.

(b) Based on the scope of data available, which covers around 60% of all data.

LVMH’s climate targets have been **approved** by leading international third-party organization the **Science Based Targets initiative (SBTi)**, a coalition that brings together the Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wildlife Fund (WWF). Over and above the Group’s overall commitment, four of its Maisons – Louis Vuitton, Moët Hennessy, Parfums Christian Dior and Guerlain – also secured approval in 2021 for their carbon trajectories across their own scopes, confirming their goals built into each Maison’s strategy: “Our Committed Journey” for Louis Vuitton, “Living Soils” for Moët Hennessy, “Beauty as a Legacy” for Parfums Christian Dior and “In the Name of Beauty” for Guerlain.

2021-22

At a time when combating climate change is of vital importance, and corporate citizens must play a decisive role in this fight, **LVMH participated in COP26 to present its actions and engage in dialogue** with stakeholders:

- Antoine Arnault, head of Image and Environment at LVMH, was interviewed on behalf of the Group as part of the special study by the United Nations and Accenture: **The 2021 United Nations Global Compact – Accenture CEO Study on Sustainability**: “Climate Leadership in the Eleventh Hour”. As the world’s largest program of CEO research on sustainable development, it draws on insights from over 1,000 CEOs across 113 countries and 21 industries;
- the Group also participated in the “**Net Zero Business and Value Chain**” conference held by EpE (Entreprises pour l’Environnement) at the EU Pavilion; the “Fashion Industry on the Race to Zero” conference held by the Fashion Industry Charter for Climate Action (UNFCCC); the “Private Sector Net Zero Goal: How can companies contribute to achieving global carbon neutrality, and report on their strategies?” conference held by **ADEME** and **Carbone 4**; and organized the “Preserving Biodiversity Can Help Mitigate Climate Change” conference at the French Pavilion.

### 3. Communication of policies & expectations to suppliers

▶ See in **Section I. Criterion 2. 7** “Communication of policies and expectations to suppliers”

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

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

- ☑ Assessments of lifecycle impact of products, ensuring environmentally sound management policies**
- ☑ Allocation of responsibilities and accountability within the organisation**
- ☑ Internal awareness-raising and training on environmental stewardship for management and employees**
- ☑ Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts**
- ☑ Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff**

### **1. Risk management**

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 in **Section I. Criterion 2. 2)** “Risk identification”
- ▶ See in **Section I. Criterion 2. 3)** “Risk management”
- ▶ See in **Section IV. Criterion 9** “Robust commitments, strategies or policies in the area of environmental stewardship”

#### **1.1. Key internal & external certification processes**

The Maisons are certified against a wide range of certifications schemes.

- At the end of 2021, **70% of all the Group’s manufacturing sites were ISO 14001-certified**
  - Some of LVMH’s Maisons use standards other than ISO 14001 in order to make progress from an environmental standpoint [📖 See “2021 Universal Registration Document” (pp. 81&84)]:
- 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.

**Both in store and across sites, the shift to renewable or low carbon energy is already underway, with a view to reach 100% by 2026**, across all the Group's business lines.

- Moreover, Guerlain's main production facility, **La Ruche**, switched to **100% biomethane** in July 2021, which will enable the Maison's factories to reduce their carbon footprint by 95%.
- Also, **all Dior's industrial and logistics sites** in France, Switzerland, Germany and Italy opted for **green electricity contracts**. Many sites are equipped with photovoltaic panels or geothermal installations.
- Since 2019, all **Sephora sites** in the US have been **powered by green electricity**.
- In 2021, **Belvedere** inaugurated its **biomass plant** that will serve to cut its CO2 emissions from energy consumption at the distillery by 95% by 2022.

[📖 See "2021 Social & Environmental Report" (p. 89)]

**Promote the eco-design of the boutiques** [📖 See "2021 Social and Environmental Responsibility Report" (p. 89)]:

New and renovated stores are **assessed against the LIFE in Stores scoring matrix**, drawn up in 2015 on the basis of the most stringent international references, including LEED®, BREEAM®, Greenstar, HQE, Well and Beam. Furthermore, architects and store planners can access cutting-edge lighting solutions through the LVMH Lighting platform. They receive **special training, through programs such as La fresque de la construction**, to focus their minds on the importance of cutting the Group's carbon footprint. By 2026, all stores will use LED lighting, and by end-December 2021, 40% of retail space was already lit in this way following the considerable push made at Le Bon Marché to retrofit LED lighting across its entire 51,528 m2 store.

- **The "Better Stores" program** calculated the annual consumption of stores to identify the worst performers. The threshold was set at 700 kWh/m<sup>2</sup> in 2020 and 600 kWh in 2021, but will be progressively cut to 500 kWh in 2023, 400 kWh in 2026 and 300 kWh in 2030. A 15-point questionnaire serves to identify the most pressing areas for improvement.
- **LVMH and SAVE Energies**, France's second-largest purchaser of biomethane, joined forces in fall 2021 for a three-year period to substitute the use of natural gas in France by gas produced from organic waste, thereby reducing CO2 emissions by 81%. This approach will successfully avoid 14,000 metric tons of CO2 equivalent

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 "2021 Social and Environmental Responsibility Report" (pp. 89)]
- 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

- **Give preference to certified supplies** [📖 See “2021 Universal Registration Document (pp. 84-90) and “2021 Social and Environmental Responsibility Report” (p. 72)]

▶ See in **Section I. Criterion 2. 8)** “Target relating to specific challenges for groupes of activities”

- **Make a commitment to animal well-being** [📖 See “2021 Social and Environmental Responsibility Report” (p. 81) and 2021 Universal Registration Document” (pp. 84-86)]

▶ See in **Section I. Criterion 2. 8)** “Target relating to specific challenges for groupes of activities”

- **Use sustainable supplies of plant-based raw materials** [📖 See “2021 Universal Registration Document” (pp. 84-90)]

See in:

▶ See in **Section 1. Criterion 2; 8.3)** “Certifications and partnerships”

▶ See in **Section IV. Criterion 9. 2.2)** “Biodiversity”

- **Monitor the materials and substances present in the products** [📖 See “2021 Social and Environmental Responsibility Report” (p. 96)]

▶ See in **Section I. Criterion 2. 8)** “Target relating to specific challenges for groupes of activities”

▶ See in **Section I. Criterion 2. 1)** “Group Ethic and Code of Conduct”

## 1.2. Assessments of lifecycle impact of products

**Widespread roll-out of eco-design:** The **LIFE 360 Program** reinforced the previous product eco-design target through the strategic priority “Creative circularity” requiring that by 2030 100% of products be eco-designed. [📖 See "2021 Social and Environmental Responsibility Report" (p. 68)]

The Group has prepared 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.

### LCA of products

- In order to improve, all the Maisons 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.
- **P&C:** In 2021, tools to measure the environmental footprint of products were put in place within the Perfumes & Cosmetics Maisons, through the development of the **IFE (Environmental Impact of Formulas)**. 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.
- **F&LG : Fairly Made** developed a platform to measure the impact of products, including traceability and environmental impact, that is currently being trialed by the Fashion & Leather Goods Maisons.
- **W&S:** 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.

### LCA of packaging

**Edibox**, is an internal tool used to calculate the **Environmental Performance Index** (EPI) of packaging in light of the LIFE 360 targets, such as eliminating the use of virgin fossilbased plastics and recyclability. It also calculates an **environmental footprint** aligned with the requirements to display the environmental impact of products.

- The Houses of the Wines & Spirits and Perfumes & Cosmetics business sectors now calculate the EPI for all their products.
- In 2022, the Group is exploring a similar tool for Watches & Jewellery group activities.

### Examples of ecodesign efforts by the Group and Maisons:

- In 2021, **Louis Vuitton expanded its range of ecodesigned products**, which also carry a newly designed LV logo inspired by the symbol for recycling. Loewe has designed a bag made with strips of excess leather. 2021-22
- **Berluti sends its surplus materials to the artist Jorge Penadès**, who transforms them into furniture for Belmond hotels and stores.
- As artistic education represents a breeding ground for innovative ideas, **LVMH and Central Saint Martins**, the London-based College of Art and Design, presented “Maison/0 for regenerative luxury” on Earth Day 2021. **This five-year partnership** opens new academic programs to promote design as a catalyst for sustainable innovation. In addition to a number of action plans, the partners present two “**Maison/0 Awards**”— the “**Green Trail**”, set up in 2018, which celebrates innovative responses from graduating students to the climate and biodiversity emergencies across all categories of design, and since 2021, the “This Earth Award”, which celebrates the power of artistic practice to advocate for nature.
- To achieve the target of 70% by 2030, LVMH stepped up its research into new components with a view to develop substitute materials. **Bulgari’s ecodesign approach** involves integrating recycled materials into its packaging, reducing its weight and volume, and offering services for recharges and refills. Consequently, the bottle for the Man Terrae Essence fragrance contains **40% recycled glass and the cap is made from 95% recycled plastic**. The weight of cardboard in the packaging for Le Gemme fragrance has been reduced by 33%. Givenchy has redeveloped its Soin Noir range, taking an ecodesign approach for each product. For example, the refillable Soin Noir skincare treatment has had the weight of its packaging cut by 44% and its volume by 59%. **LVMH Recherche drew up a helpful ecodesign guide** entitled “E-commerce packaging”. Stores have also been playing their part 2021-22
- **An LVMH Store Planning classification system was developed in collaboration with the Maisons**, listing the areas of improvement in relation to managing energy, water and waste, and developing the circular economy (for example, by using recycled materials and making premises free from VOCs, etc.). Furthermore, the Group deployed a system to analyze the life cycle of POS displays. Harmonized and developed in close 2021-22

collaboration with suppliers, the system is operated by the Point of Purchase Advertising International (POPAI) trade association.

- **In 2021, LVMH deployed the Global Biodiversity Score** and in 2022, updated its life cycle analysis of its entire value chain with geographically specific biodiversity indicators. This innovative and pioneering approach is still relatively rarely adopted. The analysis will be enriched through direct collaboration with specialists. 2021-22
- **LVMH has bolstered its innovation policy** to develop new materials using bacteria, plants and keratin, and systematically conducts life cycle assessments to guide its choices. The Group is involved in a number of initiatives to raise the environmental requirements set out in standards such as the Textile Exchange or the Coloured Gemstones Working Group (CGWG).

### 1.3. 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 in **Section I. Criterion 2. 8)** “Target relating to specific challenges for groups of activities”
- ▶ See in **Section I. Criterion 2. 1)** “Group Ethic and Code of Conduct”

### 1.4. Suppliers-related risk management

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

- ▶ See in **Section I. Criterion 2. 3)** “Risk Management”
- ▶ See in **Section I. Criterion 1. 1)** “Commitments and involvement at the highest level”
- ▶ See in **Section I. Criterion 1. 2)** “Management and control of actions”

- **Certifications of suppliers**

- ▶ See in **Section I. Criterion 2. 8)** “Target related to specific challenges for group of activities”
- ▶ See in **Section IV. Criterion 9. 2)** “Environmental strategy and performance”

## 2. Expenses and provisions

[📄 See "2021 Universal Registration Document" (p. 78)]:

In 2021, **expenses related to environmental protection broke down as follows:**

- Operating expenses: 32 million euros (2020: 24.4 million euros);
- Capital expenditure: 16.6 million euros (2020: 10.4 million euros).

**Provisions for environmental risks** amounted to 12.4 million euros as of December 31, 2021. This amount corresponds to the financial guarantees required by law for Seveso upper-tier establishments.

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.

### 3. Accountability within the organization

#### Responsibilities and accountabilities:

- ▶ See in **Section I. Criterion 2. 3)** “Risk Management”
- ▶ See in **Section I. Criterion 1. 1)** “Commitments and involvement at the highest level”
- ▶ See in **Section I. Criterion 1. 2)** “Management and control of actions”

➤ **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 "2021 Social and Environmental Responsibility Report" (pp. 130-138).]
- Any request to consult the “environmental reporting protocol” may be made by sent to the following address: [contact\\_environment@lvmh.fr](mailto: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 2021, 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 2021 URD pp. 64-65).

**Appendix 1: Information considered the most important**

<b>Workforce-related information</b>	
<p><b>Quantitative information</b> (including key performance indicators)</p> <ul style="list-style-type: none"> <li>- Breakdown of the workforce as of December 31, 2021 by gender and job category</li> <li>- Recruitment on permanent contracts from January 1 to December 31, 2021 (breakdown by gender)</li> <li>- Turnover among employees on permanent contracts from January 1 to December 31, 2021 (total, voluntary and involuntary)</li> <li>- Proportion of employees on permanent contracts trained between January 1 and December 31, 2021 by job category</li> <li>- Average number of days' training for employees on permanent contracts</li> <li>- Absence rate by reason</li> <li>- Work-related accident frequency rate</li> <li>- Work-related accident severity rate</li> </ul>	<p><b>Qualitative information</b> (actions and results)</p> <ul style="list-style-type: none"> <li>- Workplace health and safety</li> <li>- Inclusion and diversity among employees</li> <li>- Implementing the employer policy and attracting and retaining students and recent graduates</li> <li>- Training and support for employees throughout their careers</li> <li>- Constructive labor relations</li> </ul>
<b>Environmental information</b>	
<p><b>Quantitative information</b> (including key performance indicators)</p> <ul style="list-style-type: none"> <li>- Proportion of manufacturing sites certified ISO 14001 (%)</li> <li>- Total energy consumption (MWh) ✓</li> <li>- Energy-related greenhouse gas emissions - Scope 1 and 2 (metric tons of CO<sub>2</sub> equivalent) ✓</li> <li>- Greenhouse gas emissions generated by outbound transport - Scope 3 (metric tons of CO<sub>2</sub> equivalent) ✓</li> <li>- Total water consumption for process requirements (m<sup>3</sup>)</li> <li>- Total water consumption for agricultural requirements (m<sup>3</sup>)</li> <li>- Total waste produced (metric tons)</li> <li>- Total hazardous waste produced (metric tons)</li> <li>- Waste recovery rate (%)</li> <li>- Total packaging that reaches customers (metric tons) ✓</li> </ul>	<p><b>Qualitative information</b> (actions and results)</p> <ul style="list-style-type: none"> <li>- Organization of the environmental approach, particularly governance and commitments, including the LIFE 360 program</li> <li>- Environmental impact of packaging and monitoring of the LIFE "Creative Circularity" target</li> <li>- Combating climate change and monitoring the LIFE "Climate" target</li> </ul>
<b>Social information</b>	
<p><b>Quantitative information</b> (including key performance indicators)</p> <ul style="list-style-type: none"> <li>- Proportion of grape supplies, eaux-de-vie and still wines (in kg), from the Group's own vineyards or from purchases, with sustainable winegrowing certification (%) ✓</li> <li>- Proportion of supplies of palm oil, palm kernel oil and their derivatives (in kg) certified RSPO Mass Balance or Segregated (%) ✓</li> <li>- Proportion of sheep and cow leather supplies (in m<sup>2</sup>) sourced from LWG-certified tanneries (%) ✓</li> <li>- Proportion of exotic leather (crocodile) supplies (number of skins) sourced from LWG-certified tanneries (%)</li> <li>- Proportion of gold supplies (in kg) certified RJC CoC ✓</li> <li>- Proportion of gold supplies (in kg) sourced from RJC CoP-certified suppliers ✓</li> <li>- Proportion of diamond supplies (in carats) sourced from RJC CoP-certified suppliers ✓</li> <li>- Proportion of certified cotton supplies (in metric tons) (%) ✓</li> <li>- Proportion of certified fur supplies (mink and fox) (in kg) (%)</li> <li>- Proportion of certified sheep's wool (merino and other species) and cashmere (in kg) (%)</li> <li>- Number of social and/or environmental audits carried out on suppliers and subcontractors</li> </ul>	<p><b>Qualitative information</b> (actions and results)</p> <ul style="list-style-type: none"> <li>- Environmental standards applied to the supply chain and monitoring of the LIFE "Traceability" and "Biodiversity" targets</li> <li>- Implementation of the Charter on Working Relations with Fashion Models and Their Well-Being</li> <li>- Supplier assessment and support</li> <li>- Management of personal data</li> <li>- Business conduct and ethics</li> </ul>

**4. Awareness-raising and training on environmental stewardship**

**4.1. Internal awareness-raising and training**

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. Another tool called LumApps will be soon available for all employees. This new app will be specifically devoted to social and environmental responsibility and the Life 360 Program. LumApps will both be an information resource and a collaborative

working tool for Environmental representatives. Employees can also receive newsletters from the site and subscribe to newsflashes.

In 2016, the Group established an in-house **Environment Academy** to serve this role. The Academy designs training programs based on the major objectives of the LIFE program, using a range of learning materials – including face-to-face training sessions, e-learning modules and virtual classes – covering a large number of subjects, from sustainable design to environmental audits. Sustainable design training was delivered in 2021 focusing on products, stores and also biodiversity. In addition, almost all Maisons continued with their employee environmental training and awareness programs. These programs totaled 20,106 hours. To optimize the environmental performance of its stores, LVMH runs a program of monthly webinars for the Store Planning and Environment community mainly focusing on sustainable building design in accordance with Group and LIFE 360 guidelines.

▶ See in **Section I. Criterion 2. 5)** “Supplier and buyer support and training”

#### 4.2. Supplier awareness-raising and training

As part of its **Convergence project**, the Group continued to expand its use of the EcoVadis platform in 2021. 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 1,450 suppliers were invited to join the platform in 2021. 66% of suppliers were reassessed and 72% of these improved their score.

##### ➤ **Communication of expectations towards suppliers**

▶ See in **Section I. Criterion 2. 7)** “Communication of policies and expectations to suppliers”

##### ➤ **Training towards suppliers**

▶ See in **Section I. Criterion 2. 5)** “Supplier and buyer support training”

▶ See in **Section I. Criterion 2. 3)** “Risk management”

▶ See in **Section III. Criterion 7. 5)** “Active engagement with suppliers”

##### ➤ **Certifications of suppliers**

▶ See in **Section I. Criterion 2. 8)** “Target related to specific challenges for group of activities”

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 **Section VI. Criterion 18. 7)** “Universities and Business Schools”

## 5. Reporting concerns or seeking advice regarding environmental impacts

### 5.1. Internal warning mechanisms

▶ See in **Section I. Criterion 1. 2.1) “Responsibility for control and implementation”**

📖 See also “2021 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](mailto:contact_environment@lvmh.fr)

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. Another tool called LumApps will be soon available for all employees. This new app will be specifically devoted to social and environmental responsibility and the Life 360 Program. LumApps will both be an information resource and a collaborative working tool for Environmental representatives. Employees can also receive newsletters from the site and subscribe to newsflashes.

### 5.2. Other communication channels

➤ **Transparency on the environmental performance of products has become a priority as part of the LIFE360 Program:**

Sharing information about products’ environmental performance with customers has become a key requirement for the Group, which has set a target of ensuring that each product comes with a dedicated information system by 2030. **With this in mind, LVMH is involved in ongoing discussions on environmental labelling at both the French and European levels**, notably in respect of fashion products where quality and lifespan are of critical importance. Over the next three years, each business group will be equipped with the tools it needs to produce environmental indicators to be shared with customers. **In 2021, over 4,000 products have already been given their own information system.** Several Maisons, such as Sephora, Guerlain, Parfums Christian Dior and Hennessy have put in place a transparency platform and share product information. By collating all its supplier data online, Fendi made significant progress in the **Fashion Transparency Index 2021**. In addition, the Group endeavors to standardize the information it shares with clients, ensuring they are guided by scientific fact. That is why LVMH is involved in discussions at national and European levels about environmental performance labeling in fashion. **The Group was also one of the founding members of the EcoBeautyScore Consortium**, aiming to develop an industry-wide environmental impact assessment and scoring system for cosmetics products.

➤ **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 360” 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.

*Prudent use of chemical compounds*

► See in **Section I. Criterion 2. 5)** “Supplier and buyer support and training”

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 “2021 Universal Registration Document” (pp. 57-58)]

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](http://www.wineinmoderation.com) for wines, [www.responsibleddrinking.eu](http://www.responsibleddrinking.eu) for spirits and [www.drinkaware.co.uk](http://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.

*Prudent use of chemical compounds*

- ▶ See in **Section VI. Criterion 16.** “Strategic social investments and philanthropy”
- ▶ See in **Section VI. Criterion 18.** “Partnerships and collective actions”

📖 See "2021 Social and Environmental Responsibility Report" (pp. 120-124) according the following categories of information:

2021-22

- 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**

*Best practices*

- ☑ **System to track and measure performance based on standardized performance metrics**
- ☑ **Leadership review of monitoring and improvement results**
- ☑ **Process to deal with incidents**
- ☑ **Audits or other steps to monitor and improve the environmental performance of companies in the supply chain**
- ☑ **Outcomes of integration of the environmental principles**
- ☑ **Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff**

## 1. System to track and measure performance

The environmental report is prepared using an in-house web-based tool consisting of four kinds of questionnaires:

- A questionnaire compiling corporate data: training, packaging, etc.
- A downstream transportation questionnaire
- A raw materials questionnaire
- One or more questionnaires compiling data specific to the manufacturing sites: water and energy consumption, waste production (quantity and type), and waste processing, etc.

**In total, each Maison collects data for around 100 categories.** The data are then checked and automatically consolidated in a central file, which has many control and warning mechanisms (abnormal data and consistency problems, etc.).

In addition, the Group launched a call for tender in 2021 to integrate a mapping system into its strategic sourcing channels in order to **accurately monitor the flow of materials through the value chain, as well as identify and mitigate any environmental, social, ethical and animal welfare risks**. After spending six months considering the various solutions, the Group and its Maisons chose Sourcemap, which has been rolled out as a **pilot project in the first half of 2022** to trial both the technology and the service. In order to build robust environmental information systems for a product, it is essential to be able to accurately map supply chains and harness sophisticated traceability tools.

### ➤ **System to track and measure performance based on standardized performance metrics**

- ▶ See in **Section I. Criterion 1. 1)** “Commitment and involvement at the highest level”
- ▶ See in **Section I. Criterion 1. 2)** “Management and control of actions”

### ➤ **Process to deal with incidents**

- ▶ See in **Section I. Criterion 2. 3)** “Risk management”
- ▶ See in **Section I. Criterion 2. 5)** “Supplier and buyer support and training”

### ➤ **Auditing/monitoring the suppliers:**

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

## 2. 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 in **Section VI. Criterion 16. 3)** “Strategic social investments and philanthropy”
- ▶ See in **Section VI. Criterion 18. 5)** “Partnerships and collective action”

- **No incidents to report in 2020 and 2021.** The amount of EUR 12.4 million as of December 31, 2021 and December 31, 2020 corresponds to the financial guarantees required by law for Seveso upper tier establishments  
 . [📖 See “2021 Universal Registration Document” (p.77)]

2021-22

- LVMH is assessed** on its environmental policy by its external stakeholders. In 2021, the Group was included in the main indices based on responsible investment criteria: FTSE4Good Global 100, Euronext Vigeo Eurozone 120 (67/100), S&P (71/100), CDP Climate (A-), CDP Water (A-) and CDP Forests (A-).  
 [📖 See “2021 Universal Registration Document” (p.76)]

2021-22

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 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.

2021-22

- ▶ See in **Section I. Criterion 1. 1)** “Commitment and involvement at the highest level”
- ▶ See in **Section IV. Criterion 9. 2)** “Environmental strategy and performance”

The Group is convinced of its responsibility for biodiversity and climate change. 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 360 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, 2020 and 2022. 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).

*Other examples of outcomes from the integration of environmental principles*

2021-22

- **A total of 657,000 hectares was preserved or restored in 2021**
- **Direct emissions (Scope 1) and indirect emissions (Scope 2)**

Scope 1 emissions are those generated mainly through the combustion of fuel oil and natural gas. Scope 2 emissions are those generated indirectly from energy use, mainly electricity used in stores and at the Group’s production sites.

Energy-related CO<sub>2</sub> emissions by business group changed as follows between 2020 and 2021:

(in metric tons of CO <sub>2</sub> equivalent)	CO <sub>2</sub> emissions in 2021		Of which:	CO <sub>2</sub> emissions in 2021 estimated store scope <sup>(c)</sup>	CO <sub>2</sub> emissions in 2020	CO <sub>2</sub> emissions in 2021 pro forma <sup>(a)</sup>	Change <sup>(a)</sup> <sup>(d) (as %)</sup>
	Direct CO <sub>2</sub> emissions	Indirect CO <sub>2</sub> emissions					
Wines and Spirits	34,470	27,536	6,934	-	33,796	34,431	2
Fashion and Leather Goods	107,301	24,482	82,819	38,349	107,404	106,764	(1)
Perfumes and Cosmetics	14,285	7,743	6,542	2,999	14,701	14,896	1
Watches and Jewelry	8,965	1,756	7,209	3,734	6,772	7,247	7
Selective Retailing	96,315	2,939	93,376	40,370	62,605	63,375	1
Other activities	28,842	6,599	22,243	107	6,051	12,142	101 <sup>(b)</sup>
<b>Total</b>	<b>290,177</b>	<b>71,055</b>	<b>219,123</b>	<b>85,559</b>	<b>231,329<sup>(e)</sup></b>	<b>238,855</b>	<b>3</b>

(a) Value and change at constant scope.  
 (b) Change linked to business levels.  
 (c) CO<sub>2</sub> emissions by stores not covered by reporting (26% of total sales floor area).  
 (d) Excludes estimated store power consumption.  
 (e) This figure does not include estimated emissions generated by stores in 2020.

## ○ Certification of strategic supply chains in 2021

### Certification of strategic supply chains: LIFE 360 achievements in 2021

Indicators	Performance in 2021	Performance in 2020	Target for 2026
<b>Wines and Spirits</b>			
Grapes - Sustainable winegrowing certification (% certified grapes by weight; figures include still wines and eaux-de-vie)	LVMH vineyards: 92% French vineyards: 100% Rest of the world: 86%	LVMH vineyards: 92% French vineyards: 100% Rest of the world: 90%	LVMH vineyards: 100%
	Independent grape suppliers: 16%	Independent grape suppliers: 4%	Independent grape suppliers: 50%
<b>Fashion and Leather Goods</b>			
LWG certification of tanneries for bovine and ovine leather (leather from certified tanneries by weight, as %)	81%	74%	100%
LWG certification of tanneries for crocodile skin leather (crocodile skin leather from certified tanneries by weight, as %)	70%	N/A	100%
Certified cotton (% GOTS, Better Cotton, GRC, OCS and Supima certified cotton by weight)	61%	51%	100%
Certified paper, cardboard and wood <sup>(a)</sup> (% FSC- and PEFC-certified paper, cardboard and wood by weight)	77% <sup>(a)</sup>	N/A	100%
Certified fur (mink and fox) (% fur from farms certified as complying with one of the standards recognized by the FurMark program)	92%	87% <sup>(b)</sup>	100%
Certified sheep's wool (merino and other species) and cashmere (% wool and cashmere from farms certified RWS, ZQ, Authentico, New Merino, SustainaWOOL, Nativa or SFA)	24%	N/A	100%
Certification for all crocodile farms supplying the Group's tannery (% crocodile skin from farms certified as complying with LVMH's crocodile standard)	100%	86%	100%
<b>Perfumes and Cosmetics</b>			
Palm oil derivatives (RSPO-certified Mass Balance or Segregated palm oil derivatives by weight, as %)	95%	91%	100%
<b>Watches and Jewelry</b>			
Diamonds: RJC COP certification (carats of diamonds from COP-certified direct suppliers, as %)	99.9%	99%	100%
Gold: RJC COP certification	98%	79%	100%
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 <sup>(c)</sup>	93%	77%	100%

(a) It should be noted that, since the reporting process is currently under development, data reported by the Maisons is subject to a high degree of uncertainty.

(b) Indicator not audited in 2020.

(c) In 2021, the Maisons reported exclusively on their Watches and Jewelry activities.

N/A: Not applicable.

## V. Robust Anti-Corruption Management Policies & Procedures

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

#### Best practices

- ☑ 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”).*

*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 and in 2022 in 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”:** *“The LVMH Group applies a zero-tolerance policy concerning corruption and influence peddling. The LVMH Group expects its Suppliers to take appropriate measures to prevent, detect, and discipline any corruption or influence peddling, directly or indirectly, across the scope of their activities. This includes a prohibition of so-called facilitation payments or other benefits provided to public officials for routine non-discretionary actions. »*
- **“Gifts and invitations”:** *« Gifts or invitations may be considered acceptable expressions of courtesy within the context of good business relations as long as they are limited in scope and value, given*

*openly and transparently, permitted under applicable law and regulations, 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 anti-corruption regulations or other legal requirements, making it essential for Suppliers to commit to comply with applicable rules and regulations within the scope of their business relationship with any member of the LVMH Group.. »*

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

### *Best practices*

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

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

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

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

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

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

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

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

**☑ Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff**

### **1. Support by the organization’s leadership for anti-corruption**

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:

▶ See in **Section I. Criterion 1. 1)** “Commitment and involvement at the highest level”

▶ See in **Section IV. Criterion 1. 2)** “Management and control of actions”

📖 “2021 Universal Registration Document” (pp. 58-60).

### **2. Risk management**

See also in:

▶ See in **Section I. Criterion 2. 2)** “Risk identification”



## 1.1. Communications, awareness and training

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. Specific information is provided by the relevant human resources departments to newly hired employees concerning the Code of Conduct and the whistleblowing system. Information on the Code of Conduct and the whistleblowing system is also shared on the Group's website. **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. This module is already available in around ten languages.

- The Group's Maisons have access to a set of **documentary resources** (summary reports, examples of best practices, awareness videos, guides, etc.) that is updated on a regular basis by the Group's Ethics & Compliance Department.
- Since 2019, each Maison has reported to the Group's Ethics & Compliance Department on progress made on its **compliance program via a detailed reporting questionnaire**. Various training and awareness initiatives are carried out with central functions and at the Maisons. The following initiatives in 2021 are some examples:
  1. the Group's Ethics & Compliance Department organized a number of **anti-corruption training** webinars that were attended by over 450 head office staff;
  2. Parfums Christian Dior took steps to **raise awareness among its senior managers** about preventing corruption, organizing face-to-face small group interactive training sessions;
  3. TAG Heuer launched a business ethics training program **via an e-learning app**. This training, mandatory for all employees worldwide, covers the fight against corruption, the prevention of conflicts of interest and requirements linked to industry initiatives to which the Maison has signed up (Kimberley Process, Responsible Jewellery Council);
  4. Sephora China restated the ethics and compliance requirements incumbent on its business partners during its Landlord Day and Brand Day events, which **attracted over 500 participants**;
  5. Perfumes Loewe produced a video in which its Executive Committee members present the Group's Code of Conduct and guidelines. Special attention was paid to conflicts of interest, and gifts and entertainment practices (a mobile app for recording gifts and entertainment was launched).
  6. In October 2021, seven Maisons (Berluti, Fendi, Givenchy, Loro Piana, Louis Vuitton, Acqua di Parma and Bulgari) came together to **implement an online training course for 25 site managers working for suppliers in Italy**. In December, 10 Maisons (Moët Hennessy, Berluti, Celine, Fendi, Givenchy, Loewe, Louis Vuitton, Bulgari, Parfums Christian Dior and Sephora) did the same for 65 site managers working for suppliers in China. The courses covered human rights, health and safety, the environment and anti-corruption.

2021-22

In addition to the training and awareness initiatives implemented by the Group and its Maisons, the Group has also developed a specific **45-minute online anti-corruption training module**, which is available to all Maisons and serves as a common core that supplements existing training materials. Since it was launched in late 2018, the module has been completed by several thousand employees throughout the Group. This module has been translated into six more languages to expand employee awareness of its content, and more than 11,000 of them successfully completed this training in 2021.

## 1.2. Internal warning mechanisms and follow-up mechanisms

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

▶ LVMH Alert Line See in **Section I. Criterion 1. 2.1)** “Responsibility for control and implementation”

📖 See also “2021 Social and Environmental Responsibility Report” (pp. 20-21): “Ethics and compliance at the heart of our strategy”

## 2. Implementation of anti-corruption commitment or policy

Created in 2017, the Ethics & Compliance Department **steers and coordinates the Group’s procedures in the fight against corruption, in personal data protection, and in compliance with international sanctions**, human rights, and anti-money laundering laws. Each Maison has their own organizational and governance structure tailored to suit their operational needs and the geographic regions in which they operate. The Ethics & Compliance Department coordinates the work of the Correspondents within each Maison, with some of these Maisons having built up their own network. To ensure greater independence and visibility, in April 2021, the department was incorporated into the Group’s “General Administration and Legal Affairs” Department, reporting directly to the Chairman and Chief Executive Officer. The Group’s Ethics & Compliance Director regularly reports on the Department’s work to the Board of Directors’ Ethics & Sustainable Development Committee.

*For actions taken to encourage suppliers to implement anti corruption commitments*

▶ See in **Section I. Criterion 2. 7)** “Communication of policies and expectations to suppliers”

▶ See in **Section I. Criterion 2. 1)** “Group Ethic and Code of Conduct”

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

*Best practices*

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

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

### 1. Incident 2021

2021-22

On December 17, 2021, the President of the Paris Judicial Tribunal approved the Judicial Public Interest Agreement (CJIP, *convention judiciaire d’intérêt public*) proposed to LVMH, under the terms of which the Group agreed to pay a public interest fine of 10 million euros.

📖 See also “2021 2021 Universal Registration Document” (p. 60)

### 2. Processes to deal with incidents

See also

▶ LVMH Alert Line see in **Section I. Criterion 1. 2.1)** “Responsibility for control and implementation”

▶ Risk mapping see in **Section I. Criterion 1. 2.2)** “Risk identification relating to supply chain”

📖 "2021 Social and Environmental Responsibility Report" (pp. 20-21): "Ethics and compliance at the heart of our strategy"

📖 "2021 Universal Registration Document" (pp. 58-60)

- **Support resources:**

A global risk analysis focused primarily on risks associated with the Group's supply chain was carried out with the assistance of **Verisk Maplecroft**, an external service provider specialized in analyzing political, economic, social and environmental risks in 2020. In view of the economic climate in 2021, the Maisons continued to use the analysis resulting from the work carried out in 2020. A new general risk analysis exercise will be conducted in 2022 on the basis of figures for 2021.

2021-22

The analysis of all these risk factors highlights the severity of potential risks arising from the Group's activities and those of its supply chain. With regard to the risk of corruption, the Group's Maisons have each identified and ranked risk scenarios relating to their operations within the framework of specific risk mapping exercises based on interviews with representatives of the various functions and regions. **These risk maps demonstrate their "gross" and "net" risk exposure** (to take account of the risk management measures in place). The results were presented to the Maisons' governing bodies and action plans have been defined to manage the risks identified.

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**

**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.

## VI. Taking Action in Support of Broader UN Goals and Issues

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

#### *Best practices*

- ☑ **Align core business strategy with one or more relevant UN goals/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 “2021 Social and Environmental Responsibility Report ” (pp. 13-15) presents the different contributions of LVMH to the Sustainable Development Goals” (SDGs)

2021-22

► See our answers to the questions in the “preliminary questions” section (pp. 10-15) notably concerning the “business model” and how **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**



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

#### *Best practices*

- ☑ **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**

## Quantitative assessment of LVMH social actions

	employees involved	donated	people helped	partnerships
Supporting employment and expanding entrepreneurship	4,181	€22.4m	24,853	125
Supporting diversity	2,559	€1.3m	4,331	37
Supporting education	5,835	€4m	5,457	79
Supporting artists and artisans and promoting cultural heritage	249	€10.2m	1,660	64
Supporting underserved people affected by natural catastrophes and/or experiencing considerable distress	8,217	€6.4m	343,763	146
Supporting medical research, as well as people suffering with illnesses and their families	8,796	€1.6m	385,719	124
<i>Which overall represents</i>	29,837	€45.9m	765,783	575

### 1. Supporting humanitarian and social causes

LVMH and its Maisons are keen to promote access to education for young people and help the most vulnerable communities. The Group’s commitment to these causes is reflected in original initiatives and programs often shared with other socially responsible organizations.

#### 1.1. **Helping young people get an education**

2021-22

LVMH aims to put the renowned excellence of its Maisons – the very foundation of their success – to work in support of equal opportunity and wider access to education for young people. Following the Group’s lead, the Maisons have developed numerous partnerships with schools located near their sites or further away.

- **LVMH encourages access to higher education for all students**, whatever their social class, family situation or ethnic background. As a partner of the priority education program run by Institut d’Etudes Politiques (Sciences Po Paris), LVMH funds scholarships and has Group managers mentor recent graduates of the program. In 2021, LVMH renewed its commitment to this program for another five years. A total of 26 students were mentored by managers from the Group (up from 17 in 2020).
- In 2021, 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. It encompasses a wide range of initiatives, including “business discovery” internships – which continued despite the public health situation – for 101 middle school students in 2021, visits to the Group’s Maisons, help finding work, and so on. Young people from Seine-Saint-Denis were also invited to the LVMH digital Village des Métiers d’Excellence and the LVMH Cérémonie des Métiers d’Excellence, where they learned about artisanal and creative skills and the importance of the customer experience.
- **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, LVMH awards the LVMH CSR Young Talent Prize to help young people who are passionate about design but have limited access to the fashion world gain wider recognition within the profession. For example, one winner joined Christian Dior’s Haute Couture workshop.

- In the United States, TAG Heuer continues to work with **United Way of New York City**, a nonprofit that helps disadvantaged students with their schooling. Thanks to this partnership and the auctioning off of the Monaco Pièce d’Art watch to raise money for the nonprofit, a new library was inaugurated in 2021 at the Mill Brook community center, South Bronx.
- **In partnership with BeyGOOD and the Shawn Carter Foundation**, Tiffany & Co. committed to donate 2 million dollars to fund “About Love” scholarships, named after the campaign, for students in arts and other creative fields at five historically black colleges and universities (HBCUs). The Maison also donated 250,000 dollars from sales of its 2021 advent calendar to nonprofit **Free Arts NYC** to support programs helping young people from disadvantaged communities in New York access the creative arts. Tiffany & Co. also initiated a partnership with the Lower Eastside Girls Club, a New York nonprofit that provides a safe space where girls can take part in a variety of educational programs. Thirty employees have committed to a six-month program of mentoring for female high school and college students.
- Since 2018, DFS Hong Kong has been a full member of the **WeCan project** and supporter of the Buddhist Sum Heung Lam Memorial College, which encourages disadvantaged students to continue with their higher education and offers them career opportunities.
- Alongside Charlize Theron, Parfums Christian Dior took targeted action by providing scholarships to young people selected by the CTAOP Youth Leaders Scholarship program, in partnership with the UCLA Center for World Health and StudyTrust. The program aims to provide academic support to the leaders of tomorrow, who are most often young women recognized for their involvement in and deep commitment to their local communities. The Maison pledged to cover four years of scholarship costs for scholars starting their studies in 2021.

## 1.2. Helping those in need

LVMH and its Maisons are committed to helping disadvantaged communities in the regions where they operate. Their contribution may take the form of employee involvement, product donations or financial support.

2021-22

- In 2016, Louis Vuitton entered into an international partnership with **the United Nations International Children’s Emergency Fund (UNICEF)**. It has collected a total of **16 million dollars** since its launch, in support of vulnerable children facing emergencies. Since 2021, nearly 300 employees in France have been voluntarily supporting this cause through microdonations deducted at source from their salaries.
- Rimowa launched a unique collection, **Vol. 1, the proceeds of which will be donated in full to UNICEF via the COVAX Facility** to finance Covid-19 vaccines for the poorest countries.
- 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 **over 100 million 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.
- The expert craftsmanship embodied by the two Italian Maisons Acqua di Parma and Emilio Pucci has given birth to an exceptional collection named *Holiday Season*, which is supporting Save The Children’s “Riscriviamo il Futuro” (“Let’s Rewrite the Future”) project. This creative charitable

endeavor is testament to the two Maisons' shared conviction that culture and education are essential to protecting the future of Italian *art de vivre*.

- In 2021, Zenith donated **three watches for auction**, helping raise over 600,000 dollars for nonprofits working to combat breast cancer and **muscular dystrophy**.
- Loro Piana supported a number of organizations in several Asian countries helping **vulnerable single mothers integrate into society** (e.g. Shanghai United Foundation, Little Ones, G Foundation, Share Sarangbat and Mother's Choice).
- In 2021, LVMH continued to support efforts to **combat sickle cell anemia** through its partnerships with the Robert-Debré Hospital in Paris and the American Red Cross.
- **LVMH HEART FUND**: that may be faced by Group employees, LVMH set up the LVMH Heart Fund. Launched on June 8, 2021, it illustrates LVMH's commitment to reaching out and offering support to all its employees and communities. In 2021, the LVMH Heart Fund received more **than 1,300 requests** for psychological, social or financial support across five continents. **It has an initial endowment of 30 million euros.**

## 2. Corporate philanthropy to support culture and the arts

2021-22

LVMH has been pursuing groundbreaking corporate philanthropy initiatives for over 25 years. Through such initiatives, the Group expresses its creative and humanitarian values and plays a proactive role in promoting cultural heritage, art, fashion and arts education

### 2.1. Culture, heritage and contemporary creative arts

2021-22

#### 2.1.1. Restoring and enriching historical heritage

In 2021, LVMH upheld its commitment to the restoration of Notre-Dame de Paris Cathedral, a project that will require several more years of work. The day after the fire that devastated the monument in 2019, Bernard Arnault pledged a donation of 200 million euros – to be donated in equal parts by LVMH and Agache – to contribute to Notre-Dame's restoration process.

#### 2.1.2. Commitments to culture and expanding access to it

Before the crisis, LVMH had signed on to **sponsor a new production of Tennessee Williams' "The Glass Menagerie"** (in French) at the Théâtre de l'Odéon in Paris, directed by Ivo van Hove. With its performances canceled as a result of the first lockdown, this play was presented again in 2021, still thanks to the support of LVMH.

LVMH has been a loyal **patron of the Nuit Blanche nighttime arts festival for nearly 15 years**, promoting the French and international arts scene, giving center stage to contemporary artists for a celebration open to all in the heart of Paris. Once again in 2021, LVMH **partnered with the City of Paris** in support of this event. Following an entirely new itinerary focused on the outdoors and wending its way through several iconic Parisian cultural institutions and monuments, the event thus instilled a dialogue between nature and the city. LVMH also renewed its **support for the Giacometti Institute in Paris**, helping it develop its scientific and cultural program as well as its temporary exhibitions.



### **2.1.3. LVMH Prize**

Due to the Covid-19 pandemic, the final event for the eighth edition of the LVMH Prize for Young Fashion Designers was held without a public audience. LVMH decided to distribute the 300,000 euro award equally among the eight finalists of the 2020 edition, previously selected by the Prize's international committee of experts.

Out of nine finalists in 2021, the judging panel awarded the LVMH Prize to Nensi Dojaka, a 27-year-old Albanian designer based in London who founded the eponymous women's ready-to-wear fashion brand. She won a 300,000 euro award and is receiving a year's mentoring within the LVMH group. The Karl Lagerfeld Prize was awarded to three designers: Colm Dillane, 29-year-old American founder of Brooklyn-based brand KidSuper; Lukhanyo Mdingi, a 29-year-old South African from Cape Town; and Rui Zhou, a 26-year-old Chinese woman who founded Shanghai-based brand Rui. Each won a 150,000 euro award and is receiving a year's mentoring. Since 2014, the LVMH Prize has received over 8,000 applications from all continents.

### **2.1.4. Fondation Louis Vuitton**

Since it was opened in 2014, the Fondation Louis Vuitton (1) has consolidated its position as a leading institution on the international arts scene and has been a resounding success with a French and international audience. It has welcomed a total of over 6 million visitors from around the world.

Throughout 2021, the unprecedented public health situation upended the activities of cultural institutions. The Fondation Louis Vuitton demonstrated agility in continuing to pursue its core missions: supporting artists and building a dialogue between key figures in modern art, leading lights of the international contemporary art scene and a wide audience, especially young people.

"The Morozov Collection: Icons of Modern Art", an exhibition initially due to be held in October 2020, ultimately opened on September 22, 2021. In partnership with the State Hermitage Museum in Saint Petersburg and two Moscow institutions, the Pushkin State Museum of Fine Arts and the State Tretyakov Gallery, it unveiled, for the first time outside Russia, more than 200 masterpieces from the prestigious collection of French and Russian modern art amassed by the brothers Mikhail and Ivan Morozov.

Lastly, the Fondation Louis Vuitton continued its international programming under the "Hors les Murs" banner, with the Espaces Louis Vuitton in Munich and Tokyo holding exhibitions of works by Cao Fei and Gilbert & George.

### **2.1.5. Institut des Métiers d'Excellence**

#### **Promoting and passing on skills and expertise**

To spur interest in its professions and attract top talent, LVMH reaches out to young people from an early age. Under the "Excellent!" program, four practical workshops have been organized for 120 middle school students in France to help them discover these professions. In the same vein, LVMH has introduced the Village des Métiers d'Excellence, a vocational training fair to showcase these professions. In partnership with 21 schools and universities recognized in their disciplines and 39 Maisons, it has offered more than 400 work-linked training contracts. In 2021, the Institut des Métiers d'Excellence (IME) program continued its exceptional growth momentum. The program welcomed its largest class since its creation: 339 new apprentices in six countries (France, Switzerland, Italy, Spain, Japan and Germany). Since 2014, through its 34 programs, the IME has trained more than 1,400 apprentices in 27 professions. In 2021, 99% of apprentices obtained their diplomas. Their job placement rate at LVMH's Maisons and their partners was 61%.

### **Showcasing talent**

To introduce young people and those interested in retraining for career opportunities provided by these professions, LVMH aims to raise the profile of the related skills and expertise by showcasing the talents of its employees. “SHOW ME” – the Institut des Métiers d’Excellence’s new format for its traditional annual induction ceremony – celebrates its community of professions in design, craftsmanship and the customer experience. Each year, the LVMH Virtuosos program now asks the Maisons to select one of their most eminent practitioners in an exceptional profession, who are offered a specific career guidance plan. In 2021, the first selection of 67 Virtuosos, guardians of exceptional skills and expertise, was honored at the “SHOW ME” event attended by Bernard Arnault and Chantal Gaemperle.

### **Supporting and promoting skills and expertise outside the Group**

As part of its active engagement in society, the Group has set up partnerships to promote exceptional professions beyond the scope of its operations. An initial artistic collaboration was launched between five craftswomen affiliated with nonprofit La Fabrique Nomade and Jérémy Gobé, an artist committed to the protection of coral reefs. The resulting work was exhibited at the FIAC International Contemporary Art Fair in Paris in 2021. The LVMH group has also joined forces with the magazine *Elle*, the Institut National des Métiers d’Art and the Chambre des Métiers de l’Artisanat to create the Prix des Artisanes. The talented women recognized with these prizes all work in exceptional professions in the fields of fashion, design, food and wine, and the preservation of French heritage. Specific career guidance plans are being offered to them.

#### **2.1.6. Journées Particulières**

**LVMH launched the Journées Particulières in 2011** in order to give the public a chance to **discover the vast diversity of métiers and savoir-faire at LVMH Maisons**. This unprecedented initiative by a private company reflects the LVMH Group’s tribute to the remarkable artisanal excellence found at its Maisons, and to Europe’s unique heritage of craftsmanship. The event also highlights the strong attachment of the public to this heritage, spanning workshops, wine cellars, private mansions, family homes, historic stores and more. For France and other European countries with a long history of traditional craftsmanship, this savoir-faire is an unparalleled asset that underpins economic success and cultural influence. The 2011, 2013, 2016 and 2018 editions brought together more than **180,000 people to discover the diversity** of the Group’s Maisons and savoir-faire. Due to covid crisis, it was not held in the last two years. The **next edition** of the event will take place on **October 14th, 15th and 16th, 2022**.

#### **2.1.7. Opportunities for arts education initiatives**

Once again this year, LVMH’s patronage of programs for young people focused on music. The Group renewed its support for Orchestre à l’École, a nonprofit that enables hundreds of children to start playing a musical instrument. The Group also continued its actions to promote access for young people to performances at the Opéra-Comique in Paris. LVMH also once again loaned out the Stradivariuses in its collection.

#### **2.1.8. Backing medical research and certain social causes**

Lastly, 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.

### **3. Local involvement and social impact**

2021-22

LVMH puts its ecosystem to work in society. The Group and its Maisons are committed to putting their values into practice both in their local communities and nationwide and to using their momentum to help people who have been marginalized on the job market.

#### **3.1. Supporting job creation, entrepreneurship and regional development**

LVMH helps drive economic growth and social development around the world, in all the Group's operating regions, both directly at its own sites and indirectly at its partners' locations. The Group develops initiatives, pays taxes in the countries where it carries out its activities, and pursues steady growth for its Maisons. These companies **create many jobs in their regions**, particularly as a result of the expansion of the network of directly operated stores.

A number of Group companies have been established for many years in specific regions of France and play a major role in creating local jobs: Hennessy in the Cognac region, Moët & Chandon and Veuve Clicquot in the Champagne region, Louis Vuitton and its 20 workshops across France and Parfums Christian Dior in Saint-Jean-de-Braye (near Orléans) and in Chartres along with Guerlain. They have developed long-standing relationships with local government, covering cultural and educational aspects as well as employment.

- LVMH and **Elle magazine have joined forces to launch the first Prix des Artisanes award**, supported by Institut National des Métiers d'Art and Chambre des Métiers et de l'Artisanat. This award aims to recognize and promote the expertise of highly skilled women working in the arts in the fashion, design, food and wine, and French heritage protection sectors.

In the United States, Hennessy has teamed up with the Marcus Graham Project to launch the Never Stop, Never Settle Society, a growth accelerator designed to support African-American entrepreneurs. In 2021, 20 such entrepreneurs received financial support, were mentored by managers and directors from the Maison and benefited from media coverage for their projects.

#### **Empowering women and supporting women entrepreneur**

The LVMH group is a long-standing supporter of entrepreneurship. In early 2018, to help connect open innovation and business development with new ways of learning, the Group launched La Maison des Startups. This startup accelerator for the luxury industry is housed at Station F, the world's largest startup campus. La Maison des Startups can be a stepping stone to the Group's Maisons. It illustrates LVMH's entrepreneurial spirit by giving entrepreneurs the opportunity to reflect on the future of luxury and the Group, together with colleagues from varying backgrounds, within an innovative ecosystem.

- **Through its international BOLD program**, Veuve Clicquot is encouraging generations of female entrepreneurs to be bold and providing them with tangible support. In November 2021, two winners received recognition in the form of the Bold Woman Award and the Bold Future Award.
- In the beauty industry, women entrepreneurs remain under-represented. This is why Sephora supports women who have started their own businesses in all segments of the beauty industry and in countries all over the world. In 2021, the **Sephora Accelerate** program focused on underrepresented female

entrepreneurs, and in particular black women, who have often missed out on mentoring and financial support. Sephora has supported 67 women through the program since its launch in 2016.

- As part of its **unique Women@Dior** mentoring program, launched in 2017, Christian Dior joined forces with UNESCO to organize a pioneering event in 2021, reaffirming its commitment to bringing about a sustainable and inclusive society. Produced as a digital show, this conference, entitled “Dream for Change”, took place in the prestigious amphitheater of the United Nations and involved a number of distinguished guests, including Audrey Azoulay, Director-General of UNESCO
- **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.

### 3.2. Facilitating access to employment and social inclusion for people who have been marginalized on the job market

As a major employer in many labor markets, LVMH pays close attention to each region’s specific employment situation. The Group and its Maisons have forged partnerships with nonprofits and NGOs to promote social inclusion and employment for people who have been marginalized on the job market.

- In France, the Group has built up a long-term partnership with nonprofit Nos Quartiers ont des Talents, and has served on its board since it was founded. **The nonprofit offers mentoring** by a Group employee for young graduates from underprivileged backgrounds. In 2021, 170 managers signed up to serve as mentors, with more and more signing up each year. Since 2007, 709 young people have found jobs after being mentored by a Group employee.

**To speed up access to employment**, LVMH has put in place job coaching sessions. Recruiters and beauty consultants from the Group’s Maisons offer guidance to job seekers and help them build self-confidence. The program is aimed at groups that are underrepresented in the labor market. Participants are made aware of the program by partners of the Group working to help underrepresented groups integrate into society.

- Following in the footsteps of the first **LIVE (L’Institut des Vocations pour l’Emploi) Campus**, opened in Clichy-sous-Bois in 2019, another two campuses opened in 2021: one in Valence, Drôme and one in Roubaix, northern France. The institute, set up by Brigitte Macron with the help of the LVMH group, is aimed at over-25s who want to bounce back after a long period of unemployment or personal challenges by putting together a career plan. More than 200 people have received help since the first campus opened, three-quarters of whom have succeeded in finding relevant work or training. At the start of the 2021-2022 academic year in September, 180 more people were welcomed across the three LIVE campuses for a six-month support program.
- Through the **Classes for Confidence program**, 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. Since the program was launched in 2016, more than 120,000 participants have taken nearly 2,500 classes.

- In the United States, Kendo, Louis Vuitton, Moët Hennessy, Starboard Cruise Services and the EllesVMH Employee Resource Group supported Dress for Success, a nonprofit that helps women access the labor market. Employees got involved by providing mentoring and donating workwear.
- Similarly, in Asia, Louis Vuitton and Parfums Christian Dior supported underprivileged women looking for work through their partnership with Daughters of Tomorrow.
- In keeping with its commitment to preserving and passing on expertise and creativity, LVMH last year renewed and stepped up its support for **La Fabrique Nomade**. By opening their doors and offering skills sponsorship, the Group and its Maisons are making a lasting contribution to the work of this nonprofit, which works to help migrant artisans who are refugees in France find work. In 2021, these passionate men and women keen to put their skills to use in France were supported by artisans and experts from Chaumet and Louis Vuitton as well as a collaboration with Dior. Chaumet also hosted one artisan as an intern. Lastly, as part of its Métiers d'Excellence initiative, the LVMH group brought about an artistic collaboration between eco-artist Jérémy Gobé and five craftswomen affiliated with nonprofit La Fabrique Nomade. Unveiled at the FIAC 2021 contemporary art fair in Paris, the unique work born out of this initiative will be presented at the 2022 Homo Faber Event showcasing craftsmanship in Venice.

### 3.3. Facilitating employment for people with disabilities

As a key focus of LVMH's approach to corporate social responsibility from its origins, supporting access to employment for people with disabilities remains a core initiative. It is an apt reflection of the Group's values: respect for individual differences and fair treatment for all, with the same attitude expected of everyone working for the Group.


LVMH works with organizations that specialize in training young people with disabilities and fostering social integration and access to employment.

In France, the **Group is a co-founder of ARPEJEH**, a nonprofit organization that brings together some sixty companies to offer support and guidance to students with disabilities in secondary and post-secondary education. Employees volunteer their time, talent and skills in support of this initiative and 254 young people benefited from LVMH's involvement in 2021.

LVMH also encourages its Maisons to develop their relationships with companies specifically employing people with temporary or permanent severe disabilities, and provide them with special facilities and support (known as the "secteur protégé et adapté" in French). The value of services entrusted to companies specifically employing people with disabilities totaled 7.8 million euros in 2021, in line with 2020 levels.

## 4. 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 "2021 Social and Environmental Responsibility Report" (pp.81-85)]: LVMH also takes action for the environment via corporate sponsorship.

2021-2022

- In collaboration with UNESCO, LVMH launched a program in the **Amazon**, in the Amazon with a budget of €5 million over five years to tackle the causes of deforestation and pollution in the Amazon

river basin. Eight biosphere reserves in Bolivia, Ecuador, Brazil and Peru are associated with the project.

- At the **IUCN** (International Union for Conservation of Nature) World Conservation Congress in September 2021, LVMH presented its solutions for promoting diversity at a stand shared with UNESCO; Antoine Arnault spoke about the Group's commitment during the CEO Summit at the start of the congress. LVMH has been active for more than 10 years alongside many partners working to conserve biodiversity. The Group was the first private-sector entity to join the eight public research bodies on the Board of Directors of the **French Foundation for Research on Biodiversity (FRB)**. In 2019, LVMH stepped up its involvement by signing a five-year partnership with UNESCO to support its intergovernmental scientific program, "Man and the Biosphere (MAB)". This tool for international cooperation is aimed at protecting global biodiversity. For example, the Group's Maisons draw on UNESCO's scientific expertise and its network of 686 biosphere reserves to develop their sustainable sourcing policies. LVMH is an active member of Act4Nature International and also joined OP2B at the end of 2021, which aims to drive and promote the systemic changes necessary to restore and preserve biodiversity within members' value chains.
- Guerlain joined forces with UNESCO, along with Angelina Jolie, who acted as godmother to the class of 2021 that graduated from its women's beekeeping entrepreneurship program, "**Women for Bees**". Rolled out in the heart of UNESCO's biosphere reserves and enjoying the support of the French Observatory of Apidology (OFA), the program will train and support female beekeepers from around the globe. Furthermore, through its Bee School, Guerlain raises awareness among young people about the importance of biodiversity and climate change, in particular thanks to an educational kit it has developed. The scheme was upgraded in 2021, and Guerlain now offers five versions of its course designed for children aged between five and twelve, translated in around 10 languages and available through a digital Group platform.
- **In 2021, LVMH developed practical guides on how to put regenerative agriculture into practice** and surrounded itself with a network of experts such as Biosphères, Renature, Earthworm, Pour une Agriculture du Vivant and Savory. The overall approach and individual projects are signed off by a Science Committee, which meets annually. Practice and performance indicators have been put in place for each raw material. A number of projects have already kicked off in Turkey for cotton, in Uruguay and Australia for merino wool, in Malaysia for palm oil and in France for some iconic perfume ingredients. For example, Parfums Christian Dior has set itself a target of implementing regenerative agriculture practices for each of the essences in its Dior Gardens program: nine essences for skincare (such as Granville rose, longoza from Madagascar and red hibiscus from Koro) and four for perfumes (such as rose, jasmine and neroli from Grasse). The Maison is also partnering with the Hectar project, which runs a center for dedicated research into horticulture and regenerative practices. Lastly, all Moët Hennessy vineyards have also launched regenerative agriculture programs.
- **In 2021, Hublot prolonged its collaboration with Kevin Pietersen and his charity SORAI** (Save Our Rhino Africa India) to protect rhinos, which are critically endangered. A portion of the proceeds from the Big Bang Unico SORAI will be donated to the largest rhino sanctuary in the world, Care for Wild, in South Africa. This action is similar to that of Kenzo, which in 2021 stepped up its partnership with the WWF to support the Tx2 program seeking to double the number of tigers in the wild by 2022.
- **Hennessy takes steps to expand agroforestry.** Hennessy started to roll out regenerative agriculture across all its vineyards by eliminating the use of chemical weedkiller and planting trees. The Maison,

which sponsors the French National Forests Office (ONF), introduced conservation grazing at its iconic 6-hectare Bagnolet facility and planted over 15,000 trees from 30 different species and over 4 km of hedges. The aim is to plant 1,000 km in the Charentes area over the next decade in partnership with Vitinnov, the French Chambers of Agriculture, the LPO, Prom'haies and les Planteurs Volontaires. Hennessy also partners with Reforest'Action.

- In London, **Louis Vuitton planted 600 trees to form an urban forest**. LVMH Italy also became a partner of the Forestami program to replant 3 million trees in the greater Milan area by 2030.

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

### *Best practices*

- ☑ **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 **Section I, Criterion 1** “Commitment and involvement at the highest level”.
- ▶ See in **Section II, Criterion 3** “Robust commitments, strategies or policies in the area of human rights”.
- ▶ See in **Section III, Criterion 6** “Robust commitments, strategies or policies in the area of labour”
- ▶ See in **Section IV, Criterion 9** “Robust commitments, strategies or policies in the area of environmental stewardship”
- ▶ See in **Section V, Criterion 12** “Robust commitments, strategies or policies in the area of anti-corruption”

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

### *Best practices*

- ☑ **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 four years, the “2021 Social and Environmental Responsibility Report” (pp. 120-124) 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. 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.**

2021-22

## **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 CO<sub>2</sub> emissions linked to the consumption of energy by 25% between 2013 and 2020.

- In 2021, LVMH took advantage of the international focus on COP 26 in Glasgow to speak with its partners and expand its action. Antoine Arnault was interviewed on behalf of the Group as part of the special edition of the study conducted by United Nations and Accenture entitled “The 2021 United Nations Global Compact–Accenture CEO Sustainability Study: Climate Leadership In The Eleventh Hour”. As the largest global research program into sustainable development, it offers a candid look at perspectives of more than 1,000 CEOs across 113 countries and 21 industries. The Group organized a conference entitled “Preserving Biodiversity Can Help Mitigate Climate Change” in the French Pavilion and also took part in several other conferences such as “Net Zero Business and Value Chain” organized by EpE (Entreprises pour l’Environnement) in the European Pavilion, “Fashion Industry On The Race to Zero” organized by the UNFCCC Fashion Industry Charter for Climate Action, “Objective Net Zero in the private sector: how can businesses help achieve a carbon neutral planet and report their strategies?” organized by the French Environment Agency ADEME and Carbone 4, as well as a Facebook live event with the Solar Impulse Foundation on the technological solutions required for the transition.

2021-2022

- 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

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



- 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, Bolivia, 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.

#### ***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 21<sup>st</sup> 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.

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

#### **3.1. 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. LVMH Recherche has been able to expand its activities under optimal conditions and become more involved in ambitious scientific projects. About 425 researchers work at LVMH's location at the heart of Cosmetic Valley (including 341 at the Hélios site in Saint-Jean-de-Braye), in over 20 key fields requiring cutting-edge expertise, such as molecular and cell biology, dermatology and ethnobotany. The second-largest cosmetics research center in France, its team consists of researchers, biologists and formulation scientists who work closely with colleagues at the world's most prestigious universities. Three other innovation centers – in Japan, China and South Korea – focus on research to meet the specific needs of Asian women. Thanks to their knowledge of cell mechanisms, researchers at Hélios have discovered biological targets that promote beautiful, youthful skin: protection of skin stem cells, aquaporins to provide long-lasting hydration, and skin detoxification mechanisms, to name a few. More than 230 patents have been granted in recognition of their scientific innovations

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

- 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.
- 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.
- LVMH has announced in 2021 plans to open a new **global research center** dedicated to sustainable and digital luxury on **the plateau of Saclay**, a suburb south west of Paris best known for nuclear research.

#### **3.2. 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.
- 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
- 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.

### 3.3. 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 and are renewed every 3 years.

- 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. Other Maisons are currently in the process of becoming RJC CoC certified.

**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.

### 3.4. 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** 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).
- 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.
- 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.
- 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.
- In May 2022, LVMH launched for the first time an immersive project from LVMH's Life 360 program that was part trial and part theater : the tribunal was staged with Thierry Keller and Blaise Mao, cofounders of think tank Usbek & Rica, serving as prosecution and defense. The duo interrogated witnesses on the main question at hand: Can we give back to the living world what we take from it? It's part of her long-term educational plan for LVMH employees that will roll out in the coming years.
- LVMH head of image and environment Antoine Arnault watched the proceedings from the audience, LVMH environmental development director Helene Valade stood as a witness, while comic artist Tommy Dessine was on hand for live drawing and a little bit of levity.

### **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.
  1. 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 LVMH standard for responsible crocodilian production (**SRCP**) underwent an update in 2022 with the close collaboration of the international crocodilian farmers association (ICFA) to ensure equivalence in outcomes.

- 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.

### 3.5. Ethno-botany and sustainable viticulture

See in

- ▶ **Section I. Criterion 2. 8.3** “Wines & Spirits (sustainable viticulture)”
- ▶ **Section IV. Criterion 9. 2.2** “Biodiversity”

### 4. Sustainable Corporate Sponsorship

The signing of corporate sponsorship agreements is another way for LVMH to take action for the environment.

- ▶ **Section VI. Criterion 16.** “Strategic social investments and philanthropy”

### 5. Consumers and public

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.

- **Guerlain:** Bee Respect, 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.
- **Louis Vuitton** launched in 2020 a new Sustainable Development roadmap for 2020-2025 with the dual objectives of preserving natural resources and having a positive impact on society. Aligned with the LIFE 360 program, "Our Committed Journey" focuses in particular on preserving biodiversity and protecting climate through circular creativity, as well as diversity and inclusion. Louis Vuitton's latest sustainable sneaker gives a green focus to the house's logo. The logo, emblazoned across the shoe in enlarged font, has been modified to resemble a recycling symbol, with the 'L' and 'V' losing their straight lines and ending in arrows.

Concerning "Responsible Consumption" see also "Grievance mechanisms, communication channels and other procedures" in this COP 2020-21:

See

- ▶ **Section II. Criterion 4.** "Effective management systems to integrate the human rights principles"
- ▶ **Section IV. Criterion 10.** "Effective management systems to integrate the environmental principles"

## **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:

- ▶ **Section II. Criterion 2. 5)** "Support and buyer support training"
- ▶ **Section II. Criterion 2. 6)** "Participation in multi-party initiatives"
- ▶ **Section VI. Criterion 16. 3)** "Local involvement and social impact"

## **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.



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.

- 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".

## VII. Corporate Sustainability Governance and Leadership

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

#### *Best practices*

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

See also in:

- ▶ Section I. Criterion 1. 5) "Commitment and involvement at the highest level"
- ▶ Section I. Criterion 1. 2) "Management and control of actions"

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

#### *Best practices*

- ☑ 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:

- ▶ Section I. Criterion 1. 5) "Commitment and involvement at the highest level"
- ▶ Section I. Criterion 1. 2) "Management and control of actions"

### Criterion 21: The COP describes stakeholder engagement

#### *Best practices*

- ☑ Publicly recognize responsibility for the company's impacts on internal and external stakeholders
- ☑ 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
- ☑ Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns

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

▶ **Section I. Criterion 1. 5)** “Commitment and involvement at the highest level”

▶ **Section I. Criterion 1. 2)** “Management and control of actions

📖 See also:

- “2021 Universal Registration Document”:
  - “Operating model” (p. 12)
  - “Ethics and responsibility” (pp. 50-71)
  - “General environmental policy” (pp. 76-80)
  - “Outreach and giving back” (pp. 120-124)
- “2021 Social and Environmental Responsibility Report”:
  - “Message from Bernard Arnault Chairman and Chief Executive Officer” (p. 12)
  - Working hand in hand with our stakeholders (pp. 120-124)

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

▶ **Section VI. 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.

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.

▶ **Section VI. Criterion 18.** “Partnerships and collective action”

📖 See also:

- “2021 Social and Environmental Report”:
  - “Working hand in Working hand in hand with our stakeholders (pp. 120-124)
  - “The LVMH Group CSR Strategy and the Sustainable Development Goals” (pp. 22-23)
  - “A certified and recognized strategy” (p. 125)

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