

# Social Responsibility Report 2014



LVMH



WHERE BEAUTY BEATS

# JOBSTYLE

TROUVER SON STYLE, SE METTRE EN VALEUR, SAVOIR CHOISIR  
SON MAQUILLAGE OU SA TENUE POUR UN ENTRETIEN DE  
RECRUTEMENT, ET **FAIRE DE SON IDENTITÉ UN ATOUT.**

Jobstyle is a job interview coaching scheme offered to jobseekers, coordinated by LVMH with Make Up For Ever and Sephora staff.

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**This Social Responsibility Report 2014 describes LVMH Group's social responsibility policy.  
For any additional information on LVMH Group's social responsibility data, please refer to the  
cross-reference table on p. 47.**



LVMH Group has been stating its aims with regard to its social responsibilities, in the widest sense, for a number of years. These aims are based on the fundamental principle of respect for the individual and a commitment to make excellence a driver for social inclusion and workplace integration wherever we operate.

#### **Respect for the individual and diversity of character**

LVMH offers a unique working environment enabling all employees to fully express their talent and apply their expertise and skills in the best possible working conditions. Employees are accordingly given a working environment that respects, preserves and enhances their individuality. The foundations of this working environment are the ceaseless attention paid to working conditions and the firm's policy against discrimination of any kind. With 74% of its workforce being female, LVMH ensures it promotes their position in the organisation in particular. Eight American companies consequently endorsed the United Nations Women's Empowerment Principles on 6 October 2014, bringing the total number of signatory LVMH companies to 41.

#### **Encouraging excellence as a driver towards social inclusion**

LVMH very firmly believes that excellence, the engine behind its success, constitutes a formidable driver towards social inclusion and workplace integration. Part of the Group's social responsibility policy entails using its excellence to serve marginalised and vulnerable population groups, thereby supporting the localities in which it is present. LVMH consequently started the EXCELLhanCE initiative, aimed at offering training in sales roles in the luxury sector to individuals coming back into employment after suffering a disability. The initiative embodies the Group's desire to increase the positive social impact of its business and is evidence of a generous and inclusive view of excellence. In 2014, this commitment resulted in Moët Hennessy UK receiving a Gold Award from the government for its philanthropic work, in which its employees were involved.

This objective, driven by LVMH, is shared by all Group companies, and the main areas were clearly set out and circulated within the Group. Once again, we have striven to apply it in practical terms, as we present to you our 2015 CSR report.

Chantal Gaemperle  
Group Executive VP Human Resources and Synergies

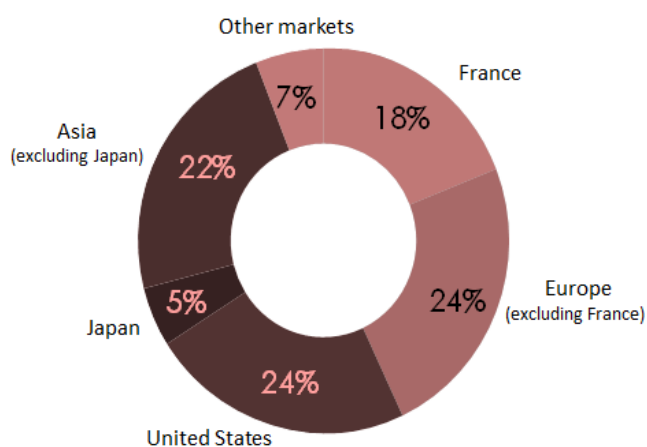
## THE MAIN EMPLOYMENT METRICS FOR 2014

	2013	2014
Number of employees	114,635	121,289

74% female	2014
Executive committees	38%
Management level	63%
Technicians/Team leaders	69%
Administrative/Sales staff	81%
Production staff	60%

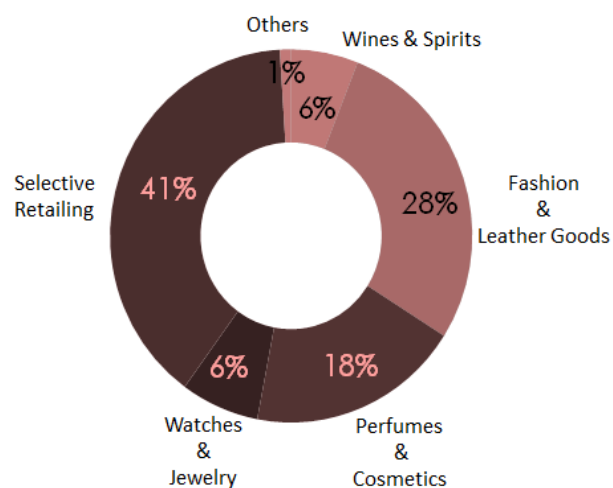
### Headcount\* by geographical area

\*As a % of total staff on permanent and fixed-term contracts at 31 Dec 2014

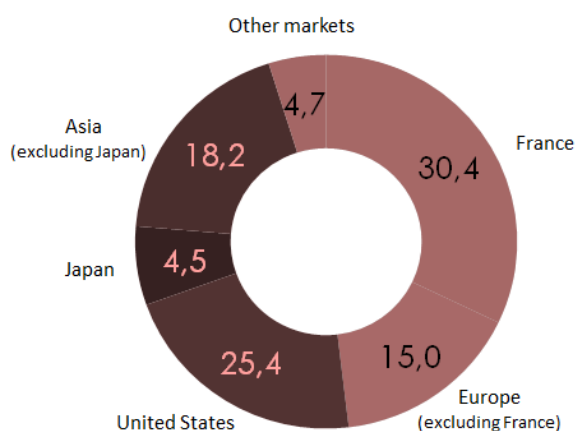


### Headcount\* by business line

\*As a % of total staff on permanent and fixed-term contracts at 31 Dec 2014



### Investment in training in €m



### Occupational Health and Safety Frequency of workplace accidents





## HIGHLIGHTS OF THE YEAR 2014

### MARCH 2014

Having signed the United Nations' Women's Empowerment Principles (WEPs) on 13 November 2013, LVMH attended the sixth annual WEP conference in New York on 5 March 2014.



On 8 October 2014, the Group's US-based companies signed the WEPS.

### MARCH 2014

The LVMH Fundamentals in Luxury Retail programme was launched in partnership with Parsons The New School for Design and the Chinese-American Planning Council.



LVMH started a training programme to give disadvantaged members of the Chinese-American community the necessary skill sets in sales.

### APRIL 2014

On 16 April, the first graduating class of the RISE programme (Results in Social Entrepreneurship) put internal talent in touch with social entrepreneurs.



### MAY 2014

Awarded for the first time this year, the LVMH Prize recognises a fashion designer aged under 40 for the excellence of their collections.



In 2014, the main prize was awarded to Thomas Tait, while two special prizes were given to Miuniku and Hood By Air.

### JULY 2014

On 2 July, LVMH announced the establishment of the *Institut des Métiers d'Excellence* (IME) a crafts and design vocational training institute.



The first three years' intakes were due back in September.

### JULY 2014

The designs of Lionel Morin, winner of the Young Talent Award 2014, were presented in the Green Showroom during Berlin Fashion Week.



### JULY 2014

LVMH Global Conference took place from the 9<sup>th</sup> to the 10<sup>th</sup> of July 2014 in the heart of the Louis Vuitton Foundation.



The conference brought together 350 LVMH leaders and 90 young talents. The goal was to discuss and share perspective around prospective challenges for the Group in the next 10 to 15 years.

### OCTOBER 2014

The Louis Vuitton Foundation was officially opened on 27 October.



The much-anticipated Fondation Louis Vuitton building, a "glass cloud" designed by Frank Gehry, opened to the public in November.

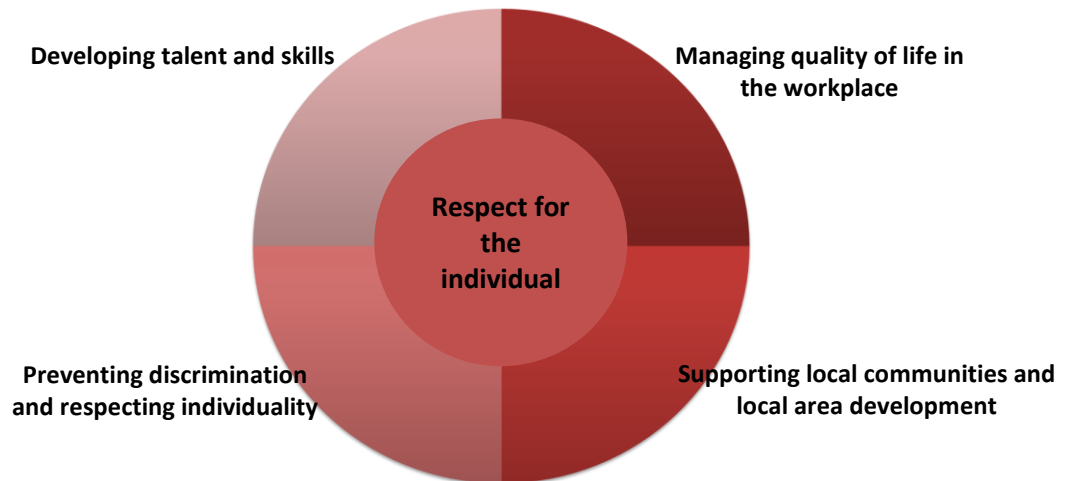
### NOVEMBER 2014

On 27 November, the second LVMH "Committed Companies Dinner" was held.



LVMH and Group companies are supporting the sickle-cell anemia unit at Robert Debré Hospital in Paris and the *K d'Urgences* charity, who helps single-parent families.

## ONE BASIC VALUE, FOUR ASPECTS TO UPHOLD IT



LVMH's corporate social responsibility policy is adapted by individual Group companies to incorporate their own challenges and local footprint, remaining consistent with their own identity.

Social responsibility is led by a network of local CSR coordinators and managed at Group level by means of benchmark documents (such as the LVMH Code of Conduct and the Recruitment Code of Conduct), an annual Group-wide report, and recruitment discrimination tests conducted by an independent body.

Since financial 2011, LVMH has reported on its social responsibility policy through a special report.



## THE BASIC PRINCIPLES BEHIND THE GROUP'S SOCIAL RESPONSIBILITY POLICY

### *LVMH Group's long-standing values*

The bedrock supporting LVMH's performance is comprised of its employees' expertise, creativity and entrepreneurial mindset, the innovation, quality and durability of the Group's products and its control over their distribution channels, plus the social, cultural

and relationship capital that has been built up in a unique way by Group companies, along with the Group's solid and long-standing reputation for excellence and social responsibility.

### LVMH Group's five long-standing values



### The accompanying main objectives:



### *The "LVMH ecosystem"*

The "LVMH ecosystem" means our many operations and business lines, our large number of Group companies and the full extent of our geographical coverage. All Group companies have the desire to achieve excellence as a common factor. The ecosystem enables them to do so, by offering them an environment ensuring their independence so as to retain and enhance their identity.

The success of this ecosystem depends inherently on the talent and skills of the employees worldwide of which it is comprised. This group of people with their diversity of profiles, roles and locations represent the real wealth of LVMH Group. Within this ecosystem, all employees play a role as ambassadors for the Group's fundamental values.

### *The issues*

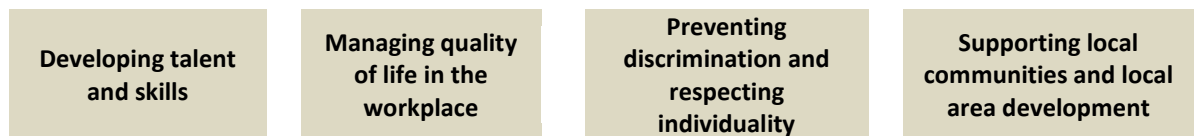
The great diversity of LVMH's business lines is a singular, characteristic feature of our Group. It is both an asset and a challenge. Unlike all of its competitors, LVMH is the only Group to combine such a wealth of business areas. Despite their great differences,

LVMH's six business lines are nonetheless connected by a shared view of their social responsibility. This takes the form of priority areas for all Group companies, which are intended to apply worldwide.

**The Group's six business lines**



**The four priority areas of LVMH's social responsibility**



Actions relating to these priority areas are taken in a highly decentralised environment. Group companies determine their own action plans for each priority area, on the basis of their own challenges and local circumstances, while remaining consistent with their roots and their past. They report on these every year through the Group's CSR report.

Interchange and collaboration, firstly between business lines and secondly between Group companies, is vital. It makes it possible to identify the key human resource management issues, which are often shared and interconnected (see table on the Main Social Responsibility Issues page).

**The 2014 Committed Companies Dinner**



Every year, LVMH celebrates its commitment to social responsibility by holding its "Committed Companies Dinner". This event involves the Chief Executives of Group companies as guests at a dinner attended by the in-house stakeholders and external service providers driving the Group's social responsibility measures. The second such dinner was held on 20 November 2014, with ten Group company CEOs and more than 250 other people taking up the invitation of Antonio Belloni, Group Managing Director, and Chantal Gaemperle, Group Executive VP Human Resources and Synergies. The dinner raised a total of €130,000, which was passed on to the sickle-cell anemia unit at Robert Debré Hospital in Paris and the *K d'Urgences* charity helping vulnerable single-parent families.

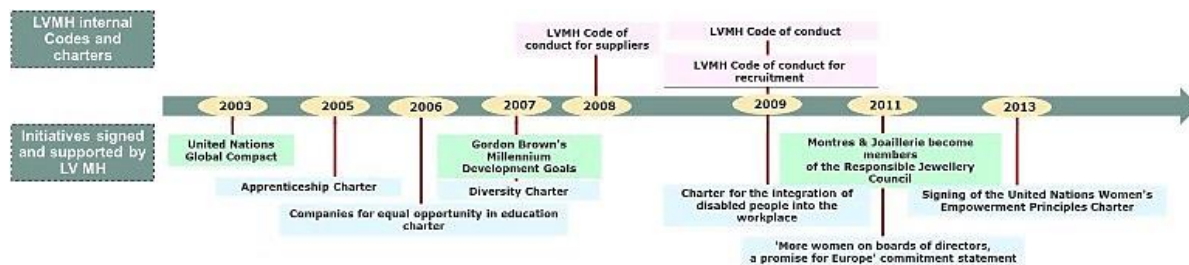
## Commitments

The international policies and commitments signed by LVMH provide the social responsibility framework for the Group and Group companies.

In 2003, LVMH Group showed its commitment to universal values by endorsing the United Nations' Global Compact, thereby reflecting its engagement with corporate social responsibility. It undertakes to align its operations and strategy with the ten principles relating to human rights, labour standards, the environment and combating corruption. LVMH also supports the Universal Declaration of Human Rights, the OECD guidelines for multinational enterprises, the fundamental International Labour Organisation conventions, the Millennium Development Goals, and the United Nations' Women's Empowerment Principles and France's Diversity Charter. These principles are reflected in the

LVMH Code of Conduct, which is distributed Group-wide.

Every decision takes respect for people into consideration — respect for their freedom and dignity as well as their professional fulfilment and well-being — and this lies at the heart of the social responsibility policy to which all Group companies adhere. Similarly, all Group companies have policies and procedures in place to ensure equal opportunities and to prevent discrimination (on grounds of sex, race, religion, political beliefs, etc.) as defined in the International Labour Organisation conventions. This culture and these procedures also mean the Group practices freedom of association, respect for the individual, and refuses child labour or forced labour.



## Management of the CSR policy

In keeping with its history, its size as a major international group, and the very different characteristics of its business lines, LVMH's organisation is both decentralised and unified. It is decentralised because the risks and opportunities resulting from the incorporation of social issues need to be managed by each Group company and at a local level. It is nonetheless unified because the Group's development is consolidated around its common social responsibility principles, methods and action plans.

Within Group companies and their subsidiaries, management of social responsibility policy falls under the remit of the Head of Human Resources, with use being made of a local social responsibility coordinator, the objective being to ensure that individual company measures are consistent with the broad areas for action set down by the Group.

At Group level, the overall consistency of the policy is maintained through constant dialogue between the Social Development Department and the Social Responsibility Coordinators in each Maison. Management of the CSR Policy is done through an international reporting system covering Group companies with over 50 employees. The reports

enable an annual inventory to be produced of the social responsibility measures taken over the previous twelve months. They cover the four main subject areas of the Group's CSR policy. Each subject area reported on refers to the International Labour Organisation's conventions and recommendations. Once a year, the members of the CSR network meet at LVMH's instigation to produce a review of the past year based on the reports, and to determine the priorities for the current year. In 2014, this meeting was held on the 21<sup>st</sup> of March.

LVMH then reports on its social responsibility policy through the annual report, the reference document, and the Social Responsibility Report. Its commitments and actions are communicated internally through the Social Responsibility Newsletter and the Group's intranet, Voices.

Every new manager is systematically informed about the Group's social responsibility policy, how it is implemented and the role managers play during the induction week. Since 2013, some Group companies have developed their own social responsibility reports, including Loewe, Parfums Christian Dior, Guerlain, LVMH Fragrance Brands SA, Sephora and Le Bon Marché.

### Multi-level management

#### Aim

#### Materials, resources and networks

<div> <div>Social responsibility strategy coordination</div> <div>Special monitoring of persons with disabilities</div> <div>Special monitoring of the position of females within the company</div> </div>	<div>→</div> <div>→</div> <div>→</div>	<div> <div>✓ LVMH Department of Social Development</div> <div>✓ CSR Committee, comprising 30 social responsibility coordinators.</div> </div>
		<div> <div>✓ The “<i>Mission Handicap</i>” initiative, a network of 30 disability coordinators.</div> </div>
		<div> <div>✓ <i>EllesVMH</i>: a community with more than 850 members worldwide (men and women), a discussion platform and intranet for sharing information and best practice.</div> </div>
<div> <div>Collaborative working and information sharing</div> </div>	<div>→</div>	<div> <div>✓ <i>Voices</i>: an intranet dedicated to the entire human resources community.</div> <div>✓ LVMH Mind: an intranet dedicated to CSR, available to all staff.</div> <div>✓ Social Responsibility Newsletter.</div> <div>✓ Reference document.</div> <div>✓ Annual report.</div> <div>✓ Social Responsibility Report.</div> </div>

### Relationships with stakeholders

Throughout the year, LVMH Group fosters various relationships with stakeholders to meet their needs and provide them with a range of information, in particular in relation to social issues, in the widest sense, resulting from its business operations. The ways this dialogue is organised varies a great deal.

The table below provides a simplified overview of the main types of relationship forged by LVMH with its stakeholders.

They differ depending on the issues pertaining to the Group overall, their business lines, Group companies, and indeed each geographical area.

Along with the types of relationship maintained with stakeholders, the Group’s corporate partnerships are shown separately. Showing such formal partnerships separately takes account of their specific features given the resulting commitments for all parties concerned.

## Main Social Responsibility Issues







Trends within society and social developments	Internal social responsibility issues	Business lines particularly affected
<p>Top heaviness in the age pyramid and management of inter-personal relationships.</p> <p>Increased competition for scarce resources in a globalised market.</p>	<ul style="list-style-type: none"> <li>○ Recruiting and retaining talent.</li> <li>○ Preserving and transferring strategic expertise and skills.</li> <li>○ Managing innovation.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Fashion &amp; Leather goods</li> <li>✓ Watches &amp; Jewellery</li> <li>✓ All business lines</li> </ul>
<p>Need for social inclusion and cohesion.</p>	<ul style="list-style-type: none"> <li>○ Gateways between LVMH and workplace integration organisations and social entrepreneurs.</li> </ul>	<ul style="list-style-type: none"> <li>✓ All business lines</li> </ul>
<p>Stricter regulations and standards.</p> <p>Risk management.</p>	<ul style="list-style-type: none"> <li>○ Employee hygiene, health and safety.</li> <li>○ Work area design.</li> <li>○ Stress management.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Wines &amp; Spirits</li> <li>✓ Perfumes &amp; Cosmetics</li> <li>✓ All business lines</li> </ul>
<p>Combating discrimination and increasing diversity.</p> <p>Expectations in regards to work-life balance.</p>	<ul style="list-style-type: none"> <li>○ Occupational welfare.</li> <li>○ Workplace equality and accessibility.</li> <li>○ Parenthood and need for new services.</li> </ul>	<ul style="list-style-type: none"> <li>✓ All business lines</li> </ul>
<p>Tourism and increased customer mobility.</p> <p>Emotional appeal of products and increased need for in-store customer experience.</p>	<ul style="list-style-type: none"> <li>○ Flexible working time arrangements.</li> <li>○ Managing the effects of seasonality (stores, grape harvest, etc.).</li> <li>○ Supporting employee engagement.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Selective Retailing</li> <li>✓ Wines &amp; Spirits</li> <li>✓ Stores in other business lines</li> </ul>

## Relationship styles with stakeholders (excluding partnerships)

Stakeholder type	Regularly throughout the year	Occasionally (depending on plans and requests)
<b>Internal stakeholders</b>		
	<ul style="list-style-type: none"> <li>Relationships and dialogue with employee representative bodies, i.e. European Works Council, Group Works' Council and individual company Works' Councils.</li> <li>OHSC.</li> <li>Special employee networks (e.g. EllesVMH).</li> </ul>	<ul style="list-style-type: none"> <li>Collective agreements on specific subjects.</li> <li>Satisfaction surveys and measuring employee engagement.</li> </ul>
<b>External stakeholders</b>		
States, multi-lateral institutions, government departments, local authorities and supervisory bodies.	<ul style="list-style-type: none"> <li>Relationships resulting from Group companies' many interactions relating to international, national and local regulations of all kinds.</li> <li>Relationships with regulators (the AMF - French financial markets regulator, etc.).</li> <li>Various reporting requirements (workplace accidents and illnesses, taxes, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>Signature of undertakings (on diversity, apprenticeships, etc.).</li> <li>Trialling best practices.</li> <li>Involvement in projects connecting various parties within a given locality.</li> </ul>
Investors, shareholders, and extra-financial ratings organisations.	<ul style="list-style-type: none"> <li>AGM and shareholders' club.</li> <li>In conjunction with the Financial Communication Department: <ul style="list-style-type: none"> <li>roadshow attendance (financial and extra-financial analysts);</li> <li>answering rating agencies' ESG (Environmental, Social and Governance) questionnaires.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Sporadic requests from investors, asset managers and assessment organisations (in conjunction with the Financial Communication Department).</li> <li>Involvement in conferences, working parties and public debates.</li> </ul>
<b>Other external stakeholders</b>		
- contractual (See also the "Partnerships" table)	<ul style="list-style-type: none"> <li>Monitoring customer relationships.</li> <li>Relationships with suppliers, subcontractors and commercial partners.</li> <li>Statutory financial auditors and others.</li> <li>Certification bodies.</li> <li>Membership of expert and academic groups.</li> <li>Membership of industry and local federations (employers, trade associations, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>Handling customer complaints.</li> <li>Supplier and sub-contractor questionnaires and audits.</li> </ul>
- non-contractual	<ul style="list-style-type: none"> <li>NGOs, general interest associations.</li> <li>Consumer associations.</li> <li>The media.</li> </ul>	<ul style="list-style-type: none"> <li>Occasional or subject-based NGO and consumer association campaigns.</li> <li>Relationships with local community organisations, depending on site/facilities plans.</li> </ul>



## Main LVMH Group partnerships

CSR (Corporate Social Responsibility).	<p>LVMH is a member of ORSE (<i>Observatoire sur la Responsabilité Sociétale des Entreprises</i> - France's Study Centre for CSR)</p> 
Non-discrimination	<p>LVMH has been a member of AFMD (French Association of Diversity Managers) since 2013 and on the board since 2014.</p>  <p>► See "③ PREVENTING DISCRIMINATION" (pp.30-35).</p>
Disability	<p>AGEFIPH Agreement (French agency to promote private sector employment of those with disabilities) (LVMH, Parfums Christian Dior, Veuve Clicquot). Group companies are involved in the LVMH EXCELLhanCE project - LVMH, Parfums Christian Dior, Veuve Clicquot, Benefit Cosmetics, Le Bon Marché, Berluti, Louis Vuitton, Make Up For Ever and Chaumet.</p>  <p>LVMH chairs the ARPEJEH charity (which supports the study aims of pupils and students with disabilities).</p> 
Suppliers	<p>Member of Sedex (Supplier Ethical Data Exchange).</p> 
Developing skills and preserving expertise	<p>Partnership with a number of specialist schools and educational establishments.</p> <p>► See "① DEVELOPING TALENT AND SKILLS" (pp.18-22).</p>
Workplace integration of the disadvantaged in employment.	<p>Clichy-sous-Bois/Montfermeil partnership</p>  <p>► See "④ SUPPORTING LOCAL COMMUNITIES AND LOCAL AREA DEVELOPMENT" (pp.38-44).</p>
Help for underprivileged populations.	<p>► See "④ SUPPORTING LOCAL COMMUNITIES AND LOCAL AREA DEVELOPMENT" (pp.38-44).</p>
Medical research and support for people suffering from medical conditions.	<p>► See "④ SUPPORTING LOCAL COMMUNITIES AND LOCAL AREA DEVELOPMENT" (pp.38-44).</p>

## Extra-financial evaluations



LVMH is a signatory of the United Nations Global Compact and in November 2013 published its COP (Communication On Progress) in respect of the "GC Advanced" level.

At the end of 2014, LVMH Group was selected for an "unsolicited rating" in the main indices based on ESG (Environmental, Social and Governance) criteria:

<p>✓ LVMH has been a member of the Euronext Vigeo Eurozone 120 Index since its launch in June 2013, this index replacing the ASPI Eurozone (Advanced Sustainable Performance Index). [<a href="http://www.vigeo.com">www.vigeo.com</a>]</p>	
<p>✓ In September 2014, LVMH was confirmed as a member of the FTSE4Good Global 100 [<a href="http://www.ftse.com">http://www.ftse.com</a>]</p>	
<p>As part of the updates issued on 10 December 2014 and 29 January 2015:</p> <ul style="list-style-type: none"> <li>✓ LVMH was confirmed as a member of ESI Europe Index (Ethibel Sustainability Index);</li> <li>✓ The Forum Ethibel renewed its awarding of the "Ethibel Excellence" label, recognising those companies most committed to CSR and likely to figure in the investment registers of SRI (socially responsible investment) funds.</li> </ul>	

Of the other assessments and rankings of a general nature not forming part of an audit specifically requested by LVMH, the following are worthy of note:

<p>✓ Rating of 59.0/100 awarded in 2014 for the 2013 financial year by the <i>Centre français d'information sur les entreprises</i> (CFIE - French centre for CSR information) in its 2014 annual report on social and environmental information in corporate annual reports (November 2014) [<a href="http://www.cfie.net">www.cfie.net</a>]</p>	
<p>✓ In November 2013, LVMH was rated "B" by the Inrate agency (on a scale of 12 grades from D- to A+) as part of its analysis of stocks comprising the Stoxx Europe 50 index. LVMH is one of the highest scoring of the six French firms in the index.</p>	





From 27 to 30 March 2014, the flagship Guerlain store on the Champs-Élysées played host to the “Mannequin d’un jour by Guerlain” exhibition of portraits of amateur models who had enjoyed a day on the catwalk.

## 1 -DEVELOPING TALENT AND SKILLS

*The identification and recruitment of talent, along with the preservation of strategic skills and expertise, are decisive factors in the short-, medium- and long-term success of LVMH Group and each of its entities. In a highly-competitive world, where creativity and expertise reign supreme, it is essential to hire the most effective and suitable talents with the most promising futures.*



### ***Recruitment - a key moment***

LVMH is implementing an action plan to improve awareness of its career opportunities. With the strength of its brands, its growth and its international expansion, LVMH Group naturally attracts talent from the luxury goods sector, and indeed innovative industries as a whole. At the same time, it is striving to increase awareness of the great diversity of roles needed to deliver excellence in all its areas of business. On a local level, LVMH is building a number of partnerships and ties with educational establishments to raise awareness of the roles and profiles the Group needs. These partnerships often result in scholarships and the funding of places on art, fashion and luxury leather-working courses.

In 2014, LVMH strengthened its long-standing partnerships with France's leading, internationally renowned higher education establishments, with the aim of building the reputation of the Group and its brands among young talents, and improving

awareness of the issues and key roles in the luxury sector. These ties include the Chair in luxury brand marketing at the ESSEC business school, which will be 25 years old in 2015; the Luxury Business Management Track with SDA Bocconi in Italy; the awarding of study grants to students at the Central Saint Martins College of Art and Design; and the Luxury Track at Singapore Management University.

- ✓ **27,096** people recruited on permanent contracts, including **2,454** in France
- ✓ Overall (all reasons combined) staff turnover rate **20.9%** (lower than 2013; varies considerably from region to region).
- ✓ Voluntary staff turnover up from **14.8%** in 2013 to **15.6%** in 2014.

#### **LVMH-ESSEC Chair**

Now in its 25th year, LVMH supports twenty ESSEC business school students in a Chair dedicated to the luxury goods sector and the issues it faces. The ambitious course, offering a specialist education to talents planning to enter the luxury goods sector, is the oldest course on luxury brand management in the world. Highly selective, the LVMH-ESSEC Chair is on offer to students at the ESSEC Paris business school. Each student selected for the course is mentored for six months by an ESSEC graduate within LVMH, who explains his or her role and helps to increase students' expertise and expand their network. A series of seminars given by Group managers is also organised, while all the field projects undertaken by students involve practical scenarios linked to an issue experienced by one of the Group's companies.

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A special effort was made in 2014 to increase the Group's appeal to engineers, and it began a new strategic partnership with the Supply Chain Chair and the *École Centrale Paris* engineering-focused university, and was the official sponsor of the annual business forum, the X-Forum, at the prestigious engineering school *École Polytechnique* in November 2014. The purpose of the sponsorship arrangement was to promote career opportunities for engineering graduates at LVMH. LVMH and Group companies organised a series of meetings on the sidelines of the forum itself, to present the Group to students and offer dummy interviews and coaching sessions to prepare them for the route into the workplace. Louis Vuitton played host to a group of students in its historic Asnières workshops. Moët & Chandon, meanwhile, invited students to visit its estate at Epernay, and Parfums Christian Dior opened the doors to its production facilities at Saint-Jean-de-Braye.

Over and above the Group's presence and activities on campuses, a new form of recruitment via virtual forums was tested this year, which enabled the Group to reach a much wider population of students and to diversify the profiles that were recruited. LVMH also enhanced its digital presence in 2014, striving in particular to portray its "ecosystem" on social networks. Particular effort was paid to the Group's reputation as an employer on LinkedIn, the main professional network. The quality of this digital footprint was hailed by Publicis Consultants, which ranked LVMH as the top CAC 40 (French stock market index) company in terms of effectiveness on LinkedIn as measured by internet user engagement. In parallel with these Group-level initiatives, several companies, such as Louis Vuitton, Christian Dior Parfums, Guerlain and Sephora, regularly run their own employer communication campaigns to attract the best candidates.

#### LVMH on BoF Careers

In May 2014, Business of Fashion launched BoF Careers, the "global marketplace for fashion talent". LVMH Group was involved in the launch as one of the main partners. The only talent pool of its kind, BoF Careers has positioned itself as a crossroads where talent and the leaders of the luxury and fashion industries can meet. In this regard, LVMH Group has launched its own careers page (<http://www.businessoffashion.com/lvmh>). A true portal into the Group, the first stop for serious jobseekers, it includes a large number of vacant positions, covering the whole product lifecycle, from design to distribution.

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. The actions undertaken by all Group companies has accordingly secured the approval of students at French business

schools, who have voted LVMH their favourite employer for the ninth consecutive year in the rankings by consultants Universum. The Group's employer brand reputation also continues to climb towards the top of similar European rankings.

#### LVMH voted favourite employer by students at French business schools according to the 2014 Universum rankings



In April 2014, LVMH took the plaudits for the ninth consecutive year in the Universum France rankings, voted the most attractive employer by students at French management and business schools. The ranking is based on votes from more than 34,000 students at 112 higher education establishments. Attracted by the diversity of our operations and business lines, our large number of well-known brands and the extent of our geographical coverage, these business leaders of tomorrow voted overwhelmingly for LVMH, making the Group undisputedly the most attractive.



## Staff development

The annual review of organisations and talent, coordinated by the Human Resources department in close conjunction with operational managers, is the lynchpin of LVMH Group's human resources policy. It is an opportunity to prepare a range of training courses appropriate to current market conditions and employee needs, and to build career mobility paths. Managers evidently play a central role in this culture of organisational and career development. Skill in this area is now a criterion that is always used during managers' annual appraisals, performance reviews and career reviews.

### Strategic review

In a Group that is essentially decentralised, the human resources function's remit includes promoting the sharing of knowledge and cross-functionality in general. The annual review of organisations and talent, the OMR (Organisational Management Review), coordinated by HR, is a Group-wide exercise involving all Group companies and subsidiaries with the aim of unearthing in-house talent and securing the succession of key positions. The OMR includes meetings on mobility between Group companies and regions, from which several succession options may emerge. More than 70 mobility committee meetings per job grade and geographical regions were held during 2014. Ultimately, 75% of senior executive positions are now filled internally.

Preparing for the future also entails supporting LVMH's "High Potential" staff, through the "Futura" in-house talent development programme. These staff are selected first and foremost on the basis of their potential, creative capacity, and the values that drive them.

### In-house development and training programmes

Irrespective of the diversity of business areas and staff concerned, LVMH Group and Group companies always construct their training courses so as to meet the needs of both the business and of personal development.

LVMH Group's investment in training has accordingly risen further, up by 6.5% over 2013 (when the figure

was €92.5 million) and up 42% compared with 2011 (€69.8 million), to reach €98.2 million.

- ✓ **€98.2** million invested in training worldwide, up **6.5%** in 2014 over 2013
- ✓ **2.4%** of total payroll costs
- ✓ **€804** per employee
- ✓ **59.2%** of employees had training
- ✓ **274,200** days of training
- ✓ **2.2 days** of training per person, on average

Just for new starters at managerial grades, more than 3,600 people were involved in training sessions designed at Group level. Increasing numbers of countries are now included, with Australia, South Korea, Mexico and India added to the list of countries already covered by LVMH training.

In regards to senior executives, LVMH Group has stepped up its efforts by investing worldwide and particularly by prioritising effective leadership, high-level performance, a managerial commitment to increased team development, and enhancing the desirability of our brands. LVMH House, a real business school for the luxury sector, has been organising forums bringing together senior executives from all four corners of the Group for several years.

A diverse range of training courses is also offered to non-managerial employees, whether in stores, production sites or the various head offices, to support their career development within the Group. In China for example, Bulgari has put in place a Forward Planning for Jobs and Skills programme including an annual training plan aimed at improving the skills of in-store sales staff. A large part of the Group's training also occurs daily in the workplace, but this is not recorded in LVMH's consolidated training metrics.

Lastly, LVMH organises induction and briefing seminars for new starters on Group culture, its values, its basic management principles and knowledge of its brands. These seminars include an introduction to social responsibility issues. 30,617 employees, on temporary and permanent contracts, attended such seminars in 2014.

### Serious Game

In July 2014, for the first time, LVMH participated in the Fresh Connection, the international “serious game” dedicated to the supply chain. Created in 2008 in the Netherlands, Fresh Connection has gradually emerged as the benchmark serious game for the supply chain. The competition, which runs in some 30 countries, saw 300 businesses register for the challenge in 2014, including 14 from France. The two LVMH teams, made up of employees from Dior Couture, Guerlain, Hennessy, MHCS and Sephora selected by their managers, enabled the Group to finish second and third, thereby demonstrating the Group’s expertise in operational management.

### Internal mobility

The Group has made internal mobility, whether geographical or functional, a key aspect of its human resources policy. The LVMH ecosystem provides an environment that is particularly conducive to career development, and its diversity of business lines and professional roles, the number of brands operated, together with the Group’s geographical spread enable employees to build individualised career paths and to gain new skills, expertise and experience.

The human resources function makes every effort to support career development for the Group’s talent through consistent practice and global initiatives. Human resources coordination is reaching new frontiers with Latin America and Oceania, supplementing existing mobility committees in the strongholds of Europe, the United States, Asia and Japan.

All employees can also feel they are playing an active role in their own development through the in-house job opportunities platform, called MOVE, available all over the world via the Group intranet. MOVE saw growth of more than 50% in internally advertised positions in 2014 compared with the previous year.

In terms of results, 2,380 managers moved internally within the Group in 2014. LVMH also looks favourably on mobility between different job roles by encouraging employees to acquire new skills through courses that lead to qualifications or diplomas. 7,271 employees - or 6.7% of the permanent workforce - were promoted in 2014.

### Preserving expertise

LVMH Group is as actively committed to training as ever, to ensure the preservation of the corporate cultural assets of craftsmanship and design through skills transfer. A signatory to France’s Apprenticeship Charter, the Group has consequently substantially expanded its apprenticeships allowing young people to gain a qualification more easily. On 31 December 2014, there were more than 964 young people on apprenticeship or work-and-training contracts in all of the Group’s French companies.

**964 young people** on apprenticeship or work-and-training contracts in France.

To further anticipate their requirements and smooth the knowledge transfer process, some Group companies have created their own training structures to meet ever more specific challenges.

Consequently, for example, in Ferrara, Italy, Berluti set up its “Academy of Expertise” in March 2012, to revive the traditional shoemaker’s craft in the heart of the Emilia-Romagna region. The Berluti Academy of Expertise selects and trains the company’s next generation of luxury shoemakers and leather workers. In Spain, Loewe officially opened its leather crafts training centre near Madrid in February 2013. This initiative comes against a backdrop of a doubling of the size of its production centre and a target of creating 150 jobs between 2013 and 2015. Loewe has in fact undertaken to employ at least 60% of the 280 people who will be trained by 2015. Loewe’s objective is to make its training centre a centre of excellence recognised as such by the Spanish authorities and the international community of leather industry experts. From 2015 onwards, training courses will be open to Loewe’s strategic suppliers so as to better share key knowledge and skills with them.

Of the older initiatives aimed at ensuring skills and excellence that are passed on to future generations, mention can be made of the school of leather goods. Set up by Louis Vuitton in 2010, the school is set amidst the firm's historic Asnières workshops.

Every year, Loro Piana puts on training courses for sales staff at its Company Retail Excellence Academy. In 2014, some 1,000 employees, or 90% of the relevant staff, attended training in at least one of the 20 courses developed in-house.

Moët Hennessy Asia Pacific has set up a school for sales managers in partnership with a local university, while developing new training programmes to promote workplace efficiency, analytical thinking and female leadership.

### **The Institut des Métiers d'Excellence**

A new initiative launched in 2014 testifies to the Group's desire to better meet Group companies' current and future needs and demands. The *Institut des Métiers d'Excellence* (IME) crafts and design vocational training institute provides professional training leading to qualifications and certificates, enabling the Group to transfer craft and design skills to the younger generation.

The first partnership agreements have been signed with the *École de la Bijouterie et Joaillerie* jewellery school, the *École de la Chambre Syndicale de la Couture Parisienne* fashion design school in Paris (CSCP) and the "flexible materials" (leather, fabric, etc.) branch of the *École des Compagnons du Devoir et du Tour de France* association of craftsmen. Consequently, 28 students started LVMH classes in September 2014. These students will be on apprenticeship or work-and-training contracts within various Group companies, i.e. Christian Dior Couture, Louis Vuitton Malletier, Givenchy, Kenzo and Le Bon Marché for the vocational diploma in fashion design; Chaumet and Louis Vuitton for the diploma in jewellery design and techniques; Louis Vuitton Malletier and Moynat for the vocational diploma in leather goods.

The *Institut des Métiers d'Excellence* is the only training programme that partners leading schools to deliver a state-recognised qualification and that encourages young people into employment by promoting use of courses in the areas of crafts and design. Its objective is thus to showcase the key role played by apprentice masters and mentors in passing knowledge and skills on to younger generations. LVMH is planning to seal other partnerships in the areas of leather goods, visual merchandising and client advisors.



First graduating year in fashion design at the LVMH *Institut des Métiers d'Excellence* crafts and design vocational training institute



Louis Vuitton is gradually rolling out a scheme combining a health policy, organisation of work, the physical work environment and a training plan for its production workshops and logistics warehouses.



## 2 - MANAGING QUALITY OF LIFE IN THE WORKPLACE

*The motivation and skills of employees are the kernel of the excellence of the products and services offered by Group companies. Their working conditions must allow them self-expression and enable them to flourish in performing their role. The Group's commitment to managing quality of life in the workplace therefore responds to employee needs as closely as possible.*



### Health and safety issues

For LVMH, respect for all employees, male and female, and protection of their physical integrity are basic components of its social responsibility policy.

Workplace safety issues take different forms in different business lines. For instance, in terms of workplace accidents, Watches and Jewelry sees the fewest whereas, by the nature of its business, Wines & Spirits experiences the highest frequency rate and severity. Similarly, the geographical breakdown of the

number of accidents shows that France, where most LVMH companies' production takes place, is over-represented.

In 2014, there were 1,055 lost-time accidents resulting in 28,275 lost working days. The frequency rate has improved constantly over the last few years, while the severity has held steady. 394 work-related travel accidents were also recorded, resulting in 7,637 working days lost.

#### Workplace accidents

	Number of accidents	Frequency rate	Severity	Deaths
<b>2014</b>	1,055	4.75	0.13	0

#### Absence rate:

The overall rate of absence was **5%** in 2014 (4.9% in 2013). The rise is mainly the result of increased sick leave (2.3%) and paid absence (0.5%).

The total amount spent on and invested in improving health, safety and working conditions stood at over €62 million in 2014, or 1.5% of the worldwide total payroll cost. Accordingly, 25,390 Group company employees worldwide received safety training, and €30.7 million was invested more specifically in health and safety.

**€62m** was spent on working conditions in 2014, of which **€30.7m** went specifically on health and safety (up 50% in 2014 compared with 2013)

## ***Group company initiatives in occupational health and safety***

Health, safety and ergonomics assessments, giving rise to structured action plans, are carried out on production sites, in workshops and vineyards and also in stores and head offices.

Within Wines & Spirits, Krug and Veuve Clicquot are planning to set up a workshop adapted for employees under medical restriction, with limited fitness for work or with disabilities. At Glenmorangie, Scotland, the “zero accident” policy continues to form the basis on which the company's entire health and safety culture is built. Parfums Christian Dior is implementing an initiative to improve the ergonomics of workstations used by head office staff, mobile employees and point-of-sale staff in conjunction with staff representatives. At Guerlain, several ergonomics-related measures have been implemented both on production sites and in stores. Similarly, Louis Vuitton is gradually rolling out an initiative combining a health policy, organisation of work, the physical work environment and a training plan for its production workshops and logistics warehouses. In France, Louis Vuitton ordered an audit of working conditions for the Galeries Lafayette and Printemps stores by an ergonomist. This audit culminated in extra seats being provided in the sales area and the back office (folding chairs), and the refurbishment of the Montaigne, Saint-Germain, Monaco and Printemps stores. Lastly, in 2014, Céline investigated the possible adaptation of two workstations for two employees with health problems.

The prevention of psychosocial risks is a matter that captures the attention of all Group companies, which pays particular attention to stressful situations their employees might encounter. LVMH Fragrance Brands accordingly prepared an action plan on the prevention of psychosocial risks which was presented

to the unions during meetings of local and European works' councils and the OHSC, as well as managers. While LVMH Watches & Jewelry organised training sessions in China on managing workplace stress, Moët & Chandon opted for coaching sessions on workplace well-being, training managers and supervisors (management committees, heads of department and managers) in psychosocial risk prevention. In regards to stores, Sephora Italy ran some tests to assess its employees' stress levels, while Tag Heuer gave its staff safety training on “armed robbery awareness” to reduce in-store stress levels. More generally, in France, agreements or addenda to existing agreements about psychosocial risk prevention have been signed in recent years with Group companies.

Over and above protection against psychosocial risk, the objective of Group companies is to improve occupational welfare. Increasing numbers of them are offering services such as relaxation, massage or gym sessions. Berluti, for example, offers its employees weekly gym and yoga sessions at preferential rates, while Céline has started School of Laughter Yoga and self-massaging workshops. In Spain, Moët Hennessy introduced a “relaxing day” (sic), a 20-minute massage break scheduled at the most stressful times of the year. In China, Louis Vuitton has set up a company library and reader corner available to all employees, stocked with magazines and tablet computers. Lastly, in Argentina, Moët & Chandon, working in tandem with the in-house medical department, has created a more nutritionally balanced menu for the staff canteen.

More generally, regular Group-wide benchmarking of the welfare and medical expenses policies is presented to the social partners on the Group Works' Council to define a common basis on which employees can be protected.

## ***Work-life balance and flexible working time arrangements***

Respect for the individual includes the consideration of a number of separate factors. Flexible working hours and the provision of services enabling a decent work-life balance to be accomplished deliver a response to employees' growing expectations in terms of physical well-being, time management, and dealing with family responsibilities.

Out of a total headcount of 121,289 employees at 31 December 2014, 23,438 staff were working part time, or some 20% of all personnel. Worldwide, 13% of employees are on flexitime arrangements of some kind, and 47% are on an alternating schedule.



### World headcount benefitting from various forms of flexible working time arrangements

Staff concerned (in %)	Worldwide staff 2014
Flexitime	13
Part time	20
Alternating schedule	47

Work-life balance is a vital component of quality of life in the workplace. It is a component that is one of the Group companies' permanent objectives inasmuch as it is an aspect of many issues, for example, in relation to parenthood, career options for the over-50s, or the needs of employees who are family care takers. Consequently, at Moët Hennessy in the United States, a new flexible working hours policy has been set up, allowing one day of working at home per quarter. Céline, meanwhile, is flexible about working hours for employees returning from maternity leave (parental leave or 4/5th part-time working, for example) and has increased the number of days of "sick child" special leave. Similarly, De Beers Diamond Jewellers pays in full for parental

leave. At the start of the school year, Kenzo allows flexible working time for employees wishing to accompany their children aged under 12 to school. In China, Louis Vuitton organised its first "Louis Vuitton China Family Day" in Shanghai on 1 June 2014, attended by 35 families, or more than 108 people.

The provision of concierge services or nursery places is spreading throughout the Group. Berluti set up a concierge service in the company to help smooth work-life balance, and Le Bon Marché has put a partnership with a nursery operator plus flexible working arrangements in place for the parents of children aged under 3 at La Grande Epicerie.

### Dior nursery places

In Saint-Jean-de-Braye, Parfums Christian Dior was instrumental in setting up an inter-company nursery with 30 places for employees. Head office staff have a similar arrangement with 30 places booked for their children from the start of the school year in September 2014 at inter-company nurseries in the Paris region. A company concierge service has been open since 2012 for sites reporting to head office. An equivalent service is being looked into for Saint-Jean-de-Braye employees and is expected to be available in 2015 or 2016.

## *Employer-employee dialogue*

With LVMH Group having latterly acquired a definite European dimension, the switch to the European Company structure (or Societas Europaea or SE) was entirely in line with recent developments. This was the backdrop to the formation of a European Works' Council, the staff representative body for the 21 countries where the Group is present. This body is governed by procedures set down in an agreement signed unanimously on 7 July 2014 by the elected employee representatives from these 21 countries and the Group's senior management. The first full meeting of the European Works' Council (EWC) will be held on 26 March 2015. The EWC will supplement the employee representation arrangements which therefore now comprise three levels, i.e. the companies' Works' Councils which, in line with the Group's decentralised culture, deal with most labour issues; the Group Works' Council where employee representatives are given information and hold discussions with the chief executives of all Group business lines on strategy direction, economic and financial issues and Group human resources aspects; and lastly the European Works' Council which deals with matters arising at the European level.

In France, Group companies have Works' Councils, staff union representatives, Occupational Health and Safety Committee and working conditions committees. The Group Works' Council was established in 1985. Over the course of 2014,

employee representatives attended 1,566 meetings, leading to the signing of 132 company agreements.

At the same time, Group companies are making great efforts to encourage employee input and discussion with management. To this end, they are using employee attitude surveys (**Wines and spirits:** Belvedere Vodka, Estates & Wines, Glenmorangie CO, Moët & Chandon; Moët Hennessy Diageo, Moët Hennessy, Hennessy; **Fashion and Leather goods:** Louis Vuitton, Celine, Christian Dior Couture, Fendi, Loewe; **Watches and Jewellery:** Bulgari; **Selective retailing:** Sephora; **Other activities:** Les Echos, Royal Van Lent, Starboard Cruise) or other more direct means of obtaining employee input. For example, Loewe has continued with the work begun in 2013 by organising workshops at its Madrid, China and Asia-Pacific sites in September and October 2014 on the subject of improving job satisfaction. De Beers Diamond Jewellers holds working breakfasts each month attended by the CEO and head office staff. Bulgari in Hong Kong and Macau organises regular meetings between holding company management and store managers to get feedback on staff requests and needs. Fendi organises monthly meetings and team-building exercises for its staff in the Asia-Pacific region to improve communication within teams, bring about meaningful engagement, and increase job satisfaction.

**In France**  
**1,566** meetings  
**132** company agreements

Meeting type	Number
Company works' council	548
Staff union representatives	513
Occupational Health and Safety Committee, working conditions committee	306
Others	199
<b>Total</b>	<b>1,566</b>

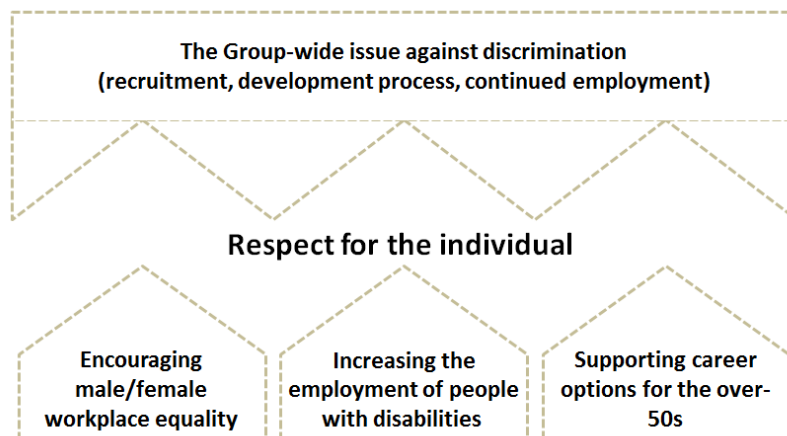




Group companies are taking steps to bring their job vacancies to the attention of people with disabilities. Here, managers from Guerlain and Veuve Clicquot are explaining what they do for programme on a web TV channel for those with disabilities.

### 3 - PREVENTING DISCRIMINATION AND RESPECTING INDIVIDUALITY

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



#### *Develop appropriate Group-wide processes*

The Recruitment Code of Conduct is widely distributed to everyone in the Group involved in recruitment. It sets out the ethics of recruitment at

LVMH through fourteen undertakings. Particular emphasis is given to preventing any form of discrimination and to promoting diversity.

#### **The 14 undertakings in the LVMH Recruitment Code adopted in December 2009**



1. Promote diversity and equal opportunities
2. Ensure clarity and transparency in the recruitment process
3. Publish vacant positions on our various HR websites
4. Give preference to internal staff development
5. Always check whether applicants are involved in a recruitment process at another Group company
6. Treat job applicants as we treat customers, show respect and interest before, during and after interviews
7. Ensure applications are kept confidential
8. Use approved and established selection methods, and make the interview the core of the selection process
9. Tell job applicants what the next steps and timescales of the recruitment process are
10. Provide all applicants with a qualitative and constructive response following their interviews
11. Make fairness and transparency the foundation of our remuneration packages
12. Complete the recruitment process with an effective induction programme
13. Check that our service providers know about our Recruitment Code of Conduct and comply with it
14. Aim for excellence and continuous improvement

The Recruitment Code of Conduct is supported by a training course on “Recruiting without discriminating”. This course has been compulsory for all of the Group’s recruiters since 2011. Special modules are gradually being rolled out by country so as to relate LVMH Group’s undertakings to local legislation (Italy and the United States in 2014).

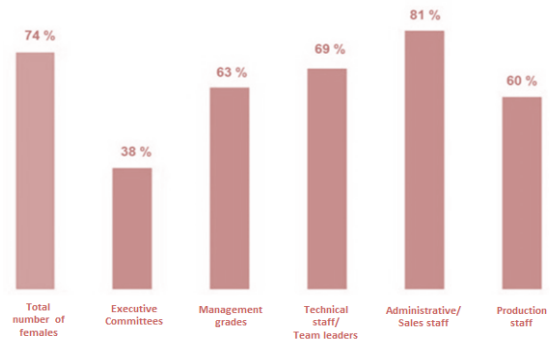
As the last aspect to this code, since 2008, LVMH has continuously monitored its recruitment practices by appointing an independent firm to conduct discrimination tests on its own job vacancies. The 2014-2015 tests were conducted worldwide. At the end of each test campaign, the findings are shared with Group companies’ human resources departments. Discrimination test campaigns are a means of managing the recruitment discrimination prevention mechanism.

### The cross cutting issue of job maintenance

In regards to the links between continued employment and preventing discrimination, various policies and best practices have been applied by Group companies. Examples include preparing and supporting employees returning from parental leave, adapting the workstations and working time for older employees, or providing staff with disabilities with a suitable working environment, as offered by Moët Hennessy Entreprise Adaptée (MHEA). Formed in 2011, MHEA welcomes employees from Moët & Chandon sites whose disabilities make it no longer possible for them to work in a standard environment (this in fact being the principle behind all “*Entreprises Adaptées*” in France). Other Group companies have decided to develop production lines adapted to employees with medical conditions (Guerlain, Parfums Christian Dior, among others).

## Encouraging male/female workplace equality

Proportion of females (in %) in 2014	
<b>Total</b>	<b>74%</b>
Executive committees	38%
Management grades	63%
Technical staff/Team leaders	69%
Administrative/Sales staff	81%
Production staff	60%



### The Group’s commitment:

Workplace gender equality is an integral part of the LVMH culture. Women make up three quarters of the Group’s workforce. This strong female presence is an important characteristic of the Group. It is attributable in particular to the nature of the Group’s business lines, notably Perfumes & Cosmetics (83% of employees are female), Selective Retailing (82%) and Fashion & Leather goods (70%). In contrast, men make up the majority in Wines & Spirits, where they account for 63% of the workforce.

In 2014, 63% of managerial positions were held by women.

After the chief executives of Group companies in Europe signed the UN’s Women’s Empowerment Principles (WEP) in November 2013, all the Group companies in the USA signed in 2014. By the end of 2014, a total of 41 Group companies were therefore committed to adhering to the seven principles in the WEP. Demonstrating the Group’s culture of male-female equality, the principles concern education, training and professional development of women as well as a commitment towards gender equality at the highest level within a company.



### LVMH on stage with UN Women

The sixth annual Women's Empowerment Principles (WEPs) conference was held at the United Nations HQ in New York on 5 March 2014. Gena Smith, Senior Vice-President of Human Resources at LVMH, was on stage to present the measures the Group has taken to apply the principles enshrined in the WEPs. The outcome of a joint effort by UN Women, the United Nations Entity for Gender Equality formed in 2010, and the United Nations' Global Compact, the WEPs comprise seven principles on female empowerment in their jobs, in the job market, and in society more broadly.

On 7 October 2014, the Group's US-based companies signed the WEPs. The Group companies based in the United States are Belvedere Vodka, Marc Jacobs, Donna Karan, Edun, Benefit Cosmetics, Fresh, Nude Skincare, and Starboard Cruise Services.

LVMH will be continuing its efforts in 2015 to reach its target of 40% female representation on executive committees. In 2014, 38% of executive committee members were female (37% in 2013). Its objective is to provide an environment of excellence where all talents can achieve their potential. Five Group companies have a female chief executive, namely Krug, Loewe, Acqua di Parma, Fred and Miami Cruiseline.

#### Drivers

LVMH particularly tracks the development of its female talents during the annual review of organisations, with a set of key objectives and metrics. The Group provides annual coaching for the most promising of its female talents, to smooth their move into executive roles. In 2014, 50 individuals received this full coaching programme. Launched in 2007, the purpose of the EllesVMH initiative is to develop female talent and help them to realise their potential within LVMH Group. In 2014, the measures taken in this regard involved more than 850 people, both men and women, around the world. In September 2014, the first international meeting of EllesVMH coordinators took place.

Regional EllesVMH networks bringing together female talent from all Group companies and business lines present on the various markets organised ten development and networking events. With regards to online communication, the EllesVMH Intranet community is already one of the largest in-house communities.

In China, on 13 February 2014, 135 female managers attended a forum on female leadership, with talks given by Group senior executives. On 20 May 2014, 14 key female talents attended a workshop on the

subject of "marketing yourself". In Paris on 21 March 2014, 65 future leaders from various Group companies attended a lecture-debate on women and the luxury goods industry.

On International Women's Day, 150 female talents attended a career development forum in Spain, with both in-house and external speakers. In the UK, 40 people gathered for a workshop and training on networking. Lastly, in the United States, 90 women heard female senior executives share their experiences within the Group.

Running in parallel with the Group programme, Group companies are also developing their own initiatives and best practices. Loewe has rolled out an e-learning course for its managers on managing diversity, plus a 3-day training course organised in conjunction with Navarre University for female managers. In Italy, Fendi gave a briefing session to 200 head office staff through a talk on gender equality, and has launched a partnership with a charity working on getting women back into work. In France, Hennessy organised a second "women in winegrowing" event, where women in the industry shared their experiences and development.

In China, the policies and measures implemented by Bulgari to promote women into positions of responsibility have resulted in 80% of senior positions being held by females. Again in China, Louis Vuitton is actively encouraging female involvement in various workshops on female leadership and women's empowerment organised by LVMH. In 2014, 16 female members of staff attended, with 13 at the female leadership forum, two at a workshop on marketing oneself, and one at a meeting on work-life balance.

## ***Increasing the employment of people with disabilities***

Helping disabled people integrate into the workplace and find employment stands at the heart of the Group's CSR policy. The place given to the issue of disability reflects the values held by the Group, namely, the respect for individuality, equal standards applied to all employees and the provision of means to meet these standards.

### **Commitment**

The Group's commitment to this subject is embodied in *Mission Handicap LVMH*. Created in 2007, it steers Group policy in this area and is made up of a network of 30 disability coordinators in the Group companies. The purpose of the *Mission Handicap* initiative is to implement any measures aimed at encouraging the recruitment and continued employment of individuals with disabilities. It also builds various partnerships with organisations and institutions working towards the social inclusion and workplace integration of individuals with disabilities (See pp.41).



*Sales advisor undergoing training at Le Bon Marché*

On 1 July 2014, LVMH extended its partnership agreement with AGEFIPH, the French agency to promote private sector employment of those with disabilities, and the leading organisation in the field. The commitment of Group companies has also been demonstrated through AGEFIPH agreements signed by both Veuve Clicquot and Parfums Christian Dior.

Hennessy meanwhile has been accredited since 2011, with a three-year renewal agreed in 2013.

The Group's redoubled efforts have enabled it to increase the proportion of its employees with disabilities in France to 4.10% according to official standards (sum of direct and indirect proportions) at the end of 2014. Internationally, as the situation is dependent on local legislation, the proportion of staff with disabilities stands at 0.96%.

Proportion of employees with disabilities:

**4.10%** in France

**0.96%** worldwide

The value of services procured from the supported employment sector is **€4.9m**.

### **In-house initiatives**

In 2014, LVMH started the EXCELLhanCE initiative, an original training programme to improve the employment prospects of people with disabilities. It had the support and trust of AGEFIPH (French agency to promote private sector employment of those with disabilities). The initiative enabled individuals with disabilities to simultaneously gain a qualification, meaningful experience in LVMH Group companies, and specific expertise in the luxury goods sector. It is based on extended course lasting from 12 to 24 months in three fields, i.e. sales, logistics and human resources management. Candidates are selected by means of the "*Handi-Talents*" processes, based on work-related simulation exercises adapted to candidates with disabilities. These innovative recruitment sessions make recruitment objective and allow skills that are transferable to a professional environment to be identified. In 2014, 24 people joined the EXCELLhanCE initiative. Various Group companies are stakeholders in the initiative, namely Veuve Clicquot, Louis Vuitton France, Berluti, Parfums Christian Dior, LVMH Fragrance Brand, Make Up For Ever, Sephora, Le Bon Marché, Les Echos and Christian Dior Couture.

### Group companies involved in France's Employment of People with Disabilities Week

From 17 to 23 November 2014, LVMH supported Group companies taking part in France's Employment of People with Disabilities Week, with staff attending various awareness workshops. Hennessy organised sensory and exploratory workshops on its production sites to introduce the roles performed by individuals with disabilities and the equipment developed to improve their working conditions. Le Bon Marché created an interactive game to provide an understanding of how employees with disabilities are integrated within sales outlets.

This week was also an opportunity to spread the word about job vacancies within Group companies. Make Up For Ever played host to students from the ARPEJEH programme (supporting the study aims of pupils and students with disabilities) at its "TV & Cinema Academy" on the *Cité du Cinéma* to introduce them to the profession of make-up artist. The Sephora store on the Champs-Élysées invited jobseekers with disabilities to introduce them to the positions it has available and advise them on their applications in the sales area.

However, efforts towards the employment and training of people with disabilities extends way beyond France, however. In Italy for example, Berluti welcomes individuals with disabilities on training courses at its Academy of Expertise. In Spain, Sephora has produced a special induction booklet to smooth the integration of employees with disabilities. In Japan, Group companies are demonstrating particular awareness of the issue; for instance, Louis Vuitton, Bulgari and Loewe in terms of recruitment. Many Group companies have adapted their workspaces to accommodate employees with special needs, such as Moët & Chandon, Hennessy, Berluti, Céline, Donna Karan, Kenzo, Parfums Christian Dior, LVMH Fragrance Brands and Tag Heuer.

LVMH also encourages use of the supported employment sector in France, the figures from which

can be used in calculating the overall proportion of employees with disabilities. The supported employment sector enables a person with a serious disability, whether permanent or temporary, to work in an appropriately adapted environment. On 17 July 2014, at the launch of the new LVMH directory of supported employment suppliers, the *Mission Handicap* unit organised an event where Group companies went to meet some people working in such suppliers. This event also enabled Group companies to share their best practices in the field. Guerlain, for example, has opted to outsource the cleaning of all its linen from its store at 68, avenue des Champs Élysées (Paris) to a supported employment provider. At Group level in France, services outsourced to the supported employment sector were worth €4.9 million in 2014.

### *Supporting career options for the over-50s*

The importance of preserving expertise in the Group's various business lines makes skills transfer the heart of the Group's policy on older employees. The holders of craft skills and invaluable expertise acquired throughout their working lives, older employees are called on to add further value by mentoring other employees. Worldwide, 12.8% of Group employees are over the age of 50. This age-group accounts for 21.7% of the workforce in France.

Worldwide, **12.8%** of Group employees are over the age of 50.  
**21.7%** in France

#### **Commitment and action plan:**

Led by the Group's Human Resources Department, Group companies endeavour to implement a global approach to the management and development of older employees. The companies have managed to adapt this policy to their own situations, identified following an assessment.

In France, 22 Group companies have made commitments, either through agreements or action plans, to encourage the recruitment, employment and career development of employees over the age of 50. All of the Group's French companies, regardless of their size, have negotiated or introduced a "Generation Contract" (being a French government measure promoting the employment of younger and older employees) with three specific aims, namely to improve long-term access of young people to work, to keep the over-50s in work and skills and knowledge transfer between the generations. The commitments made by Group companies also concern the recruitment and training of older employees.

Human resources managers from all Group companies have been trained in conducting mid-career interviews based on a programme established by the Group's Human Resources Department. These interviews take place within Group companies (Moët & Chandon, Hennessy, Berluti, Parfums Christian Dior, Le Bon Marché, etc.) in order to better manage the careers of older employees and systematically offer employees over the age of 50 an appropriate appraisal.

**Initiatives and best practice:**

Group companies pay close attention to the issues of continued employment for the over-50s.

Efforts are made in regards to the ergonomics of workstations, preventing arduous work, and on working conditions, particularly with regards to positions that are most exposed to risks in workshops and on production sites (for example at Louis Vuitton). Domaine Chandon in Argentina has set up an adapted workshop to enable operators aged over 50 who have

developed incompatibility for certain tasks to remain in employment. This objective also includes skills preservation and development. At Guerlain and Bulgari in Asia, it is reflected in a special effort in terms of training and mobility.

Employees nearing retirement may be offered flexible working time arrangements. Céline offers support to those nearing the end of their career, notably by encouraging requests to move to part-time working, and for retirement-related courses and workstation adaptations. Givenchy has agreed on over-50s working from home as part of the "Generation Contract". LVMH Fragrances Brand offers the over-50s the option to work from home one day a month, and part-time working with social security contributions maintained and pension payments calculated on a full-time basis.

Lastly, retirement information meetings ("retirement workshops") are organised at Hennessy and Louis Vuitton, enabling employees to best prepare for the switch from working to retirement.





LVMH is putting equal opportunities provisions in place to support the creation of excellence.



## 4 - SUPPORTING LOCAL COMMUNITIES AND LOCAL AREA DEVELOPMENT

*Group companies, as major employers in the areas where they operate, develop their operations taking due account of specific regional social and economic factors. As a contribution to local area development, Group companies have forged many links with various organisations helping with support and guidance for local communities in regards to workplace integration of social excluded individuals, help for distressed population groups, and support for individuals suffering from medical conditions.*



### ***Employment and regional development***

LVMH applies a policy of employment conservation and development. Thanks to the sustained development of its brands, many commercial jobs have been created in every country where the Group is present, especially as part of the extension of the self-managed store network. Net permanent job creation consequently amounts to more than 5,000 people. At the same time, dismissals for reasons not related to some individual failing, including therefore

redundancies, account for just 3% of leavers, all reasons combined.

#### **Employment**

**5,016** net permanent jobs created.

#### **Research and development spending**

**€72m** in 2014 (up 4.3% compared with 2013)

### **The impact of high-profile projects on a region's influence: the example of the Louis Vuitton Foundation**

The Louis Vuitton Foundation officially opened its doors to the public on Monday 27 October 2014. The building housing it, designed at Bernard Arnault's instigation by the American architect Frank Gehry, is an outstanding venue for French and international contemporary artistic creativity and the influence of the French capital. Truly a "cloud of glass", the Foundation stands in the Jardin d'Acclimatation, in the northern part of the Bois de Boulogne, Paris. The aim of the Louis Vuitton Foundation is to support and promote contemporary artistic creation in Paris and internationally. Its collection and exhibition schedule are in line with the historical artistic and creative movements of the 20th and 21st centuries.

The Louis Vuitton Foundation building includes galleries holding permanent exhibitions, temporary exhibitions and art orders. The last feature is a 350-seat (but variable) auditorium designed to host events in a range of fields.

As part of its opening art programme, the Louis Vuitton Foundation presented an exhibition on Frank Gehry's architectural plans for the Foundation. The exhibition was thus linked to the first European retrospective mounted by the Pompidou Centre on Frank Gehry's work from October 2014.

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Many of the Group's companies have historical ties with certain regions in France and play a vital role in the provision of jobs in those regions, such as Veuve Clicquot and Moët & Chandon in Champagne, Hennessy in Cognac, and Parfums Christian Dior in Saint-Jean de Braye near Orleans. They have developed relationship and communication policies

with local authorities, particularly in the areas of culture, education and employment.

Sephora regularly takes steps in favour of local employment; the company has stores throughout France and two thirds of the company's workforce is located outside of the Paris region.

**A partnership with the Chinese-American Planning Council and Parsons School of Design**

In the spring of 2014, LVMH launched a new training programme for Chinese-American students in New York, able to speak both English and Mandarin but experiencing difficulties in joining the labour market. The programme, called LVMH Fundamentals in Luxury Retail, comprises courses at Parsons The New School of Design given by professors at the school and Group staff, plus a two-week stint at an LVMH store. The objective of this innovative programme is to meet a need to recruit bilingual people for sales roles within our brands.

In Italy, in March 2012, Berluti decided to base its "Academy of Expertise" in the heart of the Emilia-Romagna region, where unemployment is notoriously high and which suffered badly from a serious earthquake in May 2012. This decision is evidence of Berluti's aim to rise to the challenge of local development with social, ethical and economic aspects in partnership with public institutions in the province.

LVMH owns a production site (Parfums Christian Dior) and a research centre, both long based in Cosmetic Valley, and in this respect is key to the development of employment in the perfumes and cosmetics industries with a total of 1,550 permanent and fixed-term staff on the Saint-Jean-de-Braye site at the end of 2014. The only hub of its kind in France, turned competitiveness cluster in 2005, and the world's leading centre for perfume and cosmetic resources,

Cosmetic Valley straddles three regions around Paris. LVMH Research is working on delivering leading-edge advances in the field to Perfumes and Cosmetic Group companies. Founded in 1981, this research and development structure makes it possible for Group companies to independently develop future products in way that does not harm either people or the planet. In 2013, LVMH Research consolidated its presence in Cosmetic Valley with in particular the creation of Hélios, a 18,000m<sup>2</sup> campus dedicated entirely to creation and innovation in Saint-Jean-de-Braye. In May 2013, Parfums Christian Dior was one of the organisers of the first "2,000 jobs, 2,000 smiles" forum. Held in Cosmetic Valley, this forum aims to make it easier for 16-25 year-olds to get their first job by offering human contact and putting jobseekers into direct contact with recruiters from local firms. Held first in 2013, it was repeated in May 2014 and is scheduled again for April 2015.

### The new Hélios Research Centre



In November 2013, LVMH Group officially opened Hélios, its new research centre located on the Parfums Christian Dior site in Saint-Jean-de-Braye. Hélios positions itself as a major technological platform for the perfume and cosmetics industry, and is home to 280 researchers and more than 20 roles all requiring cutting edge expertise in an open working environment, designed to encourage interaction.

Its technological equipment and ultra-modern connectivity are available not only to LVMH Research researchers, but also to their various partners, in particular through the Cosmet'up project which encourages sharing via a process of open innovation and which was effectively launched in 2014. With Hélios, LVMH Research is consolidating its position within Cosmetic Valley, an area bringing together many perfume and cosmetics skills centres, and working alongside public- and private-sector buyers, LVMH's R&D division is helping perpetuate a tradition of innovation in the area. Cosmet'up is based on the establishment of two mirror technological entities, one at the University of Orleans for basic research, the other within Hélios for individual support in proofs of concept. The objective is to consolidate the already strong links between LVMH Research and its partners in Cosmetic Valley, from universities down to small businesses, to enable a cross-fertilization to take place of benefit to all those involved in the industry.

### *Supporting social entrepreneurship*

On Wednesday 16 April 2014, LVMH Group honoured the first graduating year from the RISE programme (Results in Social Entrepreneurship). The principle behind this original programme is to put future LVMH talents in touch with social entrepreneurs, thus giving our staff additional tools with which to advance. Founded on a two-way enrichment that is beneficial to all parties, RISE makes it possible for social entrepreneurs to receive ad-hoc and targeted help from an LVMH Group professional. The latter benefits from the opportunity for bespoke personal development, and from exposure to a different world and environment where creativity must be shown to deliver the best solutions to his or her opposite number, the social entrepreneur.

Meeting in Paris over two years, the eleven talents from the first RISE graduating year, from Europe, the USA and Asia, were able to talk about their respective experiences. Women's empowerment, education and the environment are the three main areas involved. All those in the programme, through this working in pairs, have developed new skills that will be useful in their daily work. This reciprocal benefit is wholeheartedly encouraged by the Group, which is looking to train future senior executives who are creative, of an entrepreneurial mindset, and connected with the company. Begun in 2013, LVMH's RISE programme continued with 20 new talents involved in 2014.

LVMH Group views its relationships with suppliers as an essential aspect of the value chain, and in this respect, it endeavours to maintain and promote responsible relationships with its partners, suppliers and subcontractors. The concern for solid relationships with its suppliers also leads the Group to support and guide them in establishing and following the best environmental and social practices, while raising their awareness and educating them about sustainability and responsible procurement issues specific to their own businesses.

In 2014, suppliers and audits break down by region as follows:

	Europe	Asia	North America	Others (b)
Distribution of suppliers by region (in %)	63	19	10	9
Distribution of audits (a) (in %)	45	47	3	4

(a) Of which 2% were preliminary audits, 49% were first audits, and 49% were follow-up audits

(b) Including Africa

For more on relationships and collaboration with suppliers, see pages 83-84 of the LVMH “2014 Reference document”.

## ***Workplace integration of the disadvantaged in employment***

The Group's companies have developed partnerships with non-profit organisations and NGOs to support the social inclusion and workforce integration of the most disadvantaged people. LVMH is accordingly aware of education's role in improving living conditions, social inclusion and workplace integration, for which the values of excellence and skills transfer promoted by the Group act as an appropriate catalyst.

### **Integration through education and training**

To boost the integration and insertion of youngsters through education regardless of their environment and background, LVMH supports the “Priority education agreements” programme run by the Institute of Political Studies in Paris by offering scholarships and mentoring by Group managers to young people on the programme.

The employment of individuals with disabilities also depends on prior training. LVMH chairs the ARPEJEH charity (supporting the study aims of pupils and students with disabilities), an organisation with some 60 member companies involved in training young people with disabilities. Group employees have spent time and energy working on five specific actions led by the ARPEJEH to benefit these young people.

### **Integration through employment**

In France, the Group has forged a lasting partnership with the charity ***Nos Quartiers ont des Talents*** (meaning “Our neighbourhoods have talent”, after the TV programme) and joined its board. The tie-in provides an opportunity for young graduates from disadvantaged backgrounds to be mentored by working Group manager. In 2014, 92 experienced managers mentored more than 100 young people. At the end of 2014, 95 young people were still being helped. Since 2007, 297 young people have found work after being mentored by an LVMH Group employee. Every year, LVMH attends the national gatherings of *Nos Quartiers ont des Talents* to introduce its business lines and enable direct interaction between the company and young job-seekers.

To improve access to employment, LVMH leads Jobstyle (employment coaching) sessions involving recruiters from Group companies and beauticians from Make Up For Ever and Sephora. The objective is to give job-seekers the wherewithal and self-confidence to help them best prepare for job interviews. The initiative is aimed at the disadvantaged in the job market. In 2014, twelve sessions were held to the benefit of partners working in the fields of education, disability and social & workplace integration. A total of 313 people attended these sessions in 2014.



In 2010 LVMH formed a partnership with Montfermeil, then an extended partnership in Clichy-sous-Bois in 2014, two adjoining cosmopolitan towns in the suburbs of Paris. Driven by a common desire for excellence, this partnership helps facilitate the social cohesion and inclusion of young people from underprivileged areas.

A wide range of actions are taken on behalf of young people: “company discovery” internships offered to 50 secondary school students, tours of Group companies, preparation of pupils attending vocational colleges, and help with job hunting. The Group helps Montfermeil raise awareness of its cultural wealth and the talent of its inhabitants, as expressed during the “Cultures and Creation” fashion show. LVMH’s involvement entails training young people in master classes led by Princess Esther Kamatari. Forums are held with the Group’s designers and craftsmen (Givenchy in 2014) and Guerlain beauticians make up models on the day of the fashion show. LVMH awards a “Young Talent” trophy, thereby giving young people who are passionate about, but remote from, the world of fashion, the chance to become known. The 2014 “Young Talent” fashion show winner went on to exhibit his work in the Green Showroom, dedicated to environmentally-friendly fashion, which takes place during Berlin Fashion Week. During the fashion show, three individuals were spotted and have joined the *École de la Chambre Syndicale de la Couture Parisienne* fashion design school in Paris under an apprenticeship contract with Group companies.

#### LVMH sponsors Cultures et Création fashion show



The *Cultures et Création* show, held in Montfermeil on 8 February 2014 for the ninth year running, attracted an audience of more than 1,000 people. The event was sponsored by LVMH and actively supported by Group company Guerlain. Begun in 2005 by the local council and various non-profit organisations, the fashion show is a tribute to diversity and a gateway between the 40 communities from Africa, Asia and Europe living in Montfermeil. Participants were asked to design around the theme of the four elements, and clothes are the established channel for their creativity. In 2014, Lionel Morin, winner of the “Young Talent” trophy, received the Group’s financial support and was individually mentored to exhibit his designs during a professional show.

## ***Supporting underprivileged populations***

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

De Beers Diamond Jewellers is a partner of Women for Women International, which provides help to women in war zones in Afghanistan, Kosovo and Nigeria, helping out with education and training in women's value and rights and entrepreneurial support.

The "*Hand in Hand for Haiti*" initiative, launched by DFS after the January 2010 earthquake and now also supported by Starboard Cruise Services, is supporting a school for the most disadvantaged children in the region of Saint-Marc.

Bulgari is supporting young children's education worldwide through "*Save The Children*". Meanwhile,

Louis Vuitton is forging partnerships in various countries. In Brazil, for example, the company is supporting "*Spectaculo*", a programme offering disadvantaged children in Rio de Janeiro an extra-curricular education involving artistic, cultural and vocational initiatives. The Sephora chain of stores supports a non-profit organisation called "*Toutes à l'école*" by raising money to educate young girls in Cambodia through the sale of a stuffed toy in its stores heading up to Christmas. The initiatives undertaken by Parfums Christian Dior in recent years include the support given to "*Free The Children*", an international charity for which Natalie Portman is an ambassador, the aim of which is to free children from poverty and exploitative labour and to set up education programmes.

### **Sephora supports the non-profit *Toutes à l'école* raising money to educate young girls in Cambodia**



Founded in 2005 by Tina Kieffer, the charity *Toutes à l'Ecole* (meaning "all girls at school") provides top quality education for young girls in emerging countries, to turn them into educated women. Sephora's help meant 100 girls could be given an education in 2011.

In 2014, Sephora asked the designer Stella Cadente to get involved in working for the charity.

For Mothers' Day in France, she designed *Le sac de mademoiselle B* two coloured cases for women. Thus, female shoppers were able to buy a present for their mother while helping other girls to go to school.



### Look Good, Feel Better

**Guerlain** has been a “**belle & bien**” board member since 2004. This charity, originally formed in the United States in 1989 under the auspices of the “Look Good, Feel Better” programme, organises skincare and make-up workshops for women undergoing cancer treatment. In 2014, Guerlain organised the event with a partnership around the launch of its *Mademoiselle Guerlain* scent. A part of the profits raised from the sale of the scent, and during World Cancer Day 2015, will be donated to the charity. Guerlain sales advisors are taking up the baton in sales outlets. As trained beauticians, they provide support to Look Good Feel Better by promoting its work to customers. This year, some Guerlain sales staff, aware of the charity’s efforts, decided to join the *belle et bien* team as volunteers, independently of the company. This personal commitment comes in addition to the skincare and make-up products already donated for the beauty workshops organised by the charity in 23 French hospitals, eight outside Paris. Parfums Christian Dior, meanwhile, attends skincare and make-up workshops organised for women cancer sufferers to help them regain self-confidence and self-respect by looking after their appearance. The charity has been receiving donated make-up products since 2011.

### Partner local authorities, non-profit and other organisations

#### Help for those traumatised and in distress

LVMH initiatives	Group company initiatives
<ul style="list-style-type: none"> <li>▪ <b>K d’Urgences</b> foundation (The “Committed Companies Dinner”)</li> <li>▪ <b>LVMH North America:</b> the Robin Hood Foundation</li> </ul> <hr/> <ul style="list-style-type: none"> <li>▪ <b>Nos quartiers ont des Talents 2014</b> sponsors: <i>Moët Hennessy, Dior Couture, Moët Hennessy Diageo, Guerlain, Perfumes Givenchy, Les Echos, Berluti, Le Bon Marché, Kenzo, Parfums Christian Dior.</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Parfums Christian Dior:</b> Free The Children</li> <li>▪ <b>De Beers Diamond Jewellers:</b> Women for Women International</li> <li>▪ <b>Louis Vuitton:</b> Spectaculo</li> <li>▪ <b>DFS:</b> Hand-in-Hand for Haïti programme</li> <li>▪ <b>Sephora:</b> Toutes à l’école</li> <li>▪ <b>Louis Vuitton Turkey:</b> Mother &amp; Child Foundation (AÇEV)</li> <li>▪ <b>Louis Vuitton Japan:</b> Charities working for the victims of the March 2011 tsunami</li> <li>▪ <b>Louis Vuitton Benelux:</b> SOS Village Enfant</li> <li>▪ <b>Thomas Pink:</b> Partner of non-profit Warchild</li> <li>▪ <b>Le Bon Marché:</b> Partnership with non-profit Kokoro which helps tsunami victims</li> <li>▪ <b>Fendi:</b> Works with <i>Un avenir pour les enfants</i> helping orphans in Rwanda</li> <li>▪ <b>Guerlain:</b> Les Restos du Cœur (famous French charity distributing food to the needy)</li> <li>▪ <b>MH Europe:</b> Missing Children Europe</li> <li>▪ <b>Bulgari and MH Europe:</b> Save the Children International</li> <li>▪ <b>Fendi, MH Europe and Guerlain:</b> Naked Hearts Foundation</li> </ul>



## Main reporting methodologies



As stated in the Introduction, this Social Responsibility Report 2014 is a version of the LVMH Reference Document 2014, using only certain social responsibility information included within the four main aspects to LVMH's social responsibility policy.

**Protocol used:** The coming together of the organisational entities and legal entities makes social responsibility and financial reporting officially consistent; the scope of social responsibility reporting thus covers the entire Group workforce in companies that are consolidated by either the global or proportional method, but not those from equity-accounted entities.

For each of the social responsibility metrics, a description states its relevance, defines the data, and sets out the procedure to be applied to collect the data and the various checks made when entering the data. Furthermore, computer checks are in place throughout the reporting session to confirm the reliability and consistency of the data entered.

The annual social responsibility report is supplemented by an inventory of social responsibility measures and activities undertaken with companies with over 50 employees. It covers the four main subject areas of the Group's CSR policy. Each subject area reported on refers to the International Labour Organisation's conventions and recommendations.

**Scope:** The headcounts published in the report relate to all consolidated companies as of 31 December, including LVMH's share in joint ventures. The other social responsibility metrics were calculated using a scope of 661 organisational entities covering more than 99% of the worldwide workforce and including all employees present during the financial year, including in joint ventures. When some metrics have been calculated solely for entities in France, this is explicitly stated, depending on the data and metrics examined.

**Verification:** Since fiscal year 2007, a selection of metrics from the Group's annual social responsibility report has been verified by one of the statutory auditors. The social responsibility metrics for financial 2014 were audited by Ernst & Young in accordance with Article R. 225-105-2 of the French Commercial Code. Verification of the presence of social responsibility information results in a report issued by an independent third party in accordance with the provisions of the statutory order of 13 May 2013 (see Reference document 2014 page 99-101 to read this notice).

## Summary report of social responsibility data

### Subject areas and indicators from France's statutory order of 24 April 2012

	Social Responsibility Report 2014	Reference document 2014
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#### **Social data:**

##### **a) Employment:**

▪ total headcount and breakdown by age group, gender and region	p. 5	pp. 70-72
▪ hirings and dismissals	p. 18	pp. 72-73
▪ remuneration and changes	–	pp. 75-76

##### **b) Organisation of work:**

▪ working time arrangements	pp. 25-26	p. 74
▪ absence rates	p. 24	p. 75

##### **c) Labour relations:**

▪ organisation of social dialogue, in particular staff information and consultation procedures, and for negotiations with employees	p. 27	p. 82
▪ overview of collective agreements	p. 27	p. 82

##### **d) Health and safety:**

▪ occupational health and safety conditions	pp. 24-25	pp. 81-82
▪ workplace accidents, especially frequency and severity, plus occupational illnesses.	p. 24	p. 81
▪ review of agreements signed with trade unions or employee representatives in regards to occupational health and safety conditions.	p. 27	p. 82

##### **e) Training:**

▪ training policies implemented	pp. 20-22	pp. 79-81
▪ Total number of hours training	p. 20	p. 80

##### **f) Equality of treatment:**

▪ measures taken to improve male-female equality	pp. 30-32	pp. 77-78
▪ measures taken in favour of the employment and integration of people with disabilities	pp. 33-34	pp. 79 and 85-86
▪ anti-discrimination policies	pp. 30-35	pp. 76-79 and 85

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

▪ respect for freedom of association and the right to collective bargaining	pp. 10 and 27	pp. 76 and 86
▪ the elimination of discrimination in respect to employment and occupation	pp. 30-35	pp. 73 and 76-79
▪ elimination of forced or compulsory labour	p. 10	pp. 76 and 86
▪ the effective abolition of child labour	p. 10	pp. 76 and 86

#### **Data on corporate commitments in favour of sustainability:**

##### **a) Impact of the company's operations locally, economically and socially:**

▪ in respect to employment and regional development	pp. 38-42	pp. 84-85
▪ on neighbouring or local populations	pp. 43-44	pp. 83-86

##### **b) Relationships maintained with persons or organisations affected by the company's operations, in particular in the field of social or workplace integration, educational establishments, environmental protection agencies, consumer associations and neighbouring populations:**

▪ state of dialogue with such persons or organisations	p. 13	pp. 83-85
▪ partnership or patronage activities	pp. 14 and 39-44	pp. 85-86

**c) Subcontractors and suppliers:**

▪ inclusion of social and environmental issues in procurement policy	pp. 83-84
▪ significance of subcontracting and inclusion of their social and environmental responsibility in dealings with suppliers and subcontractors	

**d) Ethical practices:**

▪ measures taken to prevent corruption	pp. 76, 83 and 86
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▪ measures taken in favour of consumer health and safety	p. 98
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<b>e) Other actions taken, in respect of section 3, in favour of human rights</b>	pp. 76-79 and 86
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## PHOTOGRAPHS

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Gwenn Dubourthoumieu – Messe Frankfurt/Green Showroom – Gaëtan Bernard for Christian Dior  
Parfums – Communication service Montfermeil City Hall – LVMH and Group company photo libraries