

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS: THE GROUP

Ethics and responsibility

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1. BACKGROUND

LVMH has always sought to:

- ensure that its practices reflect the highest standards of integrity, responsibility and respect for its partners;
- offer a working environment that allows its employees to fully express their talents and implement their skills and expertise;
- ensure that its Maisons define and adapt their production processes, habits and behaviors in order to continuously improve their response to the environmental challenges they face;
- participate in the regional development of the areas in which it operates through its activities;
- mobilize resources and skills to serve philanthropic initiatives and projects of general interest, and promote access to art and culture for as many people as possible.

As a responsible and committed stakeholder, the Group seeks to anticipate and meet the expectations of civil society in relation to corporate social and environmental responsibility, which include the following:

- taking into account changing career expectations and helping employees navigate, in particular, new unique career paths, technological changes and new demographics;

- responding to environmental challenges in light, in particular, of urgent changes called for by climate change;
- greater transparency in supply management to ensure that every stakeholder in the value chain offers satisfactory living and working conditions and uses environmentally friendly production methods;
- a demand for integrity in business at a time of growing global emphasis on the obligation for major groups to detect and prevent financial crime;
- sensitivity to the use of personal data, a key issue in safeguarding the fundamental right to privacy.

In recent years, a number of regulations in these areas applicable to businesses have been passed at the French and European levels. These include the law on parent companies' duty of care with regard to social and environmental issues, the "Sapin II" Act on the prevention of corruption and influence-peddling, the European Directive on disclosure of non-financial information and measures to transpose it into domestic law, and Europe's General Data Protection Regulation.

Information about the Group's Vigilance Plan and Statement of Non-Financial Performance can be found in the cross-reference tables at the end of this section.

2. STANDARDS

The LVMH group stays true to its uniqueness through a meticulous dedication to excellence. This dedication requires an unwavering commitment to the highest standards in terms of ethics, corporate social responsibility and respect for the environment.

2.1 International instruments

For many years now, the LVMH group has demonstrated its desire to act as a responsible corporate citizen and align its operations and strategy to support various internationally recognized benchmarks, including the following:

- the United Nations Global Compact, to which the Group signed up in 2003, as well as the Caring for Climate initiative;

In recent years, the Group has supported or signed up for a number of international standards, implementation of which it promotes within its sphere of influence, as well as putting in place its own internal standards.

- the Universal Declaration of Human Rights;
- OECD Guidelines;
- the International Labor Organization's Fundamental Conventions;
- the 17 Sustainable Development Goals drawn up and developed by the United Nations;

- the French Diversity Charter, signed by the Group in 2007;
- the United Nations Women's Empowerment Principles, signed by the Group in 2013;
- France's national biodiversity protection strategy;
- the Kimberley Process, an international system for certifying rough diamonds;
- the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- UNESCO's intergovernmental scientific program, "Man and the Biosphere" (MAB), aimed at protecting global biodiversity;
- the United Nations' standards of conduct for business tackling discrimination against lesbian, gay, bi, trans and intersex (LGBTI) people.

2.2 Internal standards

LVMH Code of Conduct

In 2009, LVMH drew up its first Code of Conduct, designed to serve as a common ethical foundation for the Group and its Maisons. In 2017, the Code was fine-tuned and updated to reflect changes in country-specific contexts, business lines and cultures.

The LVMH Code of Conduct outlines the rules to be followed by all employees as they go about their work.

It is based on the following six core principles:

- acting responsibly and compassionately;
- offering a fulfilling work environment and valuing talent;
- committing to protect the environment;
- winning the trust of customers;
- winning the trust of shareholders;
- embodying and promoting integrity in the conduct of business.

Supported by the members of the Executive Committee and Presidents of the Maisons, it promotes consistency and continuous improvement across the Group's various entities. It does not replace existing codes and charters within Maisons, but serves as a shared foundation and source of inspiration. Where appropriate, its policies are defined in greater detail by Maison according to its business sector or location. Furthermore, locally applicable codes and charters are implemented where this is appropriate in the light of local laws and regulations.

The Code has been translated into more than 10 languages and is widely disseminated across the Group. Supplementary tools have also been developed to help employees better understand and apply the principles set out in the Code, including an e-learning module and various communication materials.

Supplier Code of Conduct

In 2008, the Group implemented a Supplier Code of Conduct, which sets out its requirements for its partners in the fields of corporate social responsibility, the environment and the fight against corruption. Like the LVMH Code of Conduct, the Supplier Code of Conduct was revised in 2017 to fine-tune and supplement the requirements set out in it.

The Supplier Code of Conduct has been disseminated across the Group's Maisons; providers subject to the Code are required to comply with the principles laid down in it.

This Code specifies requirements relating to labor (prohibition of forced labor, child labor, harassment and discrimination; provisions regarding pay, working hours, freedom of association, health and safety), environmental provisions, business conduct (in particular relating to legality, customs, security and subcontracting) and measures to prevent and combat corruption and influence-peddling that must be respected by suppliers and any subcontractors in managing their business.

The Supplier Code of Conduct states that suppliers to LVMH and its Maisons must take responsibility for work undertaken by their own subcontractors and suppliers, and make sure that they comply with the principles laid down in the Code and any other relevant obligations.

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

If the Supplier Code of Conduct is violated by one of its suppliers – or by a supplier or subcontractor of one of its suppliers – LVMH or the Maison concerned reserve the right to end the commercial relationship, subject to the conditions provided by law and depending on the severity of the violations identified.

Environmental Charter

Adopted in 2001, the Environmental Charter is the founding document for LVMH's five main aims with regard to the environment:

- striving for high environmental performance;
- encouraging collective commitment;
- managing environmental risks;
- designing products that factor in innovation and environmental creativity;
- making a commitment that goes beyond the Company.

It encourages the President of each Maison to demonstrate commitment to this approach through concrete actions.

The Charter was given a significant boost by the strategic LIFE (LVMH Initiatives for the Environment) program, launched in 2011, described in the "Environment and sustainability" section.

Recruitment Code of Conduct

The LVMH Recruitment Code of Conduct, implemented in 2009, has been widely disseminated to all employees involved in recruitment processes across the Group. It sets forth the ethical hiring principles to be observed at LVMH in the form of fourteen commitments. Special emphasis is placed on preventing any form of discrimination and on promoting diversity.

Animal-Based Raw Materials Sourcing Charter

In 2019, the Group launched its Animal-Based Raw Materials Sourcing Charter. This charter is the result of a long process of scientific research and collaboration between LVMH's environmental experts, its Maisons and their suppliers. The exhaustive charter covers the full range of issues concerning the sourcing of fur, leather, exotic leather, wool and feathers. It allows the Group to make long-term commitments to achieving progress in three areas: full traceability in supply chains; animal farming and trapping conditions; and respect for local populations, the environment and biodiversity. Under the charter, a scientific committee has been formed, and each year it will support and supervise a number of research projects aimed at driving progress in this area.

Charter on Working Relations with Fashion Models

In 2017, the Group drew up a Charter on Working Relations with Fashion Models in consultation with the Kering group and sector professionals motivated by a shared desire to promote dignity, health and well-being among fashion models.

The Charter, which applies to all Maisons worldwide, aims to bring about genuine change in the fashion world by rooting out certain behaviors and practices not in keeping with the Group's values and raising awareness among fashion models that they are full-fledged stakeholders in these changes.

To help spread the principles laid down in the Charter, the LVMH and Kering groups have set up a dedicated website, wecareformodels.com. The site provides fashion models with best practice and advice from independent nutritionists and coaches.

Internal Competition Law Compliance Charter

In 2012, the Group formalized its commitment to uphold free and fair competition by adopting an Internal Competition Law Compliance Charter. The Charter aims to help develop a true culture of compliance with competition rules within the Group. The Charter sets out the main rules that should be known by all employees in conducting commercial relationships on a day-to-day basis, and defines in a pragmatic way the standards of conduct expected of them. In particular, LVMH prohibits any abuse of dominant position, concerted practice or unlawful agreement, through understandings, projects, arrangements or behaviors which have been coordinated between competitors concerning prices, territories, market shares or customers. The Charter is available on the Ethics & Compliance Intranet.

3. GOVERNANCE

Dedicated governance arrangements are in place to ensure the Group's values and ethical standards are put into practice.

The Board of Directors' Ethics & Sustainable Development Committee – the majority of whose members are Independent Directors – ensures compliance with the individual and shared values on which the Group bases its actions. The Committee provides leadership on matters of ethics as well as environmental, workforce-related and social responsibility. The mapping of non-financial risks established at Group level in 2018 was notably submitted to it for review.

The Group's Executive Management coordinates the efforts of LVMH's Audit & Internal Control, Operations, Purchasing, Environment, Social Development, Ethics & Compliance and Financial Communications Departments, which work together to raise awareness and help the Maisons make progress – especially

in the areas of risk management and supplier relations – with regard to environmental, social and integrity issues.

The Ethics & Compliance Department is led by the Group's Ethics & Compliance Director, who reports to the Group Managing Director. The department draws up behavioral standards and makes available various tools designed to help Group entities implement applicable regulations. It has its own budget and headcount and is also supported by representatives from various Group departments so as to promote coordination on cross-functional projects led by it.

Around this central function, a network of Ethics & Compliance Officers, designated by the President of each Maison, coordinate implementation of the compliance program within each Maison and help share best practice across the Group.

This governance structure is also supported by the following:

- the network of CSR Officers at Maisons, who help organize the measures to be implemented and facilitate their application by the Maisons, who will then make the necessary adjustments in line with their own values, their environment, and the expectations of their employees and customers;
- the Environment Committee, which brings together a network of Environment Officers from the Maisons. This body provides a forum for reflection and discussion about major objectives (LIFE program), environmental challenges and opportunities;
- Maison representatives in charge of purchasing, certain supply chains and supplier relations, who come together at the Responsible Purchasing seminar to review priority issues, launch new initiatives and share best practices within the Group;
- the network of Internal Control Officers led by the Audit & Internal Control Department, which coordinates the implementation of internal control and risk management systems. These officers are responsible, within the Maisons, for ensuring compliance with the Group's internal control procedures and preparing controls tailored to their business.

4. RISK IDENTIFICATION

The Group's activities involve exposure to various risks that are the object of regular risk management and identification within the context of primarily regulatory reforms. The approach to identifying risks that the Group's business might generate for its stakeholders has been systematized through a comprehensive risk-mapping exercise covering the fight against corruption, respect for human rights and environmental protection, based on a shared methodology covering the whole Group.

This non-financial risk-mapping exercise was undertaken in 2018 with the assistance of global risk and strategic consulting firm Verisk Maplecroft, which specializes in analyzing political, economic, social and environmental risks. It will be updated in 2020.

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

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

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

Based on an array of data – including this mapping work, feedback from the Maisons' networks of Ethics & Compliance, CSR and Environment Officers, and an assessment of the impact and probability of occurrence of the various risks identified – the following have been classified by representatives of the Group's central functions and senior management as “key risks” in light of the Group's activities:

- impact on ecosystems and depletion of natural resources;
- setting up and maintaining responsible supply chains;
- safeguarding health and safety at work;
- loss of key skills and expertise;
- implementation of a policy to promote employee inclusion and fulfillment;
- shortcomings in the implementation of rules governing the protection of personal data;
- shortcomings in the implementation of business practice compliance arrangements.

5. RISK MANAGEMENT

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

The comprehensive risk-mapping exercise (described in the previous section) helps the Maisons identify which countries and types of purchases are particularly at risk with respect to anti-corruption, respect for human rights, environmental protection and the scale of their business activities there (revenue, amount of purchases, number of employees). This helps make audit programs and risk mitigation measures more effective and efficient.

5.1 Comprehensive program to protect ecosystems and natural resources

Because its businesses celebrate nature at its purest and most beautiful, LVMH sees preserving the environment as a strategic imperative. The fact that this imperative is built into all the Group's activities constitutes an essential driver of its growth strategy, enabling it to respond to stakeholders' expectations and constantly stimulate innovation.

5.2 Supplier assessment and support

The LVMH group considers it very important that the Maisons and the Group's partners abide by a shared body of rules, practices and principles in relation to ethics, corporate social responsibility and environmental protection. The complexity of global supply chains means there is a risk of exposure to practices that run counter to these rules and values.

The Group's responsible supply chain management approach therefore aims to motivate suppliers and every link in the supply chains involved to meet ethical, social and environmental requirements.

Supporting suppliers has long been a strategic focus for LVMH, with a view to maintaining sustainable relationships based on a shared desire for excellence. The Group pursues an overarching approach aimed at ensuring that its partners adopt practices that are environmentally friendly and respect human rights.

This approach is based on a combination of the following:

- identifying priority areas, informed in particular by the non-financial risk-mapping exercise covering the activities of the Group and its direct suppliers by type of activity;
- site audits of our suppliers (Tier 1 and higher) to check that the Group's requirements are met on the ground;
- supplier support and training;

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

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

The policies put in place to manage the key risks identified above, together with their results, where relevant, are set out in this section. Readers are referred to the "Attracting and retaining talent" and "Environment and sustainability" sections where applicable.

Built around nine key aspects of the Group's environmental performance, the global LIFE (LVMH Initiatives for the Environment) program provides a structure for this approach, from design through to product sale. It is presented in detail in the "Environment and sustainability" section.

- actively participating in cross-sector initiatives covering high-risk areas.

To a large extent, actions implemented address issues connected with both the environment and human rights.

Identifying priority areas

The non-financial risk-mapping exercise described under §4 helps determine which suppliers should be audited as a priority. It takes into account risks related to the country, purchasing category and amount of purchases in question.

In 2019, the Group also continued to expand its use of the EcoVadis platform, which helps identify the most at-risk suppliers by assessing their ethical, social and environmental performance through the collection of documentary data, external intelligence and online research. More than 1,000 suppliers were invited to join the platform in 2019. Two-thirds of suppliers improved their score upon reassessment, with an average 12-point improvement since the first assessment. Following sign-on by the Group Purchasing Department, Louis Vuitton and the Perfumes and Cosmetics business group, new Maisons came on board in 2019: Sephora in Europe and the United States, as well as the Wines and Spirits business group.

Assessment and corrective action plans

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

The Maisons apply reasonable due diligence measures and audit their suppliers – and, above Tier 1, their subcontractors – to ensure they meet the requirements laid down in the LVMH Supplier Code of Conduct.

Contracts entered into with suppliers of raw materials and product components with whom the Group maintains a direct relationship include a clause requiring them to be transparent about their supply chain by disclosing their subcontractors.

For some Maisons, the majority of audits are above Tier 1: at Givenchy Couture, for example, more than two-thirds of audits completed in 2019 were of subcontractors of direct suppliers.

Maisons maintain collaborative working relationships with direct suppliers, helping them conduct audits and draw up any corrective action plans that might be required.

The Group uses specialist independent firms to conduct these audits. In 2019, 1,589 audits (not including EcoVadis assessments) were undertaken at 1,261 suppliers and subcontractors. Half of these audits cover both workforce-related aspects (health and safety, forced labor, child labor, decent pay, working hours, discrimination, freedom of association and collective bargaining, the right to strike, etc.) and environmental aspects (environmental management system, water usage and pollution, gas emissions and air pollution, management of chemicals, waste management, types of raw materials used, etc.). Some cover workforce-related aspects only (36%) or environmental aspects only (14%).

The Maisons continue to focus their efforts on follow-up audits (which accounted for 23% of audits completed in 2019) and pre-production audits of potential suppliers. In 2019, 15 potential business relationships were not initiated as a result of unsatisfactory audit findings.

	Europe	Asia	North America	Other
Breakdown of suppliers - all categories (as %)	66	13	14	7
Breakdown of audits (as %)	76	22	1	1

Some Maisons have supplemented their audits using measures to directly ask their suppliers' employees about their working conditions. These surveys help gain a clearer vision of working conditions at the sites concerned and check for problems such as forced labor or harassment, which may not be detected during audits. These fully anonymous, confidential surveys are carried out on WeChat. In 2019, Sephora USA teamed up with audit firm Elevate to pilot four such surveys (one in China and three in the United States) during site audits.

In 2019, 36% of suppliers audited failed to meet the Group's requirements based on a four-tier performance scale that takes into account the number and severity of compliance failures observed; 6% were found to have critical compliance failures. In such cases, the Group always works with the supplier to draw up a corrective action plan, implementation of which is monitored by the buyer responsible for the relationship within the relevant Maison. Support from specialized external consultants is sometimes offered: this is always the case for Fendi, Loro Piana and Bvlgari's jewelry business.

When, in spite of the support offered by LVMH, a supplier or its subcontractors prove unwilling to make the effort required to meet the relevant requirements, the relationship is terminated. In 2019, 21 such relationships were terminated, the vast majority of them with Tier 2 subcontractors, in agreement with the direct supplier.

Supplier and buyer training

In keeping with its aim of providing continuous support and fostering continuous improvement, the Group regularly offers its suppliers training opportunities. For example, in 2019:

- in February, the second "Chemical Management" training session was held in Milan in partnership with the Polytechnic University of Milan. This sector-focused initiative was spearheaded by the Group's main fashion Maisons based in Italy. 80 Group suppliers took part in the event, which helped identify a number of areas to focus on in the future;
- in September, 40 participants representing 27 Group suppliers based in Italy took part in training held in Milan on responsible cotton sourcing, in partnership with members of the Better Cotton Initiative (BCI);
- Bvlgari's Jewelry branch invited 97 suppliers (manufacturers, gem cutters and producers of semi-finished goods) to three group training sessions on key issues and action plans relating to corporate social responsibility;
- in December, Sephora's branches in the United States and Europe along with several other Maisons (including Givenchy, Kenzo and TAG Heuer) held training in Shenzhen for 59 managers of supplier sites based in China. This training focused on human rights, health and safety, and the environment. New sessions will be held in 2020.

At the same time, the Group ensures that its buyers receive training in issues relating to responsible purchasing. For example, in 2019:

- Christian Dior held a training session for its buyers on chemical management. This training was led by an outside audit firm;
- Loewe brought together all its raw materials buyers to raise their awareness of key issues and check compliance among all their suppliers;
- around 130 people took part in the annual full-day Responsible Purchasing seminar held in November by the Group Purchasing Department, in cooperation with the Environment and Ethics & Compliance Departments. The seminar's "marketplaces" served as a forum for attendees from different Maisons to share experience and best practices on social and environmental responsibility-related issues.

Participation in multi-party initiatives covering high-risk areas

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

Working groups have been put in place and targeted programs rolled out to address issues specific to each of the industry sectors in which the Group operates. To maximize efficiency and optimize influence over subcontractors' practices, preference is generally given to sector-specific initiatives covering multiple purchasing entities.

For Maisons in the Watches and Jewelry business group, the mining sector, which is highly fragmented and relies substantially on the informal economy, carries significant risks to human rights. As such, the Maisons have formally committed under the LIFE 2020 program to ensuring that all gold supplies are certified by the Responsible Jewellery Council (RJC). Alongside suppliers

5.3 Unrelenting focus on quality and safety

LVMH is continuously looking to offer products of the highest quality, through research and innovation and high standards in the selection of materials and the implementation of expertise in its activities. The Group is motivated by a constant desire to protect the health and safety of its stakeholders.

As regards its own employees, LVMH pursues a health, safety and well-being policy that is set out in the "Attracting and retaining talent" section.

As regards its suppliers' employees, the assessment criteria used in workforce audits of suppliers at Tier 1 and above include aspects related to health and safety (see §5.2).

As regards its customers, the Group is particularly attentive to two key issues: prudent use of chemical compounds in production processes and promoting responsible consumption of wines and spirits.

and other pioneering competitors, LVMH also participates in the Coloured Gemstones Working Group run by sustainable development consultancy The Dragonfly Initiative, aimed at optimizing oversight of supply arrangements for colored gemstones.

Maisons in the Perfumes and Cosmetics business group have signed up for the Responsible Beauty Initiative run by EcoVadis, working with major sector players to develop action plans in response to business-specific issues. The business group is also involved in the Responsible Mica Initiative, which aims to pool sector stakeholders' resources to ensure acceptable working conditions in the sector by 2022. Work to map Indian mica supply chains began in 2015, followed by a program of audits down to the individual mine level. Over 80% of the supply chain has been covered to date.

The business group also joined Action for Sustainable Derivatives (ASD), a collaborative initiative jointly managed and overseen by BSR and Transitions. ASD brings together large companies in the cosmetics sector and the oleochemical industry to achieve their shared goal of improving traceability, working conditions and practices throughout the entire palm derivatives supply chain.

For Maisons in the Fashion and Leather Goods business group, specific traceability requirements applicable to the leather and cotton sectors have been incorporated into the LIFE 2020 program. Leather traceability is taken into account via the score resulting from audits of the Leather Working Group standard. Meanwhile, 70% of cotton supplies must meet responsible criteria (such as the GOTS, Certified Recycled or BCI standards) by 2020.

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

Prudent use of chemical compounds in production processes

LVMH is committed to safeguarding against risks inherent in the use of chemical compounds, and complies with regulations, industry group recommendations and opinions issued by scientific committees in this field. The Group is constantly seeking to anticipate changes in this area, drawing on its employees' expertise to produce only the safest products.

The Group's experts regularly take part in working groups set up by domestic and European authorities and play a very active role within industry groups. Their ongoing monitoring of changes in scientific knowledge and regulations has regularly led LVMH to prohibit the use of certain substances and make efforts to reformulate some of its products.

The Group's Maisons have customer relations departments that analyze customer complaints, including those relating to adverse effects.

The Perfumes and Cosmetics business group has a dedicated team of specialists who provide the Maisons with access to a European network of healthcare professionals able to quickly respond to help consumers experiencing side effects. Such post-market surveillance makes it possible to explore new avenues of research and constantly improve the quality and tolerance with respect to the Group's products. The Maisons in this business group comply with the most stringent international safety laws, including the EU regulation on cosmetic products. Their products must meet very strict internal requirements covering development, quality, traceability and safety.

Maisons in the Fashion and Leather Goods, and Watches and Jewelry business groups abide by the LVMH Restricted Substances List, an in-house standard that prohibits or restricts the use of certain substances in products placed on the market, as well as their use by suppliers. This standard, which notably applies to metal parts, goes beyond regulatory requirements and is regularly updated in response to ongoing monitoring of scientific developments. In 2019, LVMH joined the ZDHC (Zero Discharge of Hazardous Chemicals) trade association, which aims to promote best practices concerning the use of dangerous substances at textile and leather manufacturing sites.

To help suppliers eliminate the substances on this list, the Group's Environment Department has produced specific technical guides suggesting alternatives. Training is regularly offered on this subject.

Another in-house tool, the LVMH Testing Program, reinforces the control system of Maisons in the Fashion and Leather Goods business group, allowing them to test the highest-risk substances for different materials at five partner laboratories.

Moët Hennessy: an ambassador for responsible consumption of wines and spirits

The LVMH group's Maisons specializing in wines and spirits are committed to combating practices that encourage inappropriate drinking. For many years, Moët Hennessy has promoted the responsible enjoyment of its champagnes, wines and spirits. This commitment takes shape through a diverse range of

initiatives aimed at its employees and customers, as well as guests and visitors to its Maisons.

Not only does Moët Hennessy scrupulously adhere to local regulations, it also self-regulates across the entire spectrum of its communications and marketing practices, as well as following strict digital media guidelines, for example by using filters to keep underage viewers from visiting its Maisons' websites.

On the labels of all its wine and champagne bottles sold in the European Union (except in France for legal reasons), Moët Hennessy provides links to websites that provide consumers with information on responsible drinking, such as www.wineinmoderation.com for wines, www.responsibleddrinking.eu for spirits and www.drinkaware.co.uk in the United Kingdom. Links to these websites are also available on the websites of the Maisons in this business group.

Raising awareness also means educating consumers. For example, every year, Moët Hennessy's teams teach hundreds of consumers the rituals for tasting its exceptional products.

Moët Hennessy continues to provide its employees with training on the importance of responsible drinking, notably through an in-house mobile app, as well as running an internal communications campaign reminding employees that they are "all ambassadors for responsible drinking".

In recognition of the fact that responsible drinking is something the whole sector should be concerned about, Moët Hennessy has developed a fully digital training program for students at partner hotel management schools. The aim is to ensure that those who are likely to serve Moët Hennessy products will be familiar with and keen to pass on the principles of responsible drinking.

Lastly, Moët Hennessy continued to actively support responsible drinking programs run by the industry associations it belongs to around the world. In particular, Moët Hennessy is one of three ambassador companies of Wine in Moderation, a nonprofit that actively supports a wine culture based on a healthy and balanced lifestyle.

5.4 Ongoing efforts to attract and support talent

The pursuit of LVMH's strategy of growth, international expansion and digitalization relies on the Group's ability to identify talented individuals with the skills it needs and attract them in a highly competitive environment. In particular, the highly specific and demanding nature of the luxury goods industry means the Group must recruit staff with outstanding craftsmanship. Promoting the Group's business lines, passing on skills and

training the designers and craftspeople of the future are therefore key issues for LVMH.

This is why innovative recruitment initiatives, academic partnerships and professional education programs are key components of the Group's human resources policy, detailed in the "Attracting and retaining talent" section.

5.5 Constant focus on employee inclusion and fulfillment

LVMH is constantly seeking to create conditions that enable its employees to achieve their full potential and succeed within the business. At a time of shifting career expectations, it is vitally important to foster employees' aspirations and their fulfillment and to promote diversity.

5.6 Integrity in business

LVMH requires its employees and partners to conduct their work with exemplary integrity.

Any lapse in prevention and detection in its operations, or any practices contrary to applicable regulations, may bring serious harm to LVMH's reputation, cause disruptions in its business activities, and, in certain cases, expose the Group to various types of administrative and judicial penalties (such as fines, withdrawals of authorizations or lawsuits filed against employees or senior executives).

Due to their extraterritorial aspects, laws relating to the prevention of bribery and other forms of financial crime as well as policies regarding international sanctions are increasingly giving rise to enforcement actions and the announcement of judicial and financial penalties.

The Group's senior executives may now be held personally liable for any breach of their obligation to put in place adequate prevention and detection measures, possibly even in the absence of any noted illicit activity.

Given the global reach of its business, LVMH has operations in many countries around the world, including some with a level of maturity in the adoption of ethical business practices deemed unsatisfactory by organizations producing popular indices that rank countries worldwide.

The Group pays taxes in the countries and regions where it operates, and endeavors to fully comply with all its tax obligations. The risk management measures taken in connection with its tax policy are described in §1.3.2 of the "Financial and operational risk management and internal control" section.

Due to the nature of its business model, the Group does not enter into any significant contracts with governments. Consequently, it is not exposed to the corruption risks associated with public procurement procedures.

However, the Group's business activities involve contacts with government agencies, for the granting of various authorizations and permits. Similarly, out of a willingness to discuss and cooperate with authorities and decision-makers, LVMH contributes to public debate in countries where to do so is authorized and relevant. The Group's contributions in the public space always abide by the laws and regulations applicable to the institutions and organizations in question, and LVMH is registered with interest representatives where its activities so require.

Furthermore, the Group may be exposed, in the same way as any other private company, to the risk of corruption in its dealings with private business partners.

This is why workplace well-being, career guidance, reducing gender inequality, promoting employment for people with disabilities and retaining older employees are all priorities within the Group's human resources policy, detailed in the "Attracting and retaining talent" section.

Given the diversity of the LVMH ecosystem and its decentralized organizational model, Maisons have developed their own policies adapted to their specific business contexts. At a central level, the Ethics & Compliance Department develops and coordinates the rollout of cross-departmental initiatives to strengthen compliance programs already in place within the Group and ensure their consistency.

Communications, awareness and training efforts aiming to improve employee vigilance are implemented. Common rules, procedures and tools are also in place to facilitate day-to-day detection and prevention of prohibited conduct by operational staff.

Communications, awareness and training

Serving as the central information resource for the Group's ethics and compliance policy, the LVMH Ethics & Compliance Intranet provides access for all employees to a set of documents, tools and information relating to business ethics.

Specific information is provided by the relevant human resources departments to newly hired employees concerning the Code of Conduct and the whistleblowing system. An online training tool, available to all employees on the Ethics & Compliance Intranet, is designed to help them understand and better assimilate the rules, practices and values presented in the LVMH Code of Conduct. This module is available in around ten languages.

Awareness initiatives are coordinated by the Ethics & Compliance Department, which holds in-house events in various regions, aimed at staff in various roles. In 2019, these included initiatives aimed at the community of internal controllers in New York, Hong Kong and Paris; heads of legal departments in Paris; and the responsible purchasing community in Milan and New York.

At the annual seminar on the Group's ethics and compliance policy, held on October 10 and 11, 2019, Group Managing Director Antonio Belloni delivered a powerful message to the Ethics & Compliance Officers, which they shared with the Presidents of the Group's Maisons, reaffirming the Group's commitment in this area and accelerating the implementation of measures to prevent and detect data integrity risks throughout the entire Group.

The Group has also developed a specific 45-minute online anti-corruption training module, which is available to all Maisons and serves as a common core that supplements existing training materials. This module is aimed at staff identified as particularly exposed to corruption risk, and its results are regularly assessed. Since it was launched in late 2018, the module has been completed by several thousand employees throughout the Group.

Available in three languages (French, English and Chinese, with other languages coming soon), this module:

- reiterates LVMH's zero-tolerance policy on corruption;
- expresses the Group Chairman and Chief Executive Officer and Group Managing Director's commitment to promoting exemplary, responsible behavior;
- defines and illustrates the notions of corruption and influence-peddling;
- provides an overview of the policies, governance and tools involved in the Group's anti-corruption compliance program;
- illustrates the negative consequences of corruption on civil society and companies;
- provides information on anti-corruption laws in force around the world and obligations for businesses in combating corruption;
- introduces the concept of due diligence on third parties to combat corruption and the main items to check;
- includes a number of case studies and questionnaires to ensure that employees have fully understood the key concepts involved.

Rules, procedures and tools

The LVMH Code of Conduct defines and illustrates prohibited behaviors, in particular those that may constitute corruption or influence-peddling. It reaffirms the Group's zero-tolerance stance on this issue.

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

- preventing corruption and influence-peddling, including basic definitions of these concepts and information about how to identify various suspicious behaviors against which staff should be on their guard;
- mandatory rules on gifts and entertainment;
- preventing money laundering, including information on cash payment limits and formalities for reporting large payments;
- rules for preventing, reporting and resolving conflicts of interest; in this regard, an annual conflict of interest reporting campaign is undertaken within the governing bodies of the Group and the Maisons;
- use of assets belonging to the Group and the Maisons, including the fact that such assets are made available only for a temporary period and the requirement that they be used in a professional and conscientious manner;
- loans of clothes and accessories by Maisons to employees or individuals outside the Group;

- Group policy on travel and security, which includes rules on authorization of travel and payment of travel expenses.

These in-house guidelines help employees recognize risky situations and act responsibly and appropriately, by drawing their attention to a number of key points to watch out for. It includes a number of everyday examples to illustrate how to react in risky situations.

These guidelines provide a common core that can be adjusted to fit each entity's specific situation.

LVMH's internal control framework includes a set of minimum requirements for ethics and compliance, which are checked through self-assessments and audits at the Group's various entities (as described in the "Financial and operational risk management and internal control" section).

In addition to the usual existing communication and warning channels within the Group and Maisons, LVMH has set up a centralized whistleblowing system, available in around ten languages, to collect and process reports from all employees concerning infringements or serious risks of infringement of laws, regulations, the provisions of the LVMH Code of Conduct and other principles, guidelines and internal policies.

The system covers the following behaviors:

- corruption and influence-peddling;
- money laundering, fraud and falsification of accounting records;
- embezzlement;
- anti-competitive practices;
- data protection breaches;
- discrimination, harassment, violence and threatening behavior;
- infringements of workers' rights and labor law, illegal employment;
- infringements of occupational health and safety regulations, violation of environmental protection laws;
- practices contrary to ethical principles.

Alerts handled through dedicated whistleblowing systems can be used to help improve risk identification and prevention procedures, as part of a continuous improvement approach.

No instances of alleged corruption or influence-peddling were reported through the Group's whistleblowing system in respect of fiscal year 2019.

If employees fail to abide by rules laid down in the Code of Conduct, the guiding principles or, more generally, the Rules of Procedure (or equivalent document) of their employing Maison, the Group will take appropriate and timely steps to put an end to the infringement in question, including appropriate disciplinary sanctions proportionate to the severity of the infringement, in accordance with the provisions of the Rules of Procedure (or equivalent document) and applicable laws and regulations.

5.7 Responsible management of personal data

In order to offer their customers exceptional products and experiences that meet their expectations, the LVMH group's Maisons must have access to high-quality customer data, and are committed to ensuring that all data collected is kept secure.

In an era of innovation for the LVMH group – which is moving ahead with an ambitious digital strategy, resolutely focused on its customers and their aspirations – every Maison in the LVMH group takes steps to comply with the regulations applicable to personal data, including the General Data Protection Regulation (GDPR).

Ensuring full compliance with data protection regulation requires adequate governance arrangements to be implemented within the LVMH group. Accordingly, each Group Maison has appointed a Data Protection Officer (DPO) to ensure that its operations are compliant, with support from the legal and cybersecurity departments and in close cooperation with staff in a range of roles (including IT, digital, marketing and HR).

This also means building and promoting a personal data protection culture that permeates all the Group's business lines and activities as well as taking into account technical and methodological developments. To this end, LVMH and its Maisons regularly hold in-person and/or e-learning training and awareness sessions on personal data protection-related issues. The privacy policies for customers and employees of the LVMH group's Maisons were updated to inform these individuals of their rights and obligations regarding personal data, pursuant to the principle of transparency required by the GDPR.

A strict cybersecurity policy is also applied within the Group to ensure a fresh customer experience without compromising on data security, privacy, integrity or availability requirements. Under this policy, LVMH and its Maisons monitor not only the security of their own information systems but also the security levels of the products and services offered by the third-party providers used by LVMH and its Maisons. Providers that have access to LVMH and/or its Maisons' data are assessed to ensure that the technical and organizational measures they have implemented provide a level of security that is sufficient and well suited to their work. Specific cybersecurity incident management and prevention policies are also applied within the Group.

As a general rule, projects carried out by LVMH and/or its Maisons are subject to a Security and Privacy Risk Assessment to check that any personal data protection and security-related issues have been adequately addressed by the business lines involved (Security and Privacy by Design), that only personal data that is necessary for the project's purposes is actually collected and processed (Privacy by Default), and that any data protection-related impact analyses that must be completed have been identified.

To ensure a consistent, effective approach, a data protection policy is proposed to all Maisons in order to provide them with a common framework of rules and recommendations, helping ensure that appropriate measures are taken to protect personal data within the LVMH group, in compliance with applicable regulations.

This policy defines a Group compliance program on the protection of personal data, aimed at putting in place clear and transparent governance arrangements to manage issues concerning data protection, together with a range of common directives, bodies and processes. Sample data processing records, impact analyses, privacy notices, security questionnaires and personal data clauses to be added to contracts signed with subcontractors who process personal data are also provided to the Maisons by the Group, which each Maison then adapts to its own context.

The LVMH group also has Binding Corporate Rules (BCR) approved by France's Commission Nationale de l'Informatique et des Libertés (CNIL), which govern international transfers within the LVMH group of the personal data of employees and job candidates.

An annual audit and assessment campaign is run as part of internal control or the Maisons' internal audit work, in order to assess compliance with their personal data protection obligations.

Lastly, communities to share experience and exchange ideas – made up of the DPOs and their local representatives as well as the heads of security and legal directors of the Group's Maisons – meet regularly to discuss shared issues related to personal data protection, with the goal of continuously improving practices in this area.

INDEPENDENT VERIFIER'S REPORT ON THE CONSOLIDATED STATEMENT OF NON-FINANCIAL PERFORMANCE

To the Shareholders' Meeting,

In our capacity as an Independent Verifier accredited by COFRAC (Accreditation No. 3-1681; scope of accreditation available at www.cofrac.fr and belonging to the network of a Statutory Auditor of your Company (hereinafter "Entity"), we hereby present our report on the consolidated statement of non-financial performance for the fiscal year ended December 31, 2019 (hereinafter "Statement"), as set out in the Management Report pursuant to the provisions laid down in Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

Responsibility of the Entity

It is the Board of Directors' responsibility to prepare a Statement compliant with legal and regulatory requirements, including an overview of the business model, a description of key non-financial risks and an overview of the policies adopted in light of those risks, together with the results of those policies, including key performance indicators.

The Statement was prepared by applying the Entity's procedures (hereinafter "Guidelines"), the significant components of which are set out in the Statement and are available on request from your Group's Environment and Human Resources Departments.

Independence and quality control

Our independence is defined by the provisions of Article L.822-11-3 of the French Commercial Code and the Code of Ethics of our profession. In addition, we have implemented a quality control system, including documented policies and procedures designed to ensure compliance with ethical standards, professional guidelines and applicable laws and regulations.

Responsibility of the Independent Verifier

It is our responsibility, on the basis of our work, to express a reasoned opinion reflecting a limited assurance conclusion that:

- the Statement complies with the requirements laid down in Article R.225-105 of the French Commercial Code;
- the information provided is fairly presented in accordance with Point 3 of Sections I and II of Article R.225-105 of the French Commercial Code, namely the results of policies, including key performance indicators, and actions in relation to key risks, hereinafter "Information".

It is also our responsibility to express, at the Entity's request and outside the scope of our accreditation, a conclusion of reasonable assurance that the information selected by the Entity and identified by a check mark (✓) in Appendix 1 (hereinafter "Selected Environmental Information") was prepared, in all material respects, in accordance with the Guidelines.

It is not our responsibility, however, to express an opinion on whether the Entity complies with other applicable legal and regulatory provisions, notably concerning the vigilance plan and the prevention of corruption and tax evasion, or whether products and services comply with applicable regulations.

1. Reasoned opinion on the compliance and fair presentation of the Statement

Nature and scope of work

The work described below was carried out in accordance with the provisions of Articles A.225-1 *et seq.* of the French Commercial Code, the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) applicable to this engagement, and ISAE 3000.

- we familiarized ourselves with the business of all entities falling within the scope of consolidation and the key risks;
- we assessed the suitability of the Guidelines in terms of their relevance, completeness, reliability, objectivity and comprehensible nature, taking the sector's best practices into consideration, where applicable;
- we checked that the Statement covers each category of information laid down in Section III of Article L.225-102-1 of the French Commercial Code on workforce-related and environmental issues, as well as compliance with human rights and the prevention of corruption and tax evasion;

- we checked that the Statement provides the information required by Section II of Article R.225-105 wherever relevant with respect to the key risks and, where applicable, includes an explanation of the reasons for the absence of information required by Section III, Paragraph 2 of Article L.225-102-1 of the French Commercial Code;
- we checked that the Statement provides an overview of the business model and a description of the key risks associated with the business of all entities falling within the scope of consolidation, including, where relevant and proportionate, risks arising from business relationships, products and services as well as policies, actions and results, including key performance indicators related to key risks;
- we consulted source documents and conducted interviews to:
 - assess the process used to select and validate key risks, as well as the consistency of results, including key performance indicators related to the key risks and policies presented, and
 - corroborate what we considered the most important qualitative information (actions and results) set out in Appendix 1. For all risks, work was carried out at the level of the consolidating Entity and on a selection of the entities listed below:
 - for environmental risks: Wines and Spirits: MHCS (France), Hennessy (France), Glenmorangie (Ardbeg, Scotland), Chandon Argentina (Argentina); Perfumes and Cosmetics: Parfums Christian Dior (Saint-Jean-de-Braye, France), Guerlain La Ruche (Chartres, France); Fashion and Leather Goods: Loro Piana (Quarona, Italy), Christian Dior (Paris, France), Tanneries Roux (Romans-sur-Isère, France), Loewe (Maison and stores) (Getafe, Spain); Watches and Jewelry: Bvlgari (Valenza, Italy), Hublot (Nyon, Switzerland); Selective Retailing: Sephora North America (Sephora BDC, Canada and Sephora USA); Sephora North Asia, Southeast Asia, Middle East (Neuilly, France); Le Bon Marché (Paris, France); DFS (Hong Kong); Other activities: headquarters of Les Echos – Le Parisien (Paris, France),
 - for workforce-related risks: Wines and Spirits: Glenmorangie (Edinburgh, Scotland); Perfumes and Cosmetics: Benefit Cosmetics UK (London, United Kingdom), Parfums Christian Dior UK (London, United Kingdom); Fashion and Leather Goods: Christian Dior (Paris, France); Watches and Jewelry: Bvlgari Gioielli S.p.A. (Valenza, Italy); Selective Retailing: Sephora SAS (Neuilly, France), DFS (Singapore); Other activities: Les Echos (Paris, France),
 - for social risks:
 - responsible supply chains: Moët-Hennessy (Paris, France), Parfums Christian Dior (Neuilly, France), Christian Dior (Paris, France), Sephora Europe Middle East (Neuilly, France),
 - protection of personal data: Louis Vuitton Malletier (Paris, France), Sephora SAS (Neuilly, France),
 - compliant business practices: Fendi (Rome, Italy), Moët-Hennessy (Paris, France);
- we checked that the Statement covers the scope of the consolidated Group, i.e. all companies falling within the scope of consolidation in accordance with Article L.233-16, within the limits set out in the Statement;
- we reviewed the internal control and risk management procedures put in place by the Entity and assessed the collection process aimed at ensuring that the Information is complete and fairly presented;
- for key performance indicators and those other quantitative results we considered the most significant, set out in Appendix 1, we carried out the following:
 - analytical procedures that consisted in checking that all data collected had been properly consolidated, and that trends in that data were consistent,
 - detailed, sample-based tests that consisted in checking that definitions and procedures had been properly applied and reconciling data with supporting documents. This work was carried out on a selection of contributing entities listed above and covers between 8% and 84% of the consolidated data selected for these tests (10% of the workforce, 48% of energy consumption and an average of 27% of certified supplies);
- we assessed the Statement's overall consistency with our knowledge of all the entities falling within the scope of consolidation.

We consider that the work we performed using our professional judgment allow us to formulate a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Means and resources

Our work was undertaken by a team of twelve people between September 2019 and February 2020, for a period of fourteen weeks. We conducted around fifteen interviews with those responsible for preparing the Statement, notably representing Executive Management and the Administration and Finance, Risk Management, Ethics and Compliance, Human Resources, Environment and Purchasing Departments.

Conclusion

On the basis of our work, we found no material misstatements that might have led us to believe that the consolidated statement of non-financial performance is not compliant with applicable regulatory requirements or that the Information, taken as a whole, is not fairly presented, in accordance with the Guidelines.

2. Reasonable assurance report on the Selected Environmental Information

Nature and scope of work

Concerning the Selected Environmental Information identified by a check mark (✓) in Appendix 1, we carried out the same type of work as set out in Section 1 above for what we considered the most important key performance indicators and other quantitative results, though in greater depth, particularly as regards the extent of tests.

The sample selected represents on average 53% of the Selected Environmental Information.

We consider that this work allows us to express a reasonable assurance conclusion on the Selected Environmental Information.

Conclusion

In our opinion, the Selected Environmental Information provided by the Entity has been established, in all material aspects, in compliance with the Guidelines.

Paris-La Défense, February 3, 2020

The Independent Verifier

EY & Associés

Eric Duvaud

Sustainable Development Partner

Jean-François Bélorgey

Partner

This is a free translation into English of the Independent Verifier's report issued in French and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Appendix 1: Information considered the most important

Workforce-related information

Quantitative information

(including key performance indicators)

- Breakdown of the workforce as of December 31 by gender and professional category.
- Recruitment on permanent contracts from January 1 to December 31 (breakdown by gender).
- Turnover among employees on permanent contracts from January 1 to December 31 (breakdown by reason).
- Proportion of employees on permanent contracts trained, by professional category.
- Number of days' training for employees on permanent contracts
- Absence rate by reason.
- Work-related accident frequency rate.
- Work-related accident severity rate.

Qualitative information (actions and results)

- Attracting and training students and recent graduates.
- Preventing discrimination during the recruitment process.
- Training and support for employees throughout their careers.
- Workplace health and safety.

Environmental information

Quantitative information

(including key performance indicators)

- Proportion of manufacturing sites certified ISO 14001 (%). ✓
- Total energy consumption (MWh). ✓
- Energy-related greenhouse gas emissions (metric tons of CO₂ equivalent). ✓
- Total water consumption for process requirements (m³). ✓
- Chemical Oxygen Demand after treatment (metric tons/year). ✓
- Total waste produced (metric tons). ✓
- Total hazardous waste produced (metric tons). ✓
- Waste recovery rate (%). ✓
- Total packaging that reaches customers (metric tons). ✓
- Environmental Performance Index for packaging (value).
- Greenhouse gas emissions avoided per year by projects under the banner of the Carbon Fund (metric tons of CO₂ equivalent avoided).

Qualitative information (actions and results)

- Organization of the environmental approach, particularly governance and commitments, including the LIFE program.
- Environmental impact of packaging and monitoring of the LIFE "Products" target.
- Environmental standards applied to the supply chain and monitoring of the LIFE "Sourcing" targets.
- Combating climate change and monitoring the LIFE "Climate change" target.
- Environmental management of sites and monitoring of the LIFE "Sites" targets.

Social information

Quantitative information

(including key performance indicators)

- Proportion of grape supplies (in kg) with sustainable winegrowing certification (%).
- Proportion of palm oil derivative supplies (in kg) certified RSPO Mass Balance or Segregated (%).
- Proportion of leather supplies (in m²) sourced from LWG-certified tanneries (%).
- Proportion of gold supplies (in kg) certified RJC CoC.
- Proportion of gold supplies (in kg) sourced from RJC CoP-certified suppliers.
- Proportion of diamond supplies (in carats) sourced from RJC CoP-certified suppliers.
- Proportion of cotton supplies (in metric tons) certified BCI, organic, etc. (%).

Qualitative information (actions and results)

- Implementation of the Charter on Working Relations with Fashion Models and Their Well-Being.
- Supplier assessment and support.
- Management of personal data.
- Business conduct and ethics.

6. CROSS-REFERENCE TABLES

6.1 Statement of non-financial performance

Like any other economic actor, the LVMH group is exposed to a number of non-financial risks that may affect its performance, cause harm to its reputation, and impact its stakeholders and/or the environment. The following risks have been classified by representatives of the Group's central functions and senior management as "key risks" in light of the Group's activities (see §3 of the "Ethics and responsibility" section):

- impact on ecosystems and depletion of natural resources;
- setting up and maintaining responsible supply chains;
- safeguarding health and safety at work;
- loss of key skills and expertise;
- implementation of a policy to promote employee inclusion and fulfillment;
- shortcomings in the implementation of rules governing the protection of personal data;
- shortcomings in the implementation of business practice compliance arrangements.

LVMH is committed to addressing each of these risks by putting the appropriate policies in place. The cross-reference tables below provide a summary presentation of the information constituting the Group's statement of non-financial performance, as required by Article L.225-102-1 of the French Commercial Code, indicating for each item the location in the *Management Report of the Board of Directors* where further details may be found. They include cross-references to the specific disclosures required by this article with regard to respect for human rights and measures to combat corruption, climate change, and discrimination.

The remaining disclosures required by this article may be found in the following locations:

- with regard to the Group's business model, in the sections entitled "The LVMH business model" and "Business overview, highlights and outlook" in the introduction to this report;
- with regard to the presentation of the workforce for each business group and geographic region, in §1.3 of the "Attracting and retaining talent" section;
- with regard to collective bargaining agreements signed at the level of companies across the Group, in §3.2 of the "Attracting and retaining talent" section;
- with regard to efforts to promote the circular economy, in §1.2.2 and §5.4 of the "Environment and sustainability" section;
- with regard to combating food waste, in §5.4.2 of the "Environment and sustainability" section;
- with regard to social commitments to promote sustainable development, apart from the topics covered by the cross-reference tables below in terms of social consequences, respect for human rights and the environment, in §1 and §2 of the "Corporate philanthropy" section;
- with regard to protecting animal welfare, in §3.1 and §3.3 of the "Environment and sustainability" section;

Lastly, given the nature of the Group's business activities, topics relating to the fight against food insecurity or efforts to promote responsible and sustainable food production as well as fair food systems are not discussed in this Management Report.

6.1.1 Social consequences

Risk	Policies	Results
Loss of key skills and expertise	<ul style="list-style-type: none"> - Academic partnerships (§2.2 of the "Attracting and retaining talent" section) - Institut des Métiers d'Excellence (§2.2 of the "Attracting and retaining talent" section) - Employee training and support (§3.1 of the "Attracting and retaining talent" section) - EXCELLhanCE initiative to promote training and employment for people with disabilities (§2.3 of the "Attracting and retaining talent" section) - Support for high-potential female employees to help them move into key positions (§3.1 of the "Attracting and retaining talent" section) 	<ul style="list-style-type: none"> - Joiners by business group and geographic region (§2.1 of the "Attracting and retaining talent" section) - Investment in training (§3.1 of the "Attracting and retaining talent" section) - Internal mobility data (§2.1 of the "Attracting and retaining talent" section) - Awards, recognition and rankings obtained as an employer (§2.1 of the "Attracting and retaining talent" section)
Health and safety issues faced in the Group's business activities	<ul style="list-style-type: none"> - LVMH Code of Conduct (§2.2 of the "Ethics and responsibility" section) - Whistleblowing system (§5.6 of the "Ethics and responsibility" section) - Charter on Working Relations with Fashion Models (§2.2 of the "Ethics and responsibility" section) - Investments in health, safety and security (§3.2 of the "Attracting and retaining talent" section) - Employee training in health, safety and security (§3.2 of the "Attracting and retaining talent" section) - Social audits of suppliers and subcontractors including a health and safety dimension (§5.2 of the "Ethics and responsibility" section) - Measures relating to the use of chemicals and cosmetovigilance (§5.3 of the "Ethics and responsibility" section) - Promoting responsible consumption of wines and spirits (§5.3 of the "Ethics and responsibility" section) 	<ul style="list-style-type: none"> - Breakdown, frequency and severity of work-related accidents (§3.2 of the "Attracting and retaining talent" section) - Data relating to social audits that include a health and safety dimension (§5.2 of the "Ethics and responsibility" section) - Training for employees and suppliers focusing on the LVMH Restricted Substances List (§5.3 of the "Ethics and responsibility" section)
Implementation of a policy of employee inclusion and fulfillment (aspects related to fulfillment at work)	<ul style="list-style-type: none"> - LVMH Code of Conduct (§2.2 of the "Ethics and responsibility" section) - Whistleblowing system (§5.6 of the "Ethics and responsibility" section) - DARE program (§3.1 of the "Attracting and retaining talent" section) - Employee induction seminars (§3.1 of the "Attracting and retaining talent" section) - Specific training for managers (§3.1 of the "Attracting and retaining talent" section) - Group Works Council and SE Works Council (§3.2 of the "Attracting and retaining talent" section) 	<ul style="list-style-type: none"> - Number of meetings held by employee representative bodies in 2019 (§3.2 of the "Attracting and retaining talent" section)

6.1.2 Respect for human rights

Risk	Policies	Results
Setting up and maintaining responsible supply chains (aspects relating to respect for human rights)	<ul style="list-style-type: none"> - LVMH Code of Conduct (§2.2 of the "Ethics and responsibility" section) - Supplier Code of Conduct (§2.2 of the "Ethics and responsibility" section) - Charter on Working Relations with Fashion Models (§2.2 of the "Ethics and responsibility" section) - Whistleblowing system (§5.6 of the "Ethics and responsibility" section) - Risk mapping (§4 of the "Ethics and responsibility" section) - Social audits of suppliers and subcontractors (§5.2 of the "Ethics and responsibility" section) - Collection of information on suppliers' social and ethical performance via the EcoVadis platform (§5.2 of the "Ethics and responsibility" section) - Participation in multi-party initiatives covering suppliers in higher risk categories (§5.2 of the "Ethics and responsibility" section) 	<ul style="list-style-type: none"> - Breakdown of suppliers and audits (§5.2 of the "Ethics and responsibility" section) - Data on combined audits and audits examining only social aspects carried out at suppliers (§5.2 of the "Ethics and responsibility" section) - Data on follow-up audits (§5.2 of the "Ethics and responsibility" section) - Proportion of suppliers not meeting the Group's standards (§5.2 of the "Ethics and responsibility" section) - Number of contracts terminated following audits (§5.2 of the "Ethics and responsibility" section) - Number of business relationships not initiated following audits (§5.2 of the "Ethics and responsibility" section)
Implementation of a policy of employee inclusion and fulfillment (aspects relating to the fight against discrimination and the promotion of diversity)	<ul style="list-style-type: none"> - LVMH Code of Conduct (§2.2 of the "Ethics and responsibility" section) - Whistleblowing system (§5.6 of the "Ethics and responsibility" section) - Recruitment Code of Conduct (§2.2 of the "Ethics and responsibility" section) - Specific training for recruiters (§2.3 of the "Attracting and retaining talent" section) - Independent review of hiring practices (§2.3 of the "Attracting and retaining talent" section) - EXCELLhanCE initiative to promote training and employment for people with disabilities (§2.3 of the "Attracting and retaining talent" section) - Support for high-potential female employees to help them move into key positions (§3.1 of the "Attracting and retaining talent" section) 	<ul style="list-style-type: none"> - Proportion of employees with disabilities (§2.3 of the "Attracting and retaining talent" section) - Proportion of women among joiners and in the Group's workforce (§3.1 of the "Attracting and retaining talent" section) - Number of participants in the EXCELLhanCE initiative (§2.3 of the "Attracting and retaining talent" section)
Shortcomings in the implementation of rules governing the protection of personal data	<ul style="list-style-type: none"> - LVMH Code of Conduct (§2.2 of the "Ethics and responsibility" section) - Data protection policy (§5.7 of the "Ethics and responsibility" section) 	<ul style="list-style-type: none"> - Creation of a network of Data Protection Officers (§5.7 of the "Ethics and responsibility" section)

6.1.3 Environmental consequences

Risk	Policies	Results
Business impacts on ecosystems and depletion of natural resources (including aspects relating to the fight against climate change)	<ul style="list-style-type: none"> - LVMH Environmental Charter (§1.1 of the "Environment and sustainability" section) - LIFE program and LIFE 2020 targets (§1.1 and §1.2 of the "Environment and sustainability" section) - Combating climate change and the LVMH Carbon Fund (§4 of the "Environment and sustainability" section) 	<ul style="list-style-type: none"> - Improvement in the Environmental Performance Index scores of product packaging for Wines and Spirits companies and Perfumes and Cosmetics companies (§2.3 of the "Environment and sustainability" section) - Accelerated and expanded rollout of sustainable and organic winegrowing (§3.6 of the "Environment and sustainability" section) - Certification of materials used in products: leather, cotton, fur, palm oil derivatives, diamonds and precious metals (§3.6 of the "Environment and sustainability" section) - Achievement of targets set for the LVMH Carbon Fund (§4.2 of the "Environment and sustainability" section) - Increase in the proportion of renewable energy in the Group's energy mix (§4.5 of the "Environment and sustainability" section) - Implementation of an environmental management system at manufacturing sites (§5.5 of the "Environment and sustainability" section)
Setting up and maintaining responsible supply chains (environmental aspects)	<ul style="list-style-type: none"> - LVMH Code of Conduct (§2.2 of the "Ethics and responsibility" section) - Supplier Code of Conduct (§2.2 of the "Ethics and responsibility" section) - LVMH Environmental Charter (§1.1 of the "Environment and sustainability" section) - LIFE program and LIFE 2020 targets (§1.1 and §1.2 of the "Environment and sustainability" section) - Whistleblowing system (§5.6 of the "Ethics and responsibility" section) - Risk mapping (§1.2 of the "Environment and sustainability" section) - Collection of information on suppliers' environmental performance via the EcoVadis platform (§5.2 of the "Ethics and responsibility" section) - Participation in multi-party initiatives covering suppliers in higher risk categories (§5.2 of the "Ethics and responsibility" section) 	<ul style="list-style-type: none"> - Data on environmental audits carried out at suppliers, both combined audits and audits examining only environmental aspects (§5.2 of the "Ethics and responsibility" section) - LIFE 2020 program - "Sourcing" target, particularly relating to supply chains for grapes, leather, skins and pelts, gemstones and precious metals, palm oil derivatives and regulated chemicals (§3 of the "Environment and sustainability" section)

6.1.4 Fight against corruption

Risk	Policies	Results
Shortcomings in the implementation of business practice compliance arrangements	<ul style="list-style-type: none"> - LVMH Code of Conduct (§2.2 of the "Ethics and responsibility" section) - Supplier Code of Conduct (§2.2 of the "Ethics and responsibility" section) - Whistleblowing system (§5.6 of the "Ethics and responsibility" section) - Group Ethics and Compliance Intranet site (§5.6 of the "Ethics and responsibility" section) - Risk mapping (§4 of the "Ethics and responsibility" section) - Role of the Ethics & Compliance Department (§3 and §5.6 of the "Ethics and responsibility" section) - Internal guiding principles (§5.6 of the "Ethics and responsibility" section) - Anti-corruption training (§5.6 of the "Ethics and responsibility" section) - Compliance rules included in the internal audit and control framework (§5.6 of the "Ethics and responsibility" section) 	<ul style="list-style-type: none"> - No instances of alleged corruption or influence-peddling were reported through the Group's whistleblowing system in 2019 (§5.6 of the "Ethics and responsibility" section) - Several thousand people throughout the Group have completed the anti-corruption training module (§5.6 of the "Ethics and responsibility" section)

6.2 Vigilance plan

As a responsible, actively engaged corporate citizen on a global scale, the LVMH group strives to exert a positive influence on the communities, regions and countries where it operates and to minimize the potential adverse impacts of its activities, as well as those of its suppliers and subcontractors, for its stakeholders and the environment.

The cross-reference tables below provide a summary presentation of the information constituting the Group's vigilance plan, as required by Article L.225-102-4 of the French Commercial Code, indicating for each item the sections within the *Management Report of the Board of Directors* where further details may be found.

6.2.1 Human rights and fundamental freedoms

	Group's own operations	Suppliers' and subcontractors' activities
Risk mapping	<ul style="list-style-type: none"> - Risk mapping by the Group (§4 of the "Ethics and responsibility" section) 	<ul style="list-style-type: none"> - Additional risk assessment for certain suppliers via the EcoVadis platform (§5.2 of the "Ethics and responsibility" section) - Risk mapping by the Group (§4 of the "Ethics and responsibility" section)
Frequent risk assessments	<ul style="list-style-type: none"> - Internal control and audit framework (§3.2 of the "Financial and operational risk management and internal control" section) 	<ul style="list-style-type: none"> - Audits and follow-up audits (§5.2 of the "Ethics and responsibility" section) - Corrective action plans following audits (§5.2 of the "Ethics and responsibility" section)
Mitigation and prevention measures	<ul style="list-style-type: none"> - Specific training for recruiters to prevent discrimination (§2.3 of the "Attracting and retaining talent" section) - Independent review of hiring practices (§2.3 of the "Attracting and retaining talent" section) 	<ul style="list-style-type: none"> - Supplier Code of Conduct (§2.2 of the "Ethics and responsibility" section) - Training for suppliers and buyers (§5.2 of the "Ethics and responsibility" section) - Participation in multi-party initiatives covering suppliers in higher risk categories (§5.2 of the "Ethics and responsibility" section) - Supply chain certification targets (§5.2 of the "Ethics and responsibility" section)
Whistleblowing system	<ul style="list-style-type: none"> - Centralized whistleblowing system (§5.6 of the "Ethics and responsibility" section) 	<ul style="list-style-type: none"> - Group employees can use the whistleblowing system to report violations committed by suppliers or subcontractors (§5.6 of the "Ethics and responsibility" section) - Some Maisons have implemented measures to directly ask their suppliers' employees about their working conditions (§5.2 of the "Ethics and responsibility" section)
Follow-up and assessment measures	<ul style="list-style-type: none"> - Action plans implemented by the Maisons in countries identified as priorities during the risk mapping exercise (§5 of the "Ethics and responsibility" section) - Action plans included as part of the ERICA approach (§5 of the "Ethics and responsibility" section) - Risk mapping exercise carried out regularly 	<ul style="list-style-type: none"> - Remediation plans to address shortcomings identified during audits (§5.2 of the "Ethics and responsibility" section) - Follow-up audits of suppliers (§5.2 of the "Ethics and responsibility" section)

6.2.2 Individuals' health and safety

	Group's own operations	Suppliers' and subcontractors' activities
Risk mapping	<ul style="list-style-type: none"> - Risk mapping by the Group (§4 of the "Ethics and responsibility" section) 	<ul style="list-style-type: none"> - Risk mapping by the Group (§4 of the "Ethics and responsibility" section) - Additional risk assessment for certain suppliers via the EcoVadis platform (§5.2 of the "Ethics and responsibility" section)
Frequent risk assessments	<ul style="list-style-type: none"> - Internal control and audit framework (§3.2 of the "Financial and operational risk management and internal control" section) - Accident analysis and prevention (§3.2 of the "Attracting and retaining talent" section) 	<ul style="list-style-type: none"> - Audits and follow-up audits (§5.2 of the "Ethics and responsibility" section) - Corrective action plans following audits (§5.2 of the "Ethics and responsibility" section)
Mitigation and prevention measures	<ul style="list-style-type: none"> - LVMH Restricted Substances List (§5.3 of the "Ethics and responsibility" section) - LVMH Testing Program (§5.3 of the "Ethics and responsibility" section) - Promoting responsible consumption of Wines and Spirits (§5.3 of the "Ethics and responsibility" section) - Third-party liability insurance and product recalls (§2.3 of the "Financial and operational risk management and internal control" section) - Specific insurance policies in countries where work-related accidents are not covered by social security systems (§2.3 of the "Financial and operational risk management and internal control" section) 	<ul style="list-style-type: none"> - Supplier Code of Conduct (§2.2 of the "Ethics and responsibility" section) - Training for suppliers and buyers (§5.2 of the "Ethics and responsibility" section) - Participation in multi-party initiatives covering suppliers in higher risk categories (§5.2 of the "Ethics and responsibility" section) - Supply chain certification targets (§5.2 of the "Ethics and responsibility" section) - Assistance guides provided to suppliers for the elimination/substitution of chemicals whose use is restricted or prohibited by LVMH (§5.3 of the "Ethics and responsibility" section) - Charter on Working Relations with Fashion Models (§2.2 of the "Ethics and responsibility" section)
Whistleblowing system	<ul style="list-style-type: none"> - Centralized whistleblowing system (§5.6 of the "Ethics and responsibility" section) 	<ul style="list-style-type: none"> - Group employees can use the whistleblowing system to report violations committed by suppliers or subcontractors (§5.6 of the "Ethics and responsibility" section) - Some Maisons have implemented measures to directly ask their suppliers' employees about their working conditions (§5.2 of the "Ethics and responsibility" section)
Follow-up and assessment measures	<ul style="list-style-type: none"> - Action plans implemented by the Maisons in countries identified as priorities during the risk mapping exercise (§5 of the "Ethics and responsibility" section) - Action plans included as part of the ERICA approach (§5 of the "Ethics and responsibility" section) - Risk mapping exercise carried out regularly 	<ul style="list-style-type: none"> - Remediation plans to address shortcomings identified during audits (§5.2 of the "Ethics and responsibility" section) - Follow-up audits of suppliers (§5.2 of the "Ethics and responsibility" section)

6.2.3 Environment

	Group's own operations	Suppliers' and subcontractors' activities
Risk mapping	<ul style="list-style-type: none"> - Risk mapping by the Group (§4 of the "Ethics and responsibility" section) 	<ul style="list-style-type: none"> - Risk mapping by the Group (§4 of the "Ethics and responsibility" section) - Additional risk assessment for certain suppliers via the EcoVadis platform (§5.2 of the "Ethics and responsibility" section)
Frequent risk assessments	<ul style="list-style-type: none"> - Environmental management system (§5 of the "Environment and sustainability" section) 	<ul style="list-style-type: none"> - Audits and follow-up audits (§5.2 of the "Ethics and responsibility" section) - Corrective action plans following audits (§5.2 of the "Ethics and responsibility" section)
Mitigation and prevention measures	<ul style="list-style-type: none"> - LIFE 2020 targets (§2 to §5 of the "Environment and sustainability" section) - Insurance for environmental damage (§2.3 of the "Financial and operational risk management and internal control" section) 	<ul style="list-style-type: none"> - Supplier Code of Conduct (§2.2 of the "Ethics and responsibility" section) - Training for suppliers and buyers (§5.2 of the "Ethics and responsibility" section) - Participation in multi-party initiatives covering suppliers in higher risk categories (§5.2 of the "Ethics and responsibility" section) - Supply chain certification targets (§5.2 of the "Ethics and responsibility" section)
Whistleblowing system	<ul style="list-style-type: none"> - Centralized whistleblowing system (§5.6 of the "Ethics and responsibility" section) 	<ul style="list-style-type: none"> - Group employees can use the whistleblowing system to report violations committed by suppliers or subcontractors (§5.6 of the "Ethics and responsibility" section)
Follow-up and assessment measures	<ul style="list-style-type: none"> - Tracking achievement of LIFE 2020 targets (§2 to §5 of the "Environment and sustainability" section) - Action plans implemented by the Maisons in countries identified as priorities during the risk mapping exercise (§5 of the "Ethics and responsibility" section) - Action plans included as part of the ERICA approach (§5 of the "Ethics and responsibility" section) - Risk mapping exercise carried out regularly 	<ul style="list-style-type: none"> - Remediation plans to address shortcomings identified during audits (§5.2 of the "Ethics and responsibility" section) - Follow-up audits of suppliers (§5.2 of the "Ethics and responsibility" section)