

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Human resources

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1. NOTE ON METHODOLOGY

Since 2010, all staff members involved in Group reporting on employee-related issues have had access to a training kit. The aim is to familiarize users with the objectives of reporting on employee-related issues, and deepen understanding of key indicators and the calculation methodology used. Control procedures have also been reinforced within each organizational entity. To ensure the quality of the data reported, Group companies' Directors of Human Resources appoint a reporter for each company under their responsibility, who is in charge of collecting and declaring all employee-related data, as well as a reviewer who is responsible for checking the data declared by the reporter and certifying that it is accurate by providing an electronic signature during the validation phase of the questionnaire completed online. Following these two preliminary validation stages, the Group company's Director of Human Resources – the supervisor – provides his or her final validation by signing a letter of representation.

The mapping between organizational and legal entities ensures consistency between reporting on employee-related issues and financial reporting. Accordingly, the scope of reporting on employee-related issues covers all staff employed by fully consolidated Group companies, but does not include equity-accounted associates.

A descriptive sheet is available for each employee-related indicator specifying its relevance, the elements of information tracked, the procedure to be applied to gather information, and the various controls to be performed when entering data. Furthermore, computer checks are implemented throughout the reporting cycle to confirm the reliability and consistency of the data entered.

Workforce information set out below includes all consolidated companies as of December 31, 2017, including Christian Dior

Couture and LVMH's share in joint ventures, with the exception of certain companies that have been part of the Group for less than a year. Other employee-related indicators were calculated for a scope of 705 organizational entities covering more than 99% of the global workforce and encompass all staff employed during the fiscal year, including those employed by joint ventures.

Since fiscal year 2007, selected employee-related disclosures for the Group have been verified each year by one of the Statutory Auditors. For fiscal year 2017, company data was verified by Ernst & Young, in accordance with Article R.225-105-2 of the French Commercial Code. Their findings are expressed in a report following the "LVMH and the environment" section of the Reference Document.

Group companies provide an overview of their corporate social responsibility initiatives in a yearly Corporate Social Responsibility (CSR) reporting survey, which supplements the Group's reporting on employee-related issues. This survey, which is carried out across all Group companies, covers the most common social responsibility issues: human rights, diversity and the prevention of discrimination, skills development, working conditions, listening to and dialoguing with employees, and local community engagement. For each of these topics, the survey form includes references to the conventions and recommendations of the International Labor Organization.

LVMH's employees in China are included in the number of staff working under permanent contracts (11,962 as of December 31, 2017). Although Chinese law limits the duration of employment contracts, which become permanent only after several years, the LVMH group considers employees working under such contracts as permanent, given the nature of Chinese labor law.

2. BREAKDOWN OF AND CHANGES IN THE WORKFORCE

2.1. Breakdown of the workforce

Total headcount as of December 31, 2017 stood at 145,247 employees, an increase of 8% compared with 2016. Of this total, 129,366 employees were working under permanent contracts and 15,880 under fixed-term contracts. Part-time employees represented 19% of the total workforce, or 27,875 individuals. Staff outside France represented 80% of the worldwide workforce.

The Group's average total Full Time Equivalent (FTE) workforce in 2017 comprised 128,637 employees, up 10% compared with 2016.

The tables below show the breakdown of the workforce by business group, geographic region and professional category.

Breakdown by business group

Total headcount as of December 31 ^(a)	2017	%	2016	%	2015	%
Wines and Spirits	7,157	5	6,938	5	7,050	6
Fashion and Leather Goods	41,212 ^(b)	28	32,887	24	33,377	27
Perfumes and Cosmetics	26,699	18	24,170	18	23,131	18
Watches and Jewelry	8,100	6	7,937	6	7,800	6
Selective Retailing	57,360	40	57,428	43	51,920	41
Other activities	4,719	3	5,116	4	2,068	2
Total	145,247	100	134,476	100	125,346	100

(a) Total permanent and fixed-term headcount.

(b) The increased headcount in the Fashion and Leather Goods business group is explained by the integration of Christian Dior Couture.

Breakdown by geographic region

Total headcount as of December 31 ^(a)	2017	%	2016	%	2015	%
France	29,578	20	26,970	20	23,150	18
Europe (excluding France)	34,159	24	30,803	23	29,282	23
United States	32,717	23	32,265	24	30,596	24
Japan	6,397	4	5,991	4	5,859	5
Asia (excluding Japan)	31,102	21	27,835	21	27,056	22
Other markets	11,294	8	10,612	8	9,403	8
Total	145,247	100	134,476	100	125,346	100

(a) Total permanent and fixed-term headcount.

Breakdown of personnel by professional category

Total headcount as of December 31 ^(a)	2017	%	2016	%	2015	%
Executives and managers	26,631	18	23,279	17	21,510	17
Technicians and supervisors	14,009	10	12,823	10	12,077	10
Administrative and sales staff	86,742	60	81,632	61	77,153	61
Production workers	17,865	12	16,742	12	14,606	12
Total	145,247	100	134,476	100	125,346	100

(a) Total permanent and fixed-term headcount.

Average age and breakdown by age

The average age of the worldwide workforce employed under permanent contracts is 36 years and the median age is 33 years. The youngest age ranges are found among sales staff, mainly in Asia, the United States and Other markets.

[as %]	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Age: under 25	12.3	6.1	7.5	20.3	3.6	13.2	24.3
25-29	20.4	15.7	16.0	23.0	11.7	27.7	23.6
30-34	19.3	15.4	18.4	17.0	19.7	25.5	19.8
35-39	14.9	14.2	16.6	11.5	23.0	15.7	13.8
40-44	11.0	13.0	14.5	7.7	21.0	7.4	8.1
45-49	8.6	12.1	11.7	6.6	11.9	4.5	4.8
50-54	6.5	11.0	8.0	5.4	5.9	3.1	3.0
55-59	4.5	8.7	5.0	4.2	3.1	1.8	1.6
60 and up	2.5	3.8	2.3	4.3	0.1	1.1	1.0
	100	100	100	100	100	100	100
Average age	36	40	38	35	38	33	33

Average length of service and breakdown by length of service

The average length of service within the Group is 10 years in France and ranges from 4 to 8 years in other geographical regions. This difference is mainly due to the predominance in these other regions of retail activities characterized by a higher rate

of turnover. It is also the result of recent expansion by Group companies into high-growth markets, where employment is more fluid.

[as %]	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Length of service: less than 5 years	58.3	40.1	48.6	71.9	44.1	68.8	77.6
5-9 years	19.6	20.8	23.3	16.2	20.6	19.8	13.8
10-14 years	9.7	12.2	13.7	6.9	19.1	5.9	4.5
15-19 years	6.0	11.6	8.0	2.9	10.2	2.1	2.2
20-24 years	2.6	4.9	3.3	1.0	3.3	1.7	0.9
25-29	2.0	5.1	1.7	0.6	2.1	1.0	0.4
30 years and up	1.8	5.3	1.4	0.5	0.6	0.7	0.6
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average length of service	7	10	7	5	8	5	4

2.2. Recruitment policy: attracting a diverse array of talent

LVMH and its Group companies aim to attract, recruit and develop the most talented individuals, whatever their level of seniority. Thanks to its diverse ecosystem, the Group is able to offer unique career opportunities to all staff, thus ensuring that it is highly attractive as an employer. Because the Group sees diversity as a strength, it is committed to recruiting without discriminating on the basis of age, gender, opinion or any other personal characteristic.

At the center of the Group's actions is this strong conviction: people make the difference. To support this vision, recruiting the best talent is the key strategic pillar of the Group's HR policy, ensuring that "the future of LVMH's traditions" is secured.

To this end, to boost collaborative working, LVMH has set up an internal network of 800 recruiters coordinated via forums and committees, with the aim of maximizing efficiency and knowledge of the market.

In a highly competitive environment, it is vital to be able to attract passionate, high-performing individuals who are committed to achieving excellence. For this reason, the LVMH group has put in place various initiatives, including in particular the "Inside LVMH" program. The aim of this design program, which brings together schools and universities, students and LVMH, is to give students and interns within the Group a better grasp of how the luxury industry works and how diverse

the Group's businesses are. The program consists of a four-month immersion in the Group via a team project and access to video training content delivered by managers from 22 Group companies and professors appointed to LVMH Chairs. This video content covers the Group's five areas of expertise: creation and design, brand management, customer excellence, manufacturing and supply chain, CSR/digital and entrepreneurship. The program's online platform was launched in December 2017 to allow students to enroll, and the program began in January 2018. For this first year, the program is open to over 50 schools in six European countries. By taking part in the "Inside LVMH" program and immersing themselves in the Group, students also have the opportunity to become one of the 7,200 interns and young graduates hired by Group companies every year.

In 2017, the Group also deepened its strong ties with schools and universities through more than 250 face-to-face events at academic institutions to help students understand the Group's ecosystem. These talks support the Group's strong commitment to the student world since 1991, covering its five areas of expertise, notably illustrated by 11 Chair-type partnerships. These partnerships include funding professors' research topics, delivering teaching to students, and paying school fees and the costs of research projects.

In addition to these programs, LVMH has also developed new digital tools to reach a wider audience not limited to students, thereby streamlining the job application experience and encouraging a diverse pool of candidates to apply. Examples of this proactive, innovative approach include the Group's strong partnership with LinkedIn as regards the approach to searching for candidates, digitization of résumés at face-to-face events, and pre-recorded video interviews.

Alongside these Group-wide initiatives, several Group companies – such as Sephora, Parfums Christian Dior, Louis Vuitton and

Guerlain – regularly launch their own employer communication campaigns in order to attract the best candidates.

LVMH's determination to give itself and its Group companies the means to reinforce its image as an employer of choice is widely recognized. Thanks to actions undertaken by all Group companies, LVMH was recognized by LinkedIn as France's most attractive employer for the second year running, and ranked eighth in the world in 2017. The Group is also popular with business school students in France, who ranked LVMH first among preferred employers for the twelfth consecutive year in the Universum poll.

The LVMH Recruitment Code of Conduct has been widely disseminated to employees active 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. In some Group companies, the LVMH Recruitment Code of Conduct may be bolstered by a Group company-specific policy. It is backed by the rollout within the Group of the "Recruitment without Discrimination" training program. This training program has been mandatory for all human resource managers involved in recruiting since 2011. Specific training sessions have also been rolled out across the Group's various locations so as to align this commitment with domestic legislation. To verify the effectiveness of this system, since 2008 LVMH has undertaken ongoing monitoring of its hiring practices. To this end, the Group has an independent firm carry out discrimination tests based on its own published job offers. The latest such campaign was worldwide in scope. Campaigns to test for discrimination help monitor compliance with the Group's commitments, encourage vigilance among recruiters and managers, and manage the system for preventing discrimination in recruitment.

2.3. Movements during the year: joiners, leavers and internal mobility

In 2017, 33,191 individuals were hired under permanent contracts, including 4,411 in France. A total of 8,341 people were recruited in France under fixed-term contracts. The seasonal sales peaks at the end-of-year holiday season and the harvest season are two main reasons for using fixed-term contracts.

In 2017, a total of 29,640 employees working under permanent contracts left Group companies (for any reason); of these, 49% were employed within the Selective Retailing business group,

which traditionally experiences a high turnover rate. The leading causes for departure were resignation (72%) and individual dismissal (13%).

The overall turnover rate was higher than in 2016 and showed marked differences between geographical regions: the highest rates were recorded in North America, Asia and Other markets, where labor markets are more fluid.

Turnover by geographic region

(as %)	2017	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets	2016	2015
Total turnover ^(a)	22.7	12.5	16.5	34.1	11.0	28.0	30.3	20.5	21.8
Of which: voluntary turnover ^(b)	16.4	5.2	11.7	29.2	10.1	19.1	23.7	15.2	16.0
involuntary turnover ^(c)	5.8	6.1	4.5	4.6	0.8	8.6	6.4	4.8	5.2

(a) All reasons.

(b) Resignations.

(c) Dismissals/end of trial period.

Breakdown of movements^(a) of employees working under permanent contracts by business group and geographic region

(number)	Joiners			Leavers		
	2017	2016	2015	2017	2016	2015
Wines and Spirits	854	778	691	724	632	720
Fashion and Leather Goods	8,509	5,965	6,241	6,884	5,300	6,171
Perfumes and Cosmetics	6,895	6,314	5,424	5,458	5,239	4,706
Watches and Jewelry	1,356	1,256	1,321	1,187	1,110	1,245
Selective Retailing	14,782	18,113	13,978	14,566	11,705	11,225
Other activities	795	1,051	272	821	799	173
Total	33,191	33,477	27,927	29,640	24,785	24,240
France	4,411	4,000	2,764	3,516	2,953	2,252
Europe (excluding France)	6,403	5,767	4,533	4,996	4,071	3,936
United States	7,922	11,038	9,486	8,837	7,566	7,664
Japan	881	729	604	641	524	542
Asia (excluding Japan)	9,630	7,663	7,360	8,378	6,962	7,382
Other markets	3,944	4,280	3,180	3,272	2,709	2,464
Total	33,191	33,477	27,927	29,640	24,785	24,240

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

LVMH Human Resources prides itself on offering a wealth of career development options and international opportunities. Thanks to its size, the diversity of Group companies and business lines, its international scope, continuous growth and the advent of digital, the Group's ecosystem offers a wide range of rewarding and varied career opportunities for employees at every level of the organization. Mobility between functions and/or geographical regions helps develop the Group's talent, enhance employees' skills and, where applicable, broaden their responsibilities. Lastly, employee transfers between Group companies help spread best practice and expertise and establish professional networks within the organization's various business groups.

While each employee is the main stakeholder in his/her own professional development, LVMH seeks to help all staff fulfil their career aspirations and creates conditions conducive to job mobility. To do so, it relies on the Group's committed, highly organized and collaborative HR community and on tried and tested processes. These include 40 talent reviews at Group level, informed in turn by talent reviews within individual Group companies, as well as the 50 mobility committees that met in 2017, spanning the entire LVMH ecosystem. Annual appraisals, backed by career development interviews undertaken by HR, also fuel the Group's momentum in this area. Lastly, increasingly digital tools and information systems facilitate talent management and give employees greater independence in managing their careers.

The Group's dedicated talent management tool, LVMHtalent, allows the HR function to have an accurate understanding of employees' career paths, aspirations and training wishes. This online platform also enables HR to assess and monitor performance, identify internal candidates and be proactive in suggesting opportunities. Lastly, this system connects employees across the Group, acting as a company-wide digital collaborative tool, and even more so as a useful career management platform.

Through Move, the platform for posting jobs on the Group Intranet (Voices), LVMH posted 4,000 offers of permanent jobs available at Group companies worldwide in 2017, allowing employees to apply and take charge of their career development.

Thanks to this dynamic global approach to job mobility, 56% of vacant management positions in 2017 were filled by internal candidates, representing almost 3,600 job moves across the Group's population of managers.

The annual talent review, conducted within Group companies and an established part of the Group's practices since 2007, once again bore fruit in 2017. Thanks to work to identify key employees, manage a pool of over 1,000 talented individuals of 45 different nationalities, 47% of them women, and activate succession plans, 76% of senior executive positions were filled by promoting talented individuals internally.

3. WORKING TIME

3.1. Organization of working time

Worldwide, 13% of employees benefit from variable or adjusted working hours and 49% work as a team or alternate their working hours.

Global workforce affected by various forms of working time adjustments: breakdown by geographical region

Employees concerned ^(a) (as %)	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Variable/adjusted schedules	13	30	17	1	14	5	5
Part-time	19	14	18	40	4	5	23
Teamwork or alternating hours	49	10	32	78	81	69	61

(a) Percentages are calculated on the basis of total headcount (employees under both permanent and fixed-term contracts) in France. For the other regions, they are calculated in relation to the number of employees under permanent contracts, except for part-time workers, in which case the percentages are calculated with respect to the total headcount.

Workforce in France affected by various forms of working time adjustment: breakdown by professional category

Employees concerned ^(a) (as %)	Workforce in France	Executives and managers	Technicians and supervisors	Administrative and sales employees	Production workers
Variable/adjusted schedules	30	17	50	57	2
Part-time	14	2	6	19	27
Teamwork or alternating hours	10	0	9	3	29
Employees benefiting from time off in lieu	10	0	11	20	9

(a) Percentages are calculated in relation to the total number of employees under permanent and fixed-term contracts.

3.2. Overtime

The cost of total overtime hours was 97 million euros, averaging 1.7% of the worldwide payroll.

Overtime by region

(as % of total payroll)	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Overtime	1.7	1.7	1.7	1.3	3.8	1.8	1.3

3.3. Absence rate

The Group's worldwide absence rate for employees working under permanent and fixed-term contracts was 5.0%. This absence rate was lower than the previous year (5.1% in 2016), partly as a result of a decline in paid absence (0.3%, compared

with 0.4% in 2016). The overall absence rate at entities in France and the rest of Europe was two to three times higher than in other geographic regions.

Absence rate^(a) by region and by reason

<i>(as %)</i>	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Illness	2.4	4.2	3.2	1.3	0.4	1.7	1.5
Work/commuting accidents	0.2	0.5	0.1	0.1	0.0	0.0	0.1
Maternity leave	1.6	1.3	2.9	0.7	1.3	1.4	1.2
Paid absences (family events)	0.3	0.3	0.4	0.2	0.3	0.4	0.6
Unpaid absences	0.5	1.0	0.2	0.3	0.5	0.4	0.2
Overall absence rate	5.0	7.3	6.9	2.6	2.6	3.9	3.6

(a) Number of days' absence divided by theoretical number of days worked.

4. COMPENSATION

Group companies offer compensation packages that are competitively positioned with respect to the market in order to attract and motivate talented staff. Salary surveys that take into account the specific characteristics of business lines and sectors are carried out annually and at international level, to ensure that this strong positioning is maintained.

4.1. Average salary

The table below shows the average monthly gross compensation paid to Group employees in France under full-time permanent contracts who were employed throughout the year:

Variable components of compensation, based on the financial performance of the employing company and achievement of individual targets, ensure that performance is fairly rewarded.

Initiatives and tools specific to each entity are put in place to reduce any salary gaps between women and men within the same professional category.

Employees concerned <i>(as %)</i>	2017	2016	2015
Less than 1,500 euros	1.6	1.6	1.7
1,501 to 2,250 euros	19.5	22.4	24.9
2,251 to 3,000 euros	21.5	22.6	22.4
Over 3,000 euros	57.4	53.4	51.0
Total	100.0	100.0	100.0

4.2. Personnel costs

Worldwide personnel costs break down as follows:

<i>(EUR millions)</i>	2017	2016	2015
Gross payroll – Fixed-term or permanent contracts	5,746.6	4,886.3	4,611.6
Employers' social security contributions	1,412.6	1,275.7	1,161.4
Temporary staffing costs	287.6	246.4	218.8
Total personnel costs	7,446.9	6,408.4	5,991.8

Outsourcing and temporary staffing costs decreased year over year, accounting for 6.6% of the total worldwide payroll (versus 6.8% in 2016), including employer's social security contributions.

4.3. Profit-sharing, incentive and company savings plans

All companies in France with at least 50 employees have a profit-sharing, incentive or company savings plan. These plans accounted for a total expense of 244.9 million euros in 2017, paid in respect of 2016, an increase compared to the previous year.

(EUR millions)	2017	2016	2015
Profit sharing	118.2	100.4	88.9
Incentive	102.7	94.0	69.5
Employer's contribution to company savings plans	24.0	21.0	17.8
Total	244.9	215.4	176.2

5. SOCIAL RESPONSIBILITY

Since 2003, the LVMH group has shown its support for universal values as a signatory of the United Nations Global Compact. It is committed to anchoring its operations and its strategy in ten principles related to human rights, international working standards, respect for the environment and the fight against corruption. LVMH also supports the Universal Declaration of Human Rights, OECD guidelines, the International Labor Organization's Fundamental Conventions, the United Nations' Women's Empowerment Principles, and the French Diversity Charter.

LVMH has adopted four social responsibility priorities that apply to all its companies worldwide. These priorities have been identified based on discussion and interaction between stakeholders and an analysis of the challenges facing the Group. They are as follows: developing talent and skills, paying constant attention to working conditions, preventing all forms of discrimination as well as respecting each person as a unique individual, and engaging with communities to help local populations. These Group priorities are also shared attributes among all Group companies. They provide those companies and entities with an overall framework for action, leaving them free to identify other priorities specific to their business and environment, and to draw up their own action plans. Group companies implement their social responsibility initiatives independently and in coordination with the Group, in accordance with their business, their own human and societal issues and their local contexts.

Group companies provide an overview of their activities in a yearly CSR report, which supplements the Group's reporting on employee-related issues. This survey, which is run on all Group companies, covers the most common social responsibility issues: respect for human rights, diversity and preventing discrimination, skills development, working conditions, listening to and dialoguing with employees, and engaging with local communities. For each of these topics, the survey form includes references to the conventions and recommendations of the International Labor Organization.

At Group level, strategic priorities are pursued through regular dialogue between the Social Development Department and CSR correspondents at Group companies, who are connected through the CSR network. At Group company level, the Human Resources Department is responsible for managing the CSR approach. The HR Director appoints a CSR correspondent who liaises with LVMH, manages initiatives at the Group company level, ensures consistency with Group policy and handles CSR reporting.

Two or three times a year, the members of the CSR network meet to review the year ended based on the CSR reporting survey, set shared priorities for the current year, look for ways to collaborate with each other, share their best practices and meet with stakeholders. In 2017, the CSR network met in Paris on March 22, July 13 and October 31.

LVMH reports on its social responsibility policy and actions in the Annual Report, the Reference Document and – since 2012 – its Social Responsibility Report.

Employees are made aware and kept informed of CSR issues via the Group's website, the Voices Intranet and social media. Because social responsibility is a vital part of any manager's job, all new managers receive training on arrival in CSR, its implementation and the role it plays, through either their induction seminar or the online induction session.

Lastly, every year since 2013, LVMH has invited its companies to celebrate the Group's commitment to its people and society at the Engaged Maisons Dinner. This event – which is organized by Chantal Gaemperle, the Group's Director of Human Resources and Synergies, and attended by Antonio Belloni, Group Managing Director – brings together stakeholders who play an active role in LVMH's social responsibility, internal champions and external partners of Group companies and the Group as a whole. On December 13, 2017, the dinner was held at the Fondation Louis Vuitton and attended by more than 350 people, including five Executive Committee members and 14 company Presidents, as well as numerous partners, opinion leaders, and heads of NGOs and other non-profit organizations.

5.1. Gender equality

Gender equality is an integral part of LVMH's corporate culture. Women account for around three-quarters (73%) of staff working under permanent contracts. This strong female presence is an essential characteristic of the Group. Women are particularly prominent in Selective Retailing (83% women), Perfumes and Cosmetics (83% women), and Fashion and Leather Goods (68% women). Conversely, men make up the majority of staff in Wines and Spirits, representing 63% of employees. In 2017, 65% of executives and managers were women.

In 2017, to mark the tenth anniversary of the EllesVMH initiative, launched in 2007 by Chantal Gaemperle, the Group reviewed its commitment. Between 2007 and 2017, the proportion of women holding key positions within the Group rose from 23% to 40%. This progress birthed a desire to set a new target: to achieve parity for key positions by 2020, summarized by the slogan "50/50 by 2020". The EllesVMH initiative continues to develop existing projects, such as EllesVMH Coaching and the EllesVMH Connect training, as well as introducing new initiatives to help achieve this target.

To mark International Women's Day on March 8, 2017, the LVMH group organized an exceptional event on the theme "Inspire to Action". A competition aimed at recognizing Group companies' best initiatives to encourage gender diversity was launched under the name EllesVMH Awards. This event consisted of two stages.

First, Chantal Gaemperle invited all Paris-based employees to an exhibition showcasing 24 of the 36 initiatives implemented by Group companies. A total of 600 employees registered to attend the exhibition, which was held at the Group's premises at 22 Avenue Montaigne and included panel discussions.

Secondly, an awards ceremony was held, where guest speaker neurologist Catherine Vidal of the Institut Pasteur dispelled biases about neurological differences between men and women. A panel discussion between three women who are making a difference to their environment highlighted new ways of thinking about the subject: Sarah Ourahmoune, runner-up in boxing at the Rio Olympics; Gimena Diaz, Executive Director of Strategy and Fundraising and board member of the UN Women National Committee in France; and Morin Oluwole, Luxury Vertical Lead for Facebook and Instagram. The speakers

shared their vision for women today by looking back at their careers, successes and convictions. Ten selected initiatives were then presented on stage in front of 280 staff and a judging panel made up of Group executives. Two of these initiatives were awarded prizes by Chantal Gaemperle, accompanied by Olympic fencing champion Laura Flessel-Colovic. Loro Piana received the Jury Prize for its "Going Beyond Stereotypes" initiative, and Moët & Chandon received the Audience Prize for its "Opening New Trades to Women" initiative.

The day was also marked by a number of regional events. In the United States, 80 people were invited to a workshop aimed at identifying obstacles to the "50/50 by 2020" target in the region, which ended with a networking event. In Japan, 4,000 staff working in 510 Group stores heard a message about commitment, and sharing and discussion sessions were organized based around local initiatives. In the Asia-Pacific region, 500 people took part in one of four events held in Hong Kong, Shanghai, Singapore and Sydney. The main aim of these events was to raise awareness and open up a dialogue about men's involvement in the issue of gender equality. In all, 1,500 Group employees took part in the day in one form or another.

New initiatives were also kicked off in 2017, such as the creation of a new EllesVMH network in Switzerland. All representatives meet every two months to discuss their projects, and also with a view to organizing more global and inter-company events. Meanwhile, in the United States, three roadshows were held in New York and Las Vegas, involving 110 participants and 15 Group companies. These roadshows brought together staff from different Group companies to foster discussion and generate ideas on how best to achieve the "50/50 by 2020" target. Six other events were organized by smaller groups, allowing around a hundred staff to freely discuss more targeted topics.

These new projects are set to be extended and developed, and all local networks and Group companies have high ambitions for 2018. This is encouraging for the development of the EllesVMH strategy and its 2020 targets. New appointments in 2017 saw more women attain senior positions, with nine Group companies now led by women: Acqua di Parma, Céline, Fresh, Kenzo, Krug, Loewe, Make Up For Ever, Nicholas Kirkwood and Starboard Cruise Services.

Proportion of female employees among joiners and in the Group's active workforce^(a)

(% women)	Joiners			Group workforce		
	2017	2016	2015	2017	2016	2015
Breakdown by business group						
Wines and Spirits	43	46	44	37	37	36
Fashion and Leather Goods	65	66	68	68	70	71
Perfumes and Cosmetics	85	86	85	83	83	83
Watches and Jewelry	60	59	62	59	59	59
Selective Retailing	83	84	85	83	84	83
Other activities	34	32	47	35	33	44
Breakdown by professional category						
Executives and managers	65	64	63	65	64	63
Technicians and supervisors	71	70	73	68	68	69
Administrative and sales staff	81	83	83	81	82	82
Production workers	47	44	53	55	56	60
Breakdown by geographic region						
France	62	64	70	64	64	68
Europe (excluding France)	75	79	78	73	74	74
United States	78	82	82	79	80	79
Japan	71	77	77	75	76	75
Asia (excluding Japan)	77	75	77	76	76	76
Other markets	81	84	80	73	74	71
LVMH group	75	78	78	73	74	74

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

5.2. Actions in favor of older employees

The Group's various trades rely on precious expertise that is acquired and transmitted from one generation to the next. Preserving and passing on that expertise is thus a core priority for human resource management at Group companies. The people with this expertise tend to be older employees with an extensive background in their craft. Worldwide, 13.5% of the Group's workforce is over the age of 50. In France, this population accounts for 23.6% of the workforce.

At the instigation of the Group's Human Resources Department, Group companies are careful to implement a global approach to the management and professional development of older staff. They have been able to develop their policies according to their specific characteristics as pinpointed through diagnostic testing. In France, 26 Group companies have made commitments to support older employees' career management via agreements or action plans to foster the recruitment, employment and career development of staff over the age of 50. All Group companies in France, regardless of size, have reaffirmed this commitment through the *contrat de génération* (cross-generation contract)

plan to promote the sustainable employment of young people, encourage the hiring of older employees, and facilitate knowledge transfer across generations.

At the more global level, the Group's anti-discrimination policy encourages companies to hire seniors, with some companies (e.g. Berluti) even putting in place specific action plans. Companies also pay special attention to retaining older employees. Improvement efforts have also focused on workstation ergonomics, the reduction of physical strain, and working conditions more generally for employees over the age of 50, especially for the positions most exposed to physical or mental stress in workshops and at production facilities.

As employees approach retirement, some Group companies offer end-of-career interviews (Christian Dior Couture and Hublot), some offer specific training (Guerlain), others offer pre-retirement working arrangements (Givenchy and Le Bon Marché) or even specific medical monitoring (Fred), and still others offer pre-retirement training or retirement reviews (Céline, Hennessy and Louis Vuitton).

5.3. Employment of people with disabilities

Supporting access to employment for people with disabilities is at the heart of LVMH's corporate social responsibility policy. It is a top priority and an apt reflection of the Group's values: respect for each person as an individual and the same attitude expected of everyone working for the Group.

LVMH's Mission Handicap initiative, established in 2007, is tasked with making this ambition a reality, for which it relies on a network of 35 disability correspondents at Group companies. It steers the Group's actions in this area by raising employee awareness and providing support for training people with disabilities. It also promotes hiring and lasting employment through partnerships with organizations and institutions that support the social inclusion and employment of people with disabilities.

As regards hiring new employees, LVMH uses mandatory anti-discrimination training to raise awareness at its companies of the importance of recruiting people from all walks of life, including those with and without disabilities. During testing for discriminatory practices, one of the criteria potentially tested for is disability. Recruitment takes place at all levels, including in the retail segment, and in all countries.

To encourage recruitment of people with disabilities, in 2014 LVMH launched the "EXCELLhanCE" initiative in partnership with AGEFIPH. "EXCELLhanCE" enables people with disabilities to simultaneously obtain a degree, significant experience at the LVMH group's companies and expertise specific to the luxury industry. It is based on intensive work-linked training programs, lasting 12 to 24 months, in three professional fields: sales, logistics and human resource management. Candidates are selected using the "Handi-Talents" process, based on work-related simulation exercises. These innovative recruitment sessions make the hiring process more objective and serve to identify abilities and skills that can be transferred to the professional sphere. The first intake of sales advisors and inventory managers in 2014 resulted in 64% of participants obtaining a vocational qualification in logistics or a BTS technical qualification in Management of Commercial Units in 2016. 74% of participants then continued to work for the group on a fixed-term or permanent contract or continued with their studies. The second intake of participants started in fall 2016 and continued the program in 2017. Covering ten Group companies, this has allowed thirteen people with disabilities to enter employment on professional training contracts, most of them retraining in a new profession, still in the roles of sales advisor, inventory manager and human resources assistant. In 2017, the first two graduates in the field of human resources graduated from this second intake. Meanwhile, in the United States, through a similar scheme that combines training and induction, Sephora partnered with Ability Works to hire more candidates with disabilities at its Mississippi distribution centers. Two new cohorts entered training in 2017, with a target of hiring 30% of those on the scheme in 2018.

In Italy, LVMH group companies joined forces in partnering with non-profits AIPD (Associazione Italiana Persone Down) and AGPD (Associazione Genitori e Persone con Sindrome di Down). This partnership involves coordinating the Group's

13 companies established or active in Italy to support social and professional inclusion for people with Down syndrome. It includes two distinct components: a donation to the non-profits enabling them to launch vocational internships and training for mentors and young people with disabilities, and an employability awareness campaign for affected people, named "Assumiamoli" ("Let's employ them") for all Group employees in Italy. It is combined with a call for volunteers issued to the same population of employees to host and support candidates. To optimize this campaign, the "TueNoi" ("You and us") Intranet site was set up. Almost 200 employees have registered to date.

When it comes to keeping people employed, Group companies offer solutions to enable employees with a declared disability to continue working, for example by adjusting their working conditions or helping them transfer to a different job. Job preservation situations are usually handled on a case-by-case basis. Job preservation situations are usually handled on a case-by-case basis. For example, Louis Vuitton is very attentive to ensure that workstations and working hours are adapted to enable people with disabilities to keep working at its workshops. In March 2011, Moët & Chandon founded MHEA, a company that offers facilities adapted to employees with disabilities. A fully autonomous entity, MHEA maintains a disabled employment rate of 100% and provides the best possible working conditions for employees affected by disabilities, without any change in the terms of their compensation. Since it was founded, MHEA has enabled a total of 45 people to work under fixed-term or permanent contracts and around ten of them to join one of the Group's champagne houses under permanent contracts.

LVMH works with organizations that support young people with disabilities in training programs, and with organizations that foster employment and social inclusion. The Group is a co-founder of ARPEJEH, a non-profit organization that brings together some sixty French companies to offer advice and guidance to junior and senior high school students with disabilities. Employees are involved in this initiative and more than 50 young people benefited from LVMH's involvement in 2017.

LVMH also encourages its Group companies to develop their relations with companies that employ people with permanent or temporary severe disabilities, and provide them with special facilities and support (sometimes known as "sheltered" employment). Services entrusted to sheltered-sector and disability-friendly employers equated to 7.1 million euros in 2017, up 8% relative to 2016. This purchasing volume represents 368 full-time equivalent jobs.

With almost 3,000 visitors, the second Disability, Employment and Responsible Purchasing trade fair built on the success of the first. The fair was held at the Palais des Congrès in Paris on March 27, 2017 and was organized by LVMH and the events unit of newspaper *Les Echos*. The Disability & Responsible Purchasing day is an opportunity for human resources staff to meet professionals working with disability issues, and focus together on direct recruitment and purchasing practices that facilitate employment for people living with disabilities. Over 100 sheltered workshops (*Établissements et Services d'Aide pour*

le Travail) and disability-friendly employers (*Entreprises Adaptées*) were represented, organized into groups covering all sectors. A program of over 65 talks and training workshops was on offer to raise awareness and train attendees. Around a hundred Group employees took part.

The commitment of Group companies in this area was further demonstrated by Sephora signing an agreement with AGEFIPH.

Hennessy, Christian Dior Couture and Parfums Christian Dior are each covered by an agreement.

This commitment helped raise the Group's employment of people with disabilities in France to 4.7% (sum of direct and indirect employment rates) as of end-2017, based on official standards for the definition of disabilities. Worldwide, people with disabilities make up 1% of the LVMH group's workforce.

6. EMPLOYEE PROFESSIONAL DEVELOPMENT

Within LVMH, leaders and managers know that they are responsible for developing and training talented people to help them improve their performance and find fulfilment in their work. Managers are fully aware of the impact of such actions in a world where innovation and creativity, excellence and entrepreneurship are essential.

To go even further in appropriating these values upon which the LVMH group's success is founded, the "Being LVMH" initiative has enabled the LVMH group's 26,631 managers, on a company by company basis, to take part in collaborative workshops to identify the best and most practical ways to develop such values on the ground.

From this work on the corporate culture, there naturally emerged a conviction that is now shared by all leaders within the LVMH ecosystem: "People make the difference".

And the reason "People make the difference" is that each Group company and regional organization, as well as staff at LVMH group level, work every day to ensure that employees, managers and executives are always learning, within their fields of expertise, management and leadership, skills that will enable them to achieve higher levels of impact and commitment.

While fully aware that every professional situation is an opportunity to learn, the various organizations making up the LVMH group offer targeted training and development activities within which awareness, contextualization and implementation are all controlled and monitored to ensure that effective learning takes place.

Group companies offer a range of innovative activities to help each and every employee fully understand the products and services available to customers. This field of "brand education" is innovative and fast-changing. A community of those responsible for this activity at each Group company has therefore been formed to share best practice, thereby enhancing each individual activity carried out.

Beyond this community, an increasing number of opportunities to share experience and best practice are available to leaders and managers. These types of sessions are run by talent development professionals. Their aim, rather than simply raising awareness, is to examine issues from the perspective of each participant, ensuring that participants are fully equipped to put new ideas into practice. Examples of cross-fertilization include training for store managers from ten different Group companies to ensure the successful opening of the Ginza 6 shopping mall in Tokyo, and sharing of best practice and co-development between store managers in Macao, Taiwan, Hong Kong and Paris.

Focused actions are also in place to boost Group managers' leadership and management skills. In addition to proprietary programs offered by individual Group companies, LVMH's Regional Executive Development teams and LVMH House (dedicated to senior executives and high-fliers) continue to add more sessions and cater for increasing numbers of participants. Within such programs, there is an increasingly systematic focus on activities conducive to workplace well-being (yoga, tai chi, mindfulness, etc.) to ensure that employees are aware of the importance of working to maintain work/life balance.

LVMH is constantly innovating in the area of executive development; the DARE initiative is a good example of the benefits afforded by new ways of working. DARE invites LVMH group executives to dare to put forward ideas to shape the future of the luxury goods industry, and gives them an opportunity to work collaboratively on those ideas using methods inspired by the new economy that will help them be more agile and innovative. They will thus be equipped to champion entrepreneurial spirit throughout the LVMH ecosystem.

A substantial portion of training also takes place on the job on a daily basis and is not factored into the indicators presented below:

	2017	2016	2015
Training investment (EUR millions)	121.5	125.6	110.6
Proportion of total payroll (as %)	2.1	2.6	2.4
Number of days of training per employee	2	2.2	2.2
Average cost of training per employee (EUR)	832	925	878
Employees trained during the year (as %)	56.6	61.4	61.4

Note: Indicators are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) present at the workplace during the fiscal year, with the exception of the percentage of employees trained during the year, which is calculated on the basis of those employed under permanent contracts and present at the workplace as of December 31 of that year.

In 2017, training expenses incurred by Group companies throughout the world represented a total of 121.5 million euros, or 2.1% of total payroll. The average training investment per full-time equivalent employee was approximately 832 euros. In 2017, the total number of training days was 290,448,

equivalent to around 1,263 people receiving full-time training for the entire year. In 2017, 56.6% of employees received training and the average number of days of training was 2 days per employee.

The training investment is spread across all professional categories and geographic regions as presented in the table below:

	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Training investment (EUR millions)	36.2	20.4	28.4	4.6	24.9	6.9
Proportion of total payroll (as %)	2.7	1.7	1.9	1.6	2.3	2.3
Employees trained during the year (as %)	54.8	52.9	54.9	54.9	64.9	53.2
Of which: Executives and managers	59.3	72.3	49.3	67.1	72.4	49.6
Technicians and supervisors	71.4	61.3	48.0	58.3	61.9	67.7
Administrative and sales staff	50.5	54.6	57.9	51.4	64.7	52.8
Production workers	40.9	29.6	47.1	8.3	32.8	52.9

Note: Indicators are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) present at the workplace during the fiscal year, with the exception of the percentage of employees trained during the year, which is calculated on the basis of those employed under permanent contracts and present at the workplace as of December 31 of that year.

Each Group company also holds face-to-face induction and awareness seminars for new hires focusing on its culture, its values, its key management principles and knowledge of

its brands. In 2017, 34,983 employees under permanent or fixed-term contracts attended these types of seminars.

7. HEALTH AND SAFETY

In 2017, there were 1,232 work accidents resulting in leave of absence (fewer than in 2016), which resulted in 39,247 lost working days. Both the frequency rate and the severity rate were lower than in 2016.

Work accidents resulting in leave of absence by business group and geographic region broke down as follows:

		Number of accidents	Frequency rate ^(a)	Severity rate ^(b)
Breakdown by business group				
Wines and Spirits		103	8.10	0.22
Fashion and Leather Goods		325	4.57	0.11
Perfumes and Cosmetics		136	3.02	0.07
Watches and Jewelry		36	2.53	0.04
Selective Retailing		527	5.92	0.19
Other activities		105	16.58	1.34
Breakdown by geographic region				
France		614	13.94	0.47
Europe (excluding France)		248	4.43	0.08
United States		164	3.58	0.24
Japan		13	1.19	0.00
Asia (excluding Japan)		128	2.06	0.03
Other markets		65	3.29	0.05
LVMH group	2017	1,232	5.16	0.16
	2016	1,257	5.58	0.18
	2015	1,077	5.22	0.16

(a) The frequency rate is equal to the number of accidents resulting in leave of absence, multiplied by 1,000,000 and divided by the total number of hours worked^(c).

(b) The severity rate is equal to the number of workdays lost, multiplied by 1,000 and divided by the total number of hours worked^(c).

(c) The calculation of hours worked is based on actual data for France; for other countries, it is based on the number of full-time equivalent employees present within the Group as at December 31, 2017 and a ratio of hours worked per full-time equivalent employee per country taken from OECD knowledge bases.

In 2017, LVMH invested over 34.2 million euros in health and safety. This includes expenses for occupational medical services and protective equipment as well as programs for improving personal safety and health, such as compliance, the posting of warnings, replacement of protective devices, fire prevention training and noise reduction.

The total amount spent on and invested in improving working conditions came to more than 52 million euros, or 0.9% of the Group's gross payroll worldwide. A total of 37,538 Group company employees received safety training worldwide.

The skills and motivation of the Group's employees are what underpin the excellence of the products and services offered by its brands. Their working conditions must enable them to express those skills and motivation as best they can, and to feel fulfilled in carrying out their tasks. LVMH strongly emphasizes the importance of protecting employees' health and safety to its companies via their human resources departments. These issues come to the fore at employees' workstations and in their day-to-day working environment, which is why it is the responsibility of Group companies to implement health and safety policies.

Health, safety and ergonomics assessments, giving rise to structured action plans, are carried out at production sites, workshops and vineyards as well as stores and headquarters. Awareness-raising and training in workplace safety and risk prevention is expanding. Processes to improve workstation ergonomics are implemented, and workstations are redesigned so that employees can keep their jobs for as long as possible.

Work-life balance is another essential part of quality of life at work, and a focus area for Group companies. Workplace concierge services and childcare are becoming more widespread within the Group.

Lastly, this concern for working conditions and respect for individuals also led to the publication and immediate implementation in 2017 of the charter on working relationships and well-being for models. In consultation with Kering and sector professionals, LVMH decided to draw up a charter on working relationships with models, applicable to all Group companies. The charter, which applies worldwide, promotes high standards of integrity, responsibility and respect towards the people involved.

8. EMPLOYEE RELATIONS

8.1. Employee representation

At the Group company level

In France, Group companies have one or more of the following, depending on their workforce: a works council, a combined staff representative body (“Délégation Unique du Personnel”), employee representatives, and health and safety committees.

In 2017, employee representatives attended 1,952 meetings:

Type of meeting	Number
Works council	686
Employee representatives	594
Health and Safety Committee	414
Other	258
Total	1,952

As a result of these meetings, 126 company-wide agreements were signed. In France, in 2016, nearly all Group companies with stores in international tourist areas signed an agreement or unilateral commitment allowing them to open on Sundays on a continuous basis, in accordance with the Macron Act.

8.2. Social and cultural activities

In 2017, Group companies allocated a budget of over 23.6 million euros (1.7% of total payroll) to social and cultural activities in France via contributions to works councils.

At Group level

The Group Works Council was formed in 1985. This body, which covers the whole of France and currently has 29 members, has one full meeting every year. Delegates meet with the Presidents of all the Group’s business groups to receive and exchange information on the Group’s strategic direction, economic and financial issues, and employment-related topics.

At European level

Over the past few years, the LVMH group has taken on a strong European dimension, and the conversion of its legal structure into that of an SE (Societas Europaea) was the natural extension of the economic reality of LVMH’s business. As part of this conversion, the Group formed an SE Works Council made up of 28 members from the 21 EU countries (along with Switzerland) where the Group has a presence. The rules for this representative body were laid down in an agreement that was signed unanimously on July 7, 2014 by the elected employee representatives from these 22 countries and by the Group’s Executive Management. In 2017, the SE Works Council held a plenary session on April 7. The next meeting will be held on April 25, 2018.

The SE Works Council handles transnational issues at the European level. Alongside the Group Works Council, this body supplements the employee representation system made up of the individual companies’ works councils which, in keeping with the Group’s culture of decentralization, handle most employee-related issues.

The total catering budget for all Group employees was 23.8 million euros.

9. IMPACTS ON SOCIETY AND REGIONS

The LVMH group has been a signatory of the United Nations Global Compact since 2003. The Global Compact and the Universal Declaration of Human Rights are the inspiration behind the Code of Conduct adopted by the Group in 2009. The Code of Conduct outlines the guiding principles for the Group’s conduct of its business and provides a set of rules for all to follow in their roles and responsibilities, with a special emphasis on the high level of integrity demanded of everyone. In 2017, LVMH completed work to overhaul the Code of

Conduct, put in place a new organizational structure in the area of ethics and compliance, and developed a number of tools to support implementation of the Group’s ethics and compliance approach on the ground. The revised Code was distributed to all staff, supported by an internal communication and awareness campaign and a dedicated e-learning module.

The Competition Law Compliance Charter, the Environmental Charter and the Supplier Code of Conduct cover more specific areas.

9.1. Impact of the business on local communities in terms of employment and regional development

LVMH follows a policy of maintaining and developing employment. Thanks to the strong and consistent growth achieved by its brands, many jobs are created in all countries where the Group is present, particularly as a result of the expansion of the brands' own retail networks.

Non-disciplinary layoffs – including those due to economic conditions – accounted for just 6.1% of all terminations.

A number of Group companies have been established for many years in specific regions of France and play a major role in creating jobs in their respective regions: Parfums Christian Dior in Saint-Jean-de-Braye (near Orléans), Guerlain in Chartres, Veuve Clicquot and Moët & Chandon in the Champagne

region, Hennessy in the Cognac region and Louis Vuitton in the Drôme region. They have developed long-standing relationships with local government, covering cultural and educational aspects as well as employment. Sephora, which has stores throughout France (two-thirds of its workforce is employed outside the Paris region), regularly carries out a range of measures encouraging the development of job opportunities at the local level.

As major employers in several labor markets, Group companies are attentive to the social particularities of their regions and have forged partnerships, as described below, with associations and non-governmental organizations to promote the social inclusion and employment of underprivileged populations.

9.2. Engaging with local communities

LVMH encourages its Group companies to support the causes it feels are most important, which include ensuring access to education for young people, promoting the social inclusion and employment of jobseekers, and helping the most vulnerable communities. LVMH thus puts its values to work in society, to ensure the successful integration of its Group companies and their activities at the local and national levels.

Helping young people get an education

The same focus on excellence that has enabled the Group's companies to succeed drives our efforts to provide educational opportunities for young people. Following the Group's lead, the Group's companies have developed numerous partnerships with schools located near their sites or further away. Sephora, for instance, supports "Toutes à l'école", an NGO that promotes education for young girls in Cambodia. Thanks to the involvement of staff and customers, 440,000 euros were raised.

As a signatory of the Apprenticeship Charter, the Group devotes considerable efforts to the development of apprenticeship opportunities, which facilitate young people's access to qualifications. As of December 31, 2017, more than 1,256 young people were working under apprenticeship or vocational training contracts (including Institut des Métiers d'Excellence) at all of the Group's French companies.

In 2014, LVMH launched the Institut des Métiers d'Excellence (IME). IME is a vocational training program that helps the Group ensure that its expertise in craftsmanship, design and sales is successfully passed on to the younger generation, thus increasing participants' employability. It is designed to meet the standards of our Group companies' and help fulfill their current and future needs.

The work-linked training program is designed in partnership with prestigious educational institutions selected for the quality of their teaching and wide recognition of their qualifications. For each program, participants follow a course that combines technical and theoretical teaching at partner institutions with experience at LVMH group companies through paid work-and-training contracts. Participants also receive foreign language training and have opportunities to meet craftspeople, experts and designers and visit workshops and stores.

In 2017, after France and Switzerland, the LVMH Institut des Métiers d'Excellence launched out in Italy. The IME's Italian headquarters is in Florence, inside the Palazzo Pucci, the historical headquarters of Emilio Pucci.

The IME now offers 18 courses in France, Switzerland and Italy. More than 325 young people have trained at the IME since it was founded. In 2017, it achieved a 96% success rate and a placement rate of almost 90%, with two-thirds of graduates placed at the Group's companies and its external partners.

To promote equal opportunity access to world-class higher education, LVMH supports the priority education program run by the Institut d'Études Politiques (Institute for political studies, or Sciences Po Paris), by offering grants to students and giving young Sciences Po graduates the chance to be mentored by Group managers. In 2017, LVMH renewed its commitment – under which it will provide financial support and mentoring by Group managers for around ten students – for four years.

Lastly, LVMH has developed a partnership with Clichy-sous-Bois and Montfermeil, two adjacent suburbs of Paris with young, diverse populations. Driven by a shared commitment to excellence, this partnership helps facilitate employment for young people from underprivileged neighborhoods and social cohesion. Young people benefit from a wide range of initiatives, including "business discovery" internships for nearly 60 middle school students in 2017, visits to Group companies, internships for vocational school students and career orientation. A work-linked training fair was held in Clichy-sous-Bois-Montfermeil, showcasing the positions on offer at the Institut des Métiers d'Excellence. LVMH invests in the future by offering masterclasses for young people and holding meetings with the Group's designers and craftspeople (including, in 2017, special visits to the "Christian Dior: Designer of Dreams" exhibition at the Musée des Arts Décoratifs in Paris and to Louis Vuitton workshops). The Group also sponsors the "Cultures et création" fashion show that showcases the region's creative talent. At the fashion show, the Group awards a "Jeune Talent" (Young Talent) trophy to one young but underprivileged fashion enthusiast, helping winners gain wider recognition within the profession. The 2017 winner, Laurie Procès, got to exhibit her designs at Greenshowroom, a trade fair dedicated to environmentally

responsible fashion that was held in Berlin from July 4 to 6. Since the program was launched, a number of young people have had the opportunity to join Group companies under a long-term work-linked training program at Paris's couture union school. In 2016, the 2013 winner was hired at Christian Dior's Haute Couture workshop.

Facilitating access to employment and social inclusion for jobseekers

LVMH actively supports access to employment. In France, the Group has forged a lasting partnership with "Nos Quartiers ont des Talents", an organization of which it is a Board member. The organization offers young graduates from underprivileged backgrounds the chance to be mentored by an executive or manager working at the Group. In 2017, 105 experienced managers participated as mentors, 49 of whom were still participating at the end of 2017. Since 2007, 533 young people have found jobs after being mentored by a Group employee. LVMH also took part in the "Talents Hub" event, run by the association on November 15, which gave over 2,500 young people an opportunity to receive advice and guidance on finding work.

To speed up access to employment, LVMH has put in place "Jobstyle" sessions. These job coaching sessions are led by Group company recruiters and beauty consultants from Make Up For Ever and Sephora. The goal is to give job candidates all the resources they need to fully prepare for a job interview and develop their self-confidence. The program is aimed at groups that are underrepresented in the labor market, supported by the Group's partners who are active in the fields of education, disability and integration. In 2017, ten sessions were held with over 300 participants backed by LVMH's partners (including Force Femmes and Nos Quartiers ont des Talents).

Helping those in need

The efforts of LVMH and its Group companies to assist disadvantaged local communities go beyond corporate philanthropy and may include, for example, employee volunteering, product donations or financial aid. Major new initiatives are thus coming into being.

In January 2016, Louis Vuitton launched an international partnership with the United Nations International Children's Emergency Fund (UNICEF). By the end of 2017, a total of 4.5 million euros had been raised since the partnership was launched, to support children in emergency situations, notably in Syrian refugee camps in Lebanon. Employees are involved through internal fundraising campaigns. Six employees also visited refugee camps in Lebanon to see how the funds were being used. In-store sales staff played their part, particularly on "Make a Promise Day", designed to raise awareness among customers. Two products have been developed to involve customers in the approach: *Silver Lockit* and *Silver Lockit Color*. All profits from sales of these two products are paid in full to UNICEF.

In 2015, Benefit launched "Bold is Beautiful", a beauty fundraising campaign to support projects spearheaded by women. During the month of May, all the proceeds generated by the brand's Brow Bars were donated to charities that empower women and girls around the world. As at the end of 2017, Benefit had collected and donated over 11 million dollars to charities all over the world since the Bold is Beautiful campaign first began, through 379,000 brow waxes. Seventeen countries took part in 2017, donating funds to 34 partner charities in the United States, the United Kingdom, France, Australia, Canada, Ireland, Spain, Singapore, the United Arab Emirates, Brazil, New Zealand, Turkey, Portugal, Italy, Mexico, South Korea and the Philippines.

Sephora continued with its "Sephora Stands" initiative in the Americas (United States, Canada, Mexico and Brazil). Sephora launched this initiative in support of social and environmental impact programs. In 2017, Sephora Americas hosted and ran the first Sephora Stands Global Summit, attended by executives from other Sephora regions and countries interested in Sephora Stands. Sephora Stands extends beyond the Americas, with launches in Europe and the Middle East. The program now covers three main fields:

- self-confidence classes: free 90-minute beauty classes for disadvantaged women and women facing cancer. A new class was added in 2017: "Brave Beauty in the Face of Cancer" was offered over 525 times to almost 4,000 women, in partnership with 225 non-profits (compared with 202 classes, 1,750 women and 125 partnerships in 2016). A total of 258 US stores took part, as well as five pilot stores in Canada.
- accelerating: supporting female entrepreneurs in the early stages of their careers through practical advice, mentoring and funding. The 2017 cohort consisted of ten female entrepreneurs representing four countries: the United States, Canada, Mexico and Brazil (compared with eight entrepreneurs and three countries in 2016). All the entrepreneurs who have taken part have found the program useful, and two are launching out with Sephora in 2018. The group has received over 600 hours of mentoring.
- giving: Sephora Stands Together, an emergency support fund for employees, was extended to include staff in Canada and Mexico as well as the United States. Sephora thus supported over 150 employees in 2017, many of whom were affected by natural catastrophes, thanks to 250,000 dollars in non-taxable financial aid. A leave donation program was also tested. Employees donated 400 days' leave to support colleagues affected by natural catastrophes.

In 2009, Bvlgari decided to get involved with Save the Children. It has since donated more than 70 million dollars, benefiting 1.2 million children. A total of 700,000 customers have bought the company's "Save the Children" jewelry. More than 100 projects have been launched in 33 countries around the world. The partnership is supported by 275 celebrities. Bvlgari also involves its employees, with more than 250 having visited Save the Children projects on the ground.

All of these partnerships and charitable initiatives are celebrated at the Engaged Maisons Dinner. This occasion also raises funds for the Robert Debré Hospital in Paris, the leading center for sickle cell anemia, to which LVMH has donated 650,000 euros since 2011 to improve patient care and fund research. LVMH also provides financial support to causes that are close to its heart:

- Kelina, which works to provide care for mothers and children in Benin. The funds raised have gone toward building a maternity hospital in northwestern Benin, in a region with limited medical facilities. A total of 80,000 euros has been donated since 2015.

9.3. Sponsorship

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

First, the LVMH group continued to support creative activities by contemporary artists in 2017. Having faithfully sponsored Nuit Blanche for over ten years, LVMH once again made a commitment to the City of Paris to support the French and international art scene and help as broad an audience as possible experience the work of contemporary artists in the heart of Paris.

LVMH also undertook a number of initiatives promoting awareness and development of France's cultural and artistic heritage: through a 5 million euro donation in October 2017, LVMH became the lead donor in the nationwide "Become a Patron!" sponsorship campaign kicked off by the Musée du Louvre to allow it to buy François I's Book of Hours. In so doing, the Group made a decisive contribution towards acquiring and returning to France this national treasure that is a unique witness to the reign of one of the greatest figures of French history. The acquisition is due to be completed sometime in 2018. In addition, in autumn 2017 the Group enabled the Musée Nationale Picasso to stage the "Picasso 1932" exhibition, offering

- K d'Urgences, which provides human, social and financial support for single-parent families in France. A total of 80,000 euros has been donated since 2014. On Wednesday, May 24, 2017, the Jardin d'Acclimatation welcomed 3,000 single parents with the support of LVMH staff, in partnership with other institutions and businesses. The day provided an opportunity for them to directly access all the employment, legal and social services often needed by single-parent families.

an unprecedented and intimate look at the art of Pablo Picasso and reconstructing his daily creative journal all through 1932 – one of his most important and prolific years. As regards the Fondation Louis Vuitton (see note below), 2017 saw the "Icons of Modern Art: The Shchukin Collection" exhibition break the national visitor record when it closed in March 2017 after welcoming 1.2 million visitors. Then, in the spring, the "Art/Afrique, Le Nouvel Atelier" exhibition gave a broad audience the opportunity to discover the wealth and vitality of the African art scene. Lastly, from October onwards, the "Being Modern: MoMA in Paris" exhibition hosted, for the first time in France, an exceptional selection of 200 works brought to Paris from New York to recount the history of the Museum of Modern Art and its vocation as a collector.

LVMH's initiatives to support education and young people include designing and initiating educational programs that bring the best of artistic culture to elementary, junior high school and art school students. In 2017, LVMH notably renewed its support for the association "Orchestre à l'école", enabling almost 200 children all over France to make music as part of a dedicated curriculum. LVMH also once again loaned out the Stradivarius violins in its collection.

Finally, the Group has supported many institutions recognized for their initiatives in support of children, the elderly and people with disabilities and for the prevention of major causes of suffering and exclusion. In 2017, LVMH also pledged support for several scientific foundations and teams involved in cutting-edge research on public health issues.

Fondation Louis Vuitton

The Fondation Louis Vuitton is a *fondation d'entreprise* (corporate foundation) established by prefectural order published in the *Journal Officiel* (official gazette) on November 18, 2006, and governed by French Law No. 87-571 of July 23, 1987 on the development of corporate sponsorship. The Fondation is a non-profit organization that pursues a diverse range of initiatives aimed at promoting artistic and cultural activities in France and abroad, as well as expanding access to works of art; these initiatives include exhibitions, educational activities for schools and universities, seminars and conferences.

The members of the Fondation are the Group's main French companies. The Fondation is overseen by a Board of Directors, one-third of whose members are non-Group individuals chosen for their expertise in its fields of activity, and the other two-thirds of which are company officers and employees of Group companies. It is funded in part by contributions from Fondation members as part of multi-year programs, as required by law, as well as external financing guaranteed by LVMH.

It is subject to verification by a Statutory Auditor, which carries out its assignment under the same conditions as those that apply to commercial companies, and to the general supervisory authority of the Prefect of Paris and the Paris region.