

# MANAGEMENT REPORT OF THE BOARD OF DIRECTORS: THE GROUP

## Attracting and retaining talent

<b>1. HIGH-LEVEL POLICY</b>	<b>86</b>
1.1 Organizational arrangements with regard to workforce-related responsibility	86
1.2 Organization of workforce-related reporting	86
1.3 Key workforce data	87
<b>2. AN AMBITIOUS AND INCLUSIVE RECRUITMENT POLICY</b>	<b>89</b>
2.1 Unrivaled opportunities offering undeniable success	89
2.2 Nurturing future talent	90
2.3 Recruiting without discriminating	91
<b>3. A FULFILLING WORK ENVIRONMENT</b>	<b>92</b>
3.1 Career guidance and support	92
3.2 Promoting workplace health and safety and fostering employee dialogue between management and labor	94

## 1. HIGH-LEVEL POLICY

At the center of the Group's actions is a strong conviction: people make the difference. To support its growth, LVMH must attract and develop the best people on every continent. Fostering the right conditions to enable them to succeed within the Group's ecosystem is vital to LVMH's long-term success.

The Group's critical objectives include attracting the best people through an ambitious recruitment process open to all talented

individuals and offering employees a work environment that encourages them to flourish and give the very best of themselves.

These two key components of LVMH's human resources policy are therefore presented one after the other in this section, preceded by general information about the Group's approach to social responsibility, how workforce-related reporting is organized and key data about the workforce.

### 1.1 Organizational arrangements with regard to workforce-related responsibility

Actions taken by the Maisons in relation to workforce-related responsibility are the subject of a dedicated annual survey. This survey, which spans all Maisons, covers human rights, diversity and the prevention of discrimination, skills development, working conditions, listening to and dialoguing with employees, and engaging with local communities. The survey form includes references to the conventions and recommendations of the International Labor Organization.

The Group's approach to workforce-related responsibility is structured around four priorities identified on the basis of discussion and interaction between stakeholders and analysis of the challenges facing the Group.

The risk-mapping exercise carried out at Group level and within each of the Maisons has supplemented this approach, notably

by identifying factors relating to individual countries where the Group operates and the types of activities undertaken in regard to the following subjects: decent pay and working hours, non-discrimination in the workplace, freedom of association and trade union membership.

These components 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 priorities, which are common to all the Maisons, provide an overall framework for action while leaving the Maisons free to identify other priorities specific to their business and environment, and to draw up their own action plans.

### 1.2 Organization of workforce-related reporting

The Group works hard to ensure the quality and completeness of workforce-related data through rigorous collection and validation processes.

#### Collection and validation of workforce-related reporting data

Human Resources Directors at each Maison, who are responsible for reporting across their respective scope, appoint a reporter for each company who is tasked with collecting and reporting all workforce-related data, as well as a reviewer responsible for checking the data this reported and verifying that it is accurate by applying an electronic signature when validating the online questionnaire. Each Maison's Human Resources Director approves the process as a whole by signing a letter of representation.

Computer checks are implemented throughout the reporting cycle to confirm the reliability and consistency of the data entered.

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 2018, company data was verified by Ernst & Young, in accordance with Article R.225-105-2 of the French Commercial Code (in its version resulting from the

transposition into French law of European Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large undertakings and groups).

A support guide is available to all stakeholders involved in Group workforce-related reporting. This guide is intended to help familiarize staff with the goals of the Group's approach and to deepen their understanding of the methods used to calculate key indicators. 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.

#### Scope of workforce-related reporting

The reconciliation of organizational and legal entities ensures consistency between the workforce and financial reporting systems. 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.

Workforce information set out below includes all consolidated companies as of December 31, 2018, including 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 740 organizational entities covering nearly 99% of the global workforce and encompass staff employed during the fiscal year, including those employed by joint ventures.

### 1.3 Key workforce data

Total headcount as of December 31, 2018 stood at 156,088 employees, an increase of 7% compared with 2017. Of this total, 139,715 employees were working under permanent contracts and 16,373 under fixed-term contracts. Part-time employees represented 18% of the total workforce, or 28,349 individuals. Staff outside France represented 80% of the worldwide workforce.

#### 1.3.1 Breakdown of the workforce by business group, geographic region and professional category.

##### Breakdown by business group

Total headcount as of December 31 <sup>(a)</sup>	2018	%	2017	%	2016	%
Wines and Spirits	7,380	5	7,157	5	6,938	5
Fashion and Leather Goods	48,101	31	41,212 <sup>(b)</sup>	28	32,887	24
Perfumes and Cosmetics	29,141	18	26,699	18	24,170	18
Watches and Jewelry	8,784	6	8,100	6	7,937	6
Selective Retailing	57,975	37	57,360	40	57,428	43
Other activities	4,707	3	4,719	3	5,116	4
<b>Total</b>	<b>156,088</b>	<b>100</b>	<b>145,247</b>	<b>100</b>	<b>134,476</b>	<b>100</b>

(a) Total permanent and fixed-term headcount.

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

##### Breakdown by geographic region

Total headcount as of December 31 <sup>(a)</sup>	2018	%	2017	%	2016	%
France	31,156	20	29,578	20	26,970	20
Europe (excluding France)	38,645	25	34,159	24	30,803	23
United States	32,724	21	32,717	23	32,265	24
Japan	6,905	4	6,397	4	5,991	4
Asia (excluding Japan)	34,802	22	31,102	21	27,835	21
Other markets	11,856	8	11,294	8	10,612	8
<b>Total</b>	<b>156,088</b>	<b>100</b>	<b>145,247</b>	<b>100</b>	<b>134,476</b>	<b>100</b>

(a) Total permanent and fixed-term headcount.

##### Breakdown by professional category

Total workforce as of December 31 <sup>(a)</sup>	2018	%	2017	%	2016	%
Executives and managers	29,288	19	26,631	18	23,279	17
Technicians and supervisors	14,500	9	14,009	10	12,823	10
Administrative and sales staff	91,624	59	86,742	60	81,632	61
Production workers	20,676	13	17,865	12	16,742	12
<b>Total</b>	<b>156,088</b>	<b>100</b>	<b>145,247</b>	<b>100</b>	<b>134,476</b>	<b>100</b>

(a) Total permanent and fixed-term headcount.

LVMH's employees in China are included in the number of staff working under permanent contracts (13,595 as of December 31, 2018). Although Chinese labor legislation limits the duration of employment contracts, which can only become permanent after several years, the Group considers employees working under such contracts as permanent.

### 1.3.2 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	12.4	5.9	9.3	20.0	3.5	13.5	21.8
25-29	20.2	16.1	16.1	22.3	12.4	26.8	22.8
30-34	19.8	16.1	18.1	17.6	19.1	26.1	21.0
35-39	14.9	14.1	15.8	12.0	21.0	16.0	14.8
40-44	10.8	12.5	14.0	7.8	21.5	7.5	8.8
45-49	8.5	12.1	11.5	6.5	13.1	4.3	5.1
50-54	6.3	10.3	8.2	5.3	6.1	2.9	2.9
55-59	4.3	8.1	4.9	4.2	3.1	1.6	1.9
60 and up	2.7	4.9	2.2	4.3	0.2	1.2	1.0
	100	100	100	100	100	100	100
Average age	36	40	38	35	38	33	33

### 1.3.3 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	60.1	42.6	52.2	72.1	45.7	70.5	77.0
5-9 years	18.1	19.1	20.4	15.9	19.2	18.1	13.6
10-14 years	10.1	13.1	13.8	7.1	18.1	6.4	5.3
15-19 years	5.7	10.9	7.4	2.9	10.7	2.1	2.2
20-24 years	2.6	4.8	3.5	0.9	3.6	1.4	0.9
25-29 years	1.6	4.0	1.4	0.5	1.9	0.9	0.4
30 years and up	1.8	5.5	1.4	0.5	0.7	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. AN AMBITIOUS AND INCLUSIVE RECRUITMENT POLICY

Recruitment is a strategic pillar of LVMH's human resources policy and is critical to the Group's momentum. Given the huge diversity of opportunities it offers, LVMH is seen as a highly attractive employer. The Group is constantly working to improve

its attractiveness by training promising individuals and ensuring that it models exemplary recruitment practices so as to welcome talented people without regard for gender, age, disability or any other characteristic not relevant to an advertised vacancy.

### 2.1 Unrivaled opportunities offering undeniable success

To join the LVMH group is to join a community of men and women who share the fundamental values of creativity, innovation, excellence and entrepreneurial spirit. As an internationally influential group that is constantly reinventing itself to meet new challenges, LVMH offers exciting career prospects: the wide range of Maisons and business lines that make up the Group offer employees a broad choice of career paths at every level of the organization.

Internal mobility is an integral part of the Group's culture, and its ecosystem includes many paths between different functions, sectors and geographies. In 2018, 67% of senior executive positions and 56% of all vacant management positions were filled through internal promotion. This internal mobility is a key factor in the Group's ability to attract and retain talent: it means talented people have the opportunity to develop new skills, gain a wide range of experience and build up professional networks.

Another driver of the Group's attractiveness is the fact that its compensation is well positioned relative to the market. 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. Variable components of compensation, based on the financial performance of the employing company and achievement of individual targets, ensure that performance is fairly rewarded.

#### 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:

Employees concerned (as %)	2018	2017	2016
Less than 1,500 euros	1.5	1.6	1.6
1,501 to 2,250 euros	16.2	19.5	22.4
2,251 to 3,000 euros	22.8	21.5	22.6
Over 3,000 euros	59.5	57.4	53.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

#### Personnel costs

Worldwide personnel costs break down as follows:

(EUR millions)	2018	2017	2016
Gross payroll - Fixed-term or permanent contracts	5,787.2	5,746.6	4,886.3
Employers' social security contributions	1,490.9	1,412.6	1,275.7
Temporary staffing costs	306.0	287.6	246.4
<b>Total personnel costs</b>	<b>7,584.2</b>	<b>7,446.9</b>	<b>6,408.4</b>

Outsourcing and temporary staffing costs increased year over year, accounting for 7.0% of the total worldwide payroll (versus 6.6% in 2017), including employer's social security contributions.

#### 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 281.7 million euros in 2018, paid in respect of 2017, an increase compared to the previous year.

(EUR millions)	2018	2017	2016
Profit sharing	131.4	118.2	100.4
Incentive	123.6	102.7	94.0
Employer's contribution to company savings plans	26.7	24.0	21.0
<b>Total</b>	<b>281.7</b>	<b>244.9</b>	<b>215.4</b>

Buoyed by its unrivaled offering, the attractiveness of the Group and its Maisons was once again confirmed in 2018. For the third year running, LVMH was named France's most attractive employer in the LinkedIn Top Companies ranking; the Group also joined the dedicated US ranking for the first time. The Group also continues to be just as popular with business school students in France, who ranked it top among preferred employers for the thirteenth consecutive year (source: Universum poll).

Candidates are selected by an internal network of 800 recruiters, who are constantly working to maximize their effectiveness and market knowledge through the use of innovative recruitment tools. The Group works closely with LinkedIn and has rolled out a number of initiatives, such as developing prerecorded video interviews and digitizing résumés at recruitment fairs.

In 2018, 40,614 people were recruited onto permanent contracts, 4,946 of them in France. In addition, notably to cater for seasonal peaks in sales during the end-of-year holiday season, 8,128 people were recruited onto fixed-term contracts in France.

In 2018, a total of 32,087 employees working under permanent contracts left the Group (for any reason); of these, 48% were employed within the Selective Retailing business group, which traditionally experiences a high turnover rate.

### Turnover by geographic region

(as %)	2018	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets	2017	2016
Total turnover <sup>(a)</sup>	22.9	13.4	17.0	34.3	11.0	26.5	33.4	22.7	20.5
of which: voluntary turnover <sup>(b)</sup>	17.5	6.0	12.7	29.7	9.9	20.8	25.7	16.4	15.2
involuntary turnover <sup>(c)</sup>	4.9	6.1	3.7	4.3	0.9	5.5	7.5	5.8	4.8

(a) All reasons. Excluding internal mobility and non-Group transfers.

(b) Resignations.

(c) Dismissals/end of trial period.

### Breakdown of movements<sup>(a)</sup> of employees working under permanent contracts by business group and geographic region

(number)	Joiners			Leavers		
	2018	2017	2016	2018	2017	2016
Wines and Spirits	855	854	778	708	724	632
Fashion and Leather Goods	11,915	8,509	5,965	7,610	6,884	5,300
Perfumes and Cosmetics	8,113	6,895	6,314	6,343	5,458	5,239
Watches and Jewelry	1,697	1,356	1,256	1,124	1,187	1,110
Selective Retailing	17,176	14,782	18,113	15,458	14,566	11,705
Other activities	858	795	1,051	844	821	799
<b>Total</b>	<b>40,614</b>	<b>33,191</b>	<b>33,477</b>	<b>32,087</b>	<b>29,640</b>	<b>24,785</b>
France	4,946	4,411	4,000	3,818	3,516	2,953
Europe (excluding France)	8,205	6,403	5,767	5,608	4,996	4,071
United States	10,261	7,922	11,038	9,348	8,837	7,566
Japan	1,027	881	729	682	641	524
Asia (excluding Japan)	12,266	9,630	7,663	8,929	8,378	6,962
Other markets	3,909	3,944	4,280	3,702	3,272	2,709
<b>Total</b>	<b>40,614</b>	<b>33,191</b>	<b>33,477</b>	<b>32,087</b>	<b>29,640</b>	<b>24,785</b>

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

## 2.2 Nurturing future talent

To ensure its long-term success, the Group is constantly seeking to attract and train those individuals who best match its current and future needs. LVMH runs a number of initiatives aimed at students and graduates, key examples being the Institut des Métiers d'Excellence (IME), the immersive "Inside LVMH" program and various international academic partnerships.

### Institut des Métiers d'Excellence

In 2014, LVMH established the Institut des Métiers d'Excellence, a vocational training program that helps the Group ensure its expertise in craftsmanship, design and sales is successfully passed on to the younger generation.

This work-linked training program was designed in partnership with 15 prestigious schools and universities selected for the quality of their teaching and wide recognition of the qualifications they offer. Participants follow a course that combines technical and theoretical teaching at partner institutions with practical experience at the Group's Maisons through paid work-and-training contracts. Through the program, participants receive foreign language training and have opportunities to meet craftspeople, experts and designers and visit workshops and stores.

Having been initially established in France, the IME expanded to Switzerland in 2016 and then to Italy in 2017. It currently offers 20 courses, ranging from the CAP certificate of professional aptitude to the Master 2 higher postgraduate degree. In 2018, it achieved a success rate of 98% and a placement rate of 83%, with two-thirds of graduates placed with LVMH Maisons or the Group's external partners. 500 young people have trained at the IME since it was founded.

#### **Inside LVMH**

To create a bridge between talented young people in the academic world and the professional world, in 2018 LVMH launched the Inside LVMH program, a course offering almost 5,000 students from 50 of the Group's European partner schools and universities opportunities for immersion in five fields in which the Group has expertise. Two hundred students divided into 50 teams were selected for their innovative ideas on "experiencing

### **2.3 Recruiting without discriminating**

LVMH is open to talented people of all kinds and is constantly working to safeguard against discrimination in its recruitment practices.

Since 2011, the Group's recruiters have received specific training in preventing discrimination through a mandatory training session, the content of which was expanded and updated in 2018. Specific training sessions have also been rolled out across the Group's various locations to align with applicable domestic legislation.

Furthermore, since 2008 the Group has put in place arrangements for ongoing independent oversight of its recruitment practices by appointing an independent firm to carry out discrimination testing on its published job offers. Testing campaigns are run regularly and over long periods; since 2014, they have been worldwide in scope. Results are presented to Human Resources Directors at Group and Maison level and appropriate action taken where applicable.

The LVMH group is particularly keen to attract the best candidates regardless of disabilities. A number of initiatives are in place aimed at selecting and training people with disabilities and ensuring that they are optimally integrated into the workforce. The Group's approach in this area is coordinated by LVMH's Mission Handicap initiative, established in 2007, supported by a network of 40 disability correspondents at the various Maisons.

luxury in the future". What makes the program unique is its reliance on the cross-fertilization of ideas between participants belonging to the millennial generation and Group senior executives. A total of over 350 students have been recruited through the program.

#### **International academic partnerships**

In 2018, LVMH continued to strengthen its historical links with recognized schools and universities such as ESSEC, HEC and Telecom ParisTech in France, Central Saint Martins in the United Kingdom, Bocconi University in Italy and Fudan University in China. The Group's partnerships with these institutions take a variety of forms, including research and teaching initiatives, scholarship funding and support for study projects.

In addition to the three major initiatives detailed above, the Group's policy on attracting talented young people relies on hundreds of events at which the Group and its Maisons have the opportunity to reach out to students in person, offering internships, apprenticeships, international corporate volunteering opportunities and fixed-term or permanent positions. As a signatory of the Apprenticeship Charter, the Group has been a particularly strong supporter of apprenticeships as a route into employment. As of December 31, 2018, more than 1,400 young people were working under apprenticeship or vocational training contracts (including the Institut de Métiers d'Excellence) across the Group's French companies.

The Group has entered into a number of conventions with AGEFIPH, the leading French partner on the issue of employment for people with disabilities (the last such agreement was in 2014-2016). Some Maisons have also entered into or renewed their own conventions with AGEFIPH, including in particular Sephora (in 2017), Hennessy, Christian Dior Couture and Parfums Christian Dior.

Under the banner of this cooperation with AGEFIPH, in 2014 LVMH launched "EXCELLhanCE", which enables people with disabilities to simultaneously obtain a degree, significant experience at the Group's Maisons and companies and expertise specific to the world of luxury goods. This program is based on work-linked training programs, lasting 12 to 24 months, in three professional fields: sales, logistics and human resource management.

Candidates are selected using the "Handi-Talents" process, based on work-related simulation exercises, which help objectively identify each individual's aptitudes and skills. The third series of EXCELLhanCE sessions for potential employees began in fall 2018. In partnership with six Maisons, this has allowed twelve people with disabilities to enter employment on professional training contracts, most of them retraining in a new profession, in the roles of sales advisor, inventory manager and human resources assistant. Around fifty people have benefited from the program since its launch.

Worldwide, people with disabilities make up 1% of the LVMH group's workforce. In France, the Group's employment of people with disabilities was 4.4% (sum of direct and indirect employment rates) as of end-2018, based on official standards for the definition of disabilities. People with disabilities are recruited at every level of the Group, in all Maisons and all countries.

By way of example, in Japan, Louis Vuitton works to promote the employment of people with disabilities through partnerships with five specialized recruitment agencies. With 2.2% of its workforce made up of people with disabilities, the Maison ranks among the most active and effective Japanese companies in this area.

### 3. A FULFILLING WORK ENVIRONMENT

The LVMH group seeks to create conditions under which all employees can flourish in their roles and achieve their full potential. Achieving this objective means offering high-quality

#### 3.1 Career guidance and support

LVMH offers its employees a range of training and support options throughout their careers, as well as initiatives aimed at reinforcing a shared culture of innovation, excellence and entrepreneurial thinking. Specific programs are in place for employees newly appointed to management positions and to help talented female employees develop into key roles.

##### Integrating new employees

LVMH believes that a good understanding of corporate culture drives strong performance. The Group is therefore careful to support new entrants, offering induction seminars to introduce them to LVMH's values and fundamental management principles as well as the history and positioning of the various Maisons. In 2018, 39,276 employees under permanent or fixed-term contracts attended these types of seminars.

##### Giving employees a stake in career mobility and development

The LVMH group encourages its staff to take ownership of their mobility and professional development. Working closely with human resources departments, managers play a proactive role in planning skills development and helping manage their team members' career paths.

##### Putting entrepreneurial spirit into practice

Innovation and entrepreneurial spirit are values foundational to the Group's culture. To encourage staff to live out these values, in 2017 LVMH designed the DARE initiative (Disrupt, Act, Risk – to be an Entrepreneur), a collaborative global innovation program inspired by working methods used by startups.

career support, adopting best practice on health and safety, and fostering employee dialogue.

##### Training managers

The Group has in place dedicated management training programs. These programs are supported worldwide by organizational structures and dedicated design and delivery teams. Programs are structured around four clearly defined areas: induction, leadership and management, excellence and open innovation. Over 5,000 people have participated in these programs.

##### Helping women develop into key roles

Gender equality is an integral part of LVMH's corporate culture. In addition to traditional HR tools, the EllesVMH program, launched in 2007, aims to promote professional development for women through initiatives such as coaching and mentoring.

At the end of 2018, women accounted for 73% of permanent staff (38% in Wines and Spirits, 69% in Fashion and Leather Goods, 83% in Perfumes and Cosmetics, 59% in Watches and Jewelry, 83% in Selective Retailing, and 35% in Other activities). 65% of managers are women, and as of end-September 2018, 42% of key roles in the Group were held by women (compared with 23% in 2007) and 13 of the Group's companies were led by women.

LVMH has set itself a target of having women in 50% of the Group's key roles by 2020. To reach this goal, the Group runs an annual coaching program for its most promising female staff employees. In 2018, 33 women were selected to take part in such programs, bringing to 200 the number of high-potential female employees having benefited from this program since its launch in 2013.

On International Women's Day in March 2018, the Group ran an event combining two internal initiatives: the DARE program, aimed at developing employee projects using a methodology inspired by the startup business model, and the EllesVMH program. The idea was to give the Group's "intrapreneurs" (internal entrepreneurs) an opportunity to tease out innovative solutions to improve gender equality in top management roles. Out of almost 750 applicants, 60 intrapreneurs were able to take part in the event. At the end of the event, three projects were selected to be taken into the development phase, with the winning teams receiving support and mentoring to help turn their ideas into reality.

#### Proportion of female employees among joiners and in the Group's active workforce<sup>(a)</sup>

(% women)	Joiners			Group workforce		
	2018	2017	2016	2018	2017	2016
<b>Breakdown by business group</b>						
Wines and Spirits	45	43	46	38	37	37
Fashion and Leather Goods	66	65	66	69	68	70
Perfumes and Cosmetics	86	85	86	83	83	83
Watches and Jewelry	58	60	59	59	59	59
Selective Retailing	83	83	84	83	83	84
Other activities	33	34	32	35	35	33
<b>Breakdown by professional category</b>						
Executives and managers	65	65	64	65	65	64
Technicians and supervisors	67	71	70	68	68	68
Administrative and sales staff	80	81	83	81	81	82
Production workers	57	47	44	58	55	56
<b>Breakdown by geographic region</b>						
France	63	62	64	64	64	64
Europe (excluding France)	76	75	79	74	73	74
United States	80	78	82	79	79	80
Japan	69	71	77	74	75	76
Asia (excluding Japan)	76	77	75	77	76	76
Other markets	79	81	84	73	73	74
<b>LVMH group</b>	<b>75</b>	<b>75</b>	<b>78</b>	<b>73</b>	<b>73</b>	<b>74</b>

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

#### Training investment

Overall, in 2018, training expenses incurred by Group companies throughout the world represented a total of 131.0 million euros, or 2.3% of total payroll. A substantial portion of training also takes place on the job on a daily basis and is not factored into the indicators presented below:

	2018	2017	2016
Training investment (EUR millions)	131.0	121.5	125.6
Proportion of total payroll (as %)	2.3	2.1	2.6
Number of days of training per employee	2.0	2.0	2.2
Average cost of training per employee (EUR)	943	832	925
Employees trained during the year (as %)	58.9	56.6	61.4

Note: Indicators are calculated for each fiscal year on the basis of the total number of employees under permanent contracts present at the workplace as of December 31, 2018. Indicators are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) present at the workplace during the 2016 and 2017 fiscal years, 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, 2016 and 2017.

The average training investment per full-time equivalent employee was approximately 943 euros. In 2018, the total number of training days was 284,089, equivalent to around 1,235 people

receiving full-time training for the entire year. In 2018, 58.9% 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)	38.2	22.8	26.6	5.3	30.7	71.7
Proportion of total payroll (as %)	2.6	1.7	2.1	1.8	2.7	2.3
Employees trained during the year (as %)	51.9	55.9	61.9	51.7	65.5	63.2
Of which: Executives and managers	58.7	71.7	57.4	58.0	64.3	58.7
Technicians and supervisors	63.4	65.7	44.9	53.2	66.4	58.3
Administrative and sales staff	49.2	58.6	65.4	49.9	66.5	65.1
Production workers	36.8	32.8	53.1	13.6	35.9	46.7

Note: Indicators are calculated for each fiscal year on the basis of the total number of employees under permanent contracts present at the workplace as of December 31 of that fiscal year.

## 3.2 Promoting workplace health and safety and fostering employee dialogue between management and labor

The Group is constantly working to offer all staff a high-quality working environment, looking after their health and safety, adapting workspaces – particularly for elderly employees and those with disabilities – and fostering constructive employee dialogue.

### Ensuring health and safety for all staff

LVMH cares about the health and safety of its employees, makes sure that all its activities respect current health and safety legislation and regulations in all the countries in which it operates and pays particular attention to implement best practice with regard to safety in the workplace.

Given the wide range of situations encountered within the different business groups, each of the Maisons is responsible for its own health and safety initiatives; actions aimed at ensuring appropriate workplace health and safety conditions and preventing accidents take a variety of forms under the banner of an overarching investment, certification and training program.

In 2018, the Group invested over 32.1 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: compliance, the posting of warnings, replacement of protective devices, fire prevention training and noise reduction. More generally, the total amount spent on and invested in improving working conditions came to more than 64.8 million euros, or 1.1% of the Group's gross payroll worldwide.

Initiatives for awareness-raising and training in workplace safety and risk prevention are expanding. In 2018, 47,840 employees received training in these areas at the Group's companies worldwide.

Health, safety and ergonomics assessments are regularly conducted at production sites, workshops and vineyards as well as stores

and headquarters. These assessments result in structured action plans to meet the needs identified.

Arrangements are put in place to improve workspace ergonomics, and workspaces are redesigned to meet employees' needs where applicable. The Group is particularly attentive to working conditions for staff members aged over 50 and those with disabilities, aiming to enable them to continue working under optimal conditions.

This means putting in place arrangements to improve workspace ergonomics and reduce physical strain, particularly for those roles most exposed to physical or mental stress in workshops and at production facilities.

As retirement approaches, the Maisons offer end-of-career interviews, dedicated training, special working arrangements or even specific medical monitoring and retirement support arrangements.

For employees with a declared disability, the Maisons offer solutions on a case-by-case basis to help people keep their jobs, for example by making adjustments to their workspaces or helping them transition to a different role. In March 2011, to promote the reclassification of employees, Moët & Chandon founded MHEA, a company that offers facilities adapted to employees with disabilities. MHEA maintains a workforce made up entirely of people with disabilities and provides optimum working conditions for employees affected by disabilities, without any change in their compensation conditions. Since it was founded, MHEA has enabled 50 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.

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

	Number of accidents	Frequency rate <sup>(a)(b)</sup>	Severity rate <sup>(b)(c)</sup>
<b>Breakdown by business group</b>			
Wines and Spirits	108	8.54	0.24
Fashion and Leather Goods	317	4.04	0.11
Perfumes and Cosmetics	203	4.33	0.13
Watches and Jewelry	37	2.37	0.02
Selective Retailing	655	6.89	0.20
Other activities	96	14.94	0.75
<b>Breakdown by geographic region</b>			
France	738	16.44	0.52
Europe (excluding France)	241	3.95	0.06
United States	189	3.81	0.22
Japan	16	1.36	0.00
Asia (excluding Japan)	151	2.27	0.04
Other markets	81	3.83	0.08
<b>LVMH group</b>	<b>2018</b>	<b>1,416</b>	<b>0.16</b>
	2017	1,232	0.16
	2016	1,257	0.18

(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.

(b) 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 of December 31 of the fiscal year and a ratio of hours worked per full-time equivalent employee per country taken from OECD knowledge bases.

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

The Group's worldwide absence rate for employees working under permanent and fixed-term contracts was 4.9%. This represents a year-on-year decrease (5.0%).

#### Absence rate<sup>(a)</sup> by region and by reason

(as %)	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Illness	2.4	4.1	3.5	1.4	0.4	1.5	1.7
Work/commuting accidents	0.1	0.4	0.1	0.1	0.0	0.0	0.1
Maternity leave	1.5	1.3	2.9	0.6	1.2	1.2	1.2
Paid absences (family events)	0.3	0.3	0.4	0.2	0.2	0.4	0.4
Unpaid absences	0.4	0.9	0.3	0.4	0.2	0.4	0.2
Overall absence rate	4.9	7.0	7.2	2.8	2.0	3.5	3.5

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

#### Fostering employee dialogue

Employee representatives also play an important part in enabling the Group's employees to flourish, by passing on their colleagues' needs and expectations at various levels of the organization. A Group Works Council was formed in 1985. This employee representative body, which currently has 30 members whose terms of office were renewed in 2018, covers personnel based in France and holds one plenary meeting each year. Delegates meet with the Presidents of all the Group's business areas to receive and exchange information on strategic direction, economic and financial issues, employment trends within the Group and future prospects.

At European level, the European Companies' Committee was formed, an employee representative body comprised of 28 members from the 22 European countries where the Group has operations. The rules for this representative body are laid down in an agreement that was unanimously approved on July 7, 2014 by employee representatives from these 22 countries and by the Group's Executive Management. In 2018, the SE Works Council held a plenary session on April 25.

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 Maisons' works councils which, in keeping with the Group's culture of decentralization, handle most employee-related issues.

In France, Group companies have one or more of the following, depending on their workforce: an employee representative body (“Comité Social et Economique”), a works council, a combined staff representative body (“Délégation Unique du Personnel”), employee representatives, and health and safety committees. The Group’s Maisons are progressively incorporating a “Comité Social et Economique”, pursuant to the Orders of September 22, 2017. This is an employee representative body, which must be in place by December 31, 2019 at the latest, combining employee representatives, the works council and the health and safety committee, or replaces the “Délégation Unique du Personnel” where such a body was in place.

In 2018, employee representatives attended 1,809 meetings:

Type of meeting	Number
Works council	626
Employee representatives	559
Health and Safety Committee	374
Other	250
<b>Total</b>	<b>1,809</b>

As a result of these meetings, 107 company-wide agreements were signed.

Worldwide, 13% of employees benefit from variable or adjusted working hours and 50% work as a team or alternate their working hours.

#### Global workforce affected by various forms of working time adjustments: Breakdown by geographic region

Employees concerned <sup>(a)</sup> (as %)	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Variable/adjusted schedules	13	29	16	1	18	4	4
Part-time	18	13	19	38	4	5	22
Teamwork or alternating hours	50	13	35	79	78	69	58

(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 adjustments: Breakdown by professional category

Employees concerned <sup>(a)</sup> (as %)	Workforce in France	Executives and managers	Technicians and supervisors	Administrative and sales employees	Production workers
Variable/adjusted schedules	29	18	52	56	3
Part-time	13	2	6	19	25
Teamwork or alternating hours	13	0	10	5	38
Employees benefiting from time off in lieu	10	2	17	16	8

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

The cost of total overtime hours was 106 million euros, averaging 1.8% 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	1.8	1.6	2.0	1.6	4.2	1.8	0.8

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

In 2018, Group companies allocated a budget totaling over 24.7 million euros (1.7% of total payroll) to social and cultural activities in France via contributions to works councils.