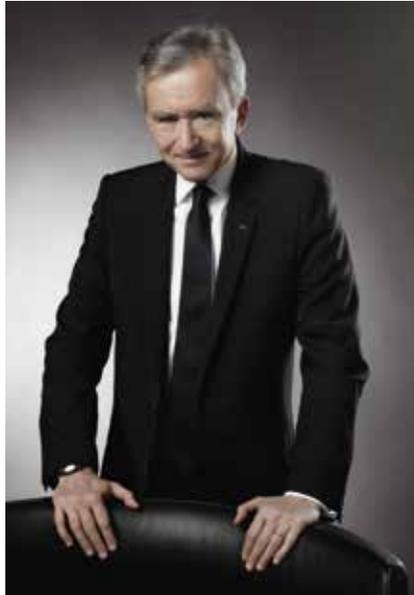


ECOLOGY, CREATOR OF EXCELLENCE



BERNARD ARNAULT,
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Twenty-five years ago, the first Earth Summit was held in Rio. Issues concerning ecology did not then arouse a great deal of interest in society, but our Group maintained a longstanding conviction that future development would necessarily be sustainable.

That was back in 1992. We opted for a unique approach: a real Environmental Department directly responsible to General Management. We thereby consecrated our commitment and assigned a mission to this new Department: to fix, at Group level, ambitious environmental targets and to support our Maisons in attaining these objectives.

As the world leader in luxury, it is the duty of LVMH to be exemplary. Our Maisons make use of rare and precious natural raw materials in the formulation of their products. We have no option other than to seek to preserve these

resources which constitute our common heritage. With regard to the environment, just as in our products, we strive for excellence.

In 2015, on the occasion of the COP21 in Paris, I decided to set up a carbon fund assigning a price to our greenhouse gas emissions. In 2016, another important step forward was taken with the launch of LIFE 2020 which set each of our Maisons four objectives aimed at achieving a single goal: reducing the CO₂ emissions linked to our energy consumption by 25%.

Our inclusion of ecological imperatives as a source of innovation and creativity has a leverage effect on our growth strategy. To continue moving forward, facing our futur, with our determination and our creativity.

LVMH group is proud to have been a precursor. It is committed to remaining one.

LVMH RECEIVES THE NATIONAL BIODIVERSITY STRATEGY AWARD

2012

LIFE: A GLOBAL COMMITMENT

The LIFE program (LVMH Initiatives For the Environment) is launched. Organized around nine key environmental issues and including quantifiable targets, it becomes a common language between all the Maisons in the Group and forms an integral part of their strategic planning. It is a huge step forward for our global sustainability commitment.

LAUNCH OF THE LVMH CARBON FUND

2015

In the run-up to the COP21 in Paris, the LVMH group introduced, for the first time in its history, an internal Carbon Fund. The Fund is financed by the contribution of each Maison, calculated according to the greenhouse gases generated by its activities. The projects that the Fund finances enable the Group to reduce its carbon footprint and therefore participate in the global fight against climate disruption.

THE "LVMH LIFE IN STORES AWARDS"

2016

Eight international reference frameworks for environmental excellence have been used to create the grid for the "LVMH LIFE in Stores Awards", recompensing the Group's Maisons for good point-of-sales practice. This grid has also given rise to a training course for architects at the LVMH Academy of the Environment.



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**LVMH:
25 YEARS OF ENVIRONMENT**

AT LVMH AND IN OUR MAISONS, PRESERVING THE ENVIRONMENT HAS ALWAYS BEEN MUCH MORE THAN AN OBLIGATION: IT IS AN URGENT ISSUE. AS WELL AS AN ESSENTIAL MEANS OF PRESERVING OUR VALUES, NOTABLY THAT OF EXCELLENCE.

The Maisons of the LVMH group have been carefully and patiently constructed over time. Product quality is rooted in a unique history that is the expression of our desire for perfection, durability and transmission. Our Maisons take into account the challenges that are inextricably linked to our long-term strategy, including the respect of nature, to which LVMH owes so much. Out of conviction and realism, we became precursors. Twenty-five years ago, we had already realized the need to mobilize our forces and take action.

1992

THE FIRST STEP: THE ENVIRONMENTAL DEPARTMENT

In Rio, the Earth Summit is held. In Paris, LVMH sets up a pioneering body - the Environmental Department. Its mission is colossal: to implement the environmental policy of the Group, determining its main courses of action and ensuring commitments are respected. Today there are no less than a dozen employees in the Department, backed up by a network of seventy correspondents spread between the Maisons.

1995

LAUNCH OF THE FIRST LIFECYCLE ANALYSIS OF A HENNESSY PRODUCT

ETHNOBOTANY: RESPECTING BOTH HUMAN BEINGS AND NATURE

Ensuring the preservation of species and encouraging local economic development: these are the pillars of ethnobotany, an integral part of the approach of the Group's Perfumes & Cosmetics Maisons, as, for example, Parfums Christian Dior with the Dior Gardens. An Ethnobotany Innovation Department has been set up, bringing together representatives from industry, research, nature conservation associations and a design office. Its mission: to identify plant species with a particular interest for cosmetics and participate in their conservation and in the social and economic development of their native areas. This represents a long-term commitment.



1998

HENNESSY IS AWARDED ISO 14001 ENVIRONMENTAL CERTIFICATION

First of the Group's Maisons to be certified and the first Wines & Spirits Maison in the world to receive this certification.



2001

A REPORT, A CHARTER AND FIVE COMMITMENTS

The Group publishes its first Environment Report, which comes as a surprise in the world of luxury goods. Bernard Arnault goes even further by signing, in the name of LVMH's employees, an Environmental Charter outlining commitments on five major challenges:

- 1/ **Aim for a high level** of environmental performance.
- 2/ **Foster a collective** commitment.
- 3/ **Control** environmental risks.
- 4/ **Design products by integrating environmental** innovation and creativity.
- 5/ **Make commitments** outside the company.

Two codes of conduct, for suppliers and employees respectively, are drawn up in 2008 and 2009 to supplement the commitments set out in the Charter. These codes commit suppliers and employees to respecting environmental standards and implementing best practices. They are updated in 2017.

2002

PRECURSORS OF THE CARBON REPORT

In the year in which ADEME is considering the best method to use for the Carbon Report, the majority of the Group's Maisons are already on the starting blocks and test the new tool, a step ahead of French legislation which makes this compulsory for companies of over 500 employees only in 2011. In 2015, once again breaking new ground, the Group launches its internal Carbon Fund to finance innovative projects.



2003

LVMH ENDORCES AND BECOMES MEMBER OF THE GLOBAL COMPACT

2004

ECO-DESIGN EXCELLENCE

At LVMH, innovation, creativity and excellence are now inextricably linked to respect for the environment. A "guidebook of environmental trends" has been introduced to provide creative, design and marketing teams with eco-design solutions. An online "materials library" catalogues components and materials which are both innovative and eco-friendly.

2005

THE LOUIS VUITTON SALT HOUSE

In order to illustrate the theme of the environment and the reduction of greenhouse gases at the Aichi World's Fair in Japan, Louis Vuitton built a house of salt, a natural, white and noble material. It was dissolved and disposed of in the ocean after the event.



2006

GREEN AND SUSTAINABLE PREMISES

Eco-designed buildings have become a "trademark" of LVMH, and with around thirty of these we not only respect but go beyond the ever more demanding standards we have set ourselves. The precursor? EOLE, inaugurated by Louis Vuitton at Cergy-Pontoise, is the first warehouse in France to be built according to the HQE® initiative.

2008

THE SUPPLIER CODE OF CONDUCT IS DRAWN UP

2009

CEDRE, AN INNOVATIVE RECYCLING MEASURE

Packaging, leather, textiles, promotional materials and even testers used in stores: waste generated in France by the Group's Maisons is collected and taken to Pithiviers, to the Environmental Centre for Packaging Elimination and Ecological Recycling (CEDRE), where it is sorted and recycled. 2,023 tonnes of waste were dealt with in 2016.

LIFE: NINE CHALLENGES FOR TODAY'S WORLD

LAUNCHED IN 2012, LIFE (LVMH INITIATIVES FOR THE ENVIRONMENT) IS A GLOBAL PROGRAM INTENDED TO STRENGTHEN THE ENVIRONMENTAL PERFORMANCE OF THE GROUP AND OF EACH INDIVIDUAL MAISON. IT SETS 2020 OBJECTIVES THAT ARE PARTICULARLY AMBITIOUS.



ANTONIO BELLONI,
GROUP MANAGING
DIRECTOR



SYLVIE B NARD,
ENVIRONMENT
DIRECTOR

ANTONIO BELLONI
AND SYLVIE B NARD:
“COLLABORATE, FEDERATE, ACT”

The two initiators of the LIFE program respond to this interview with a single voice. For them, the way ahead is obvious, and the means of getting there, too.

You emphasize the global aspect of LIFE...

Antonio Belloni: LIFE is a cornerstone. It forms the backbone to every action carried out by LVMH in the context of its environmental policy, in every Maison and at every level, from the design of a product right through to store display. I can give you a figure: the consolidated amount of solely environmental expenses totaled 23.8 million euros in 2016, in addition to indirect expenses such as staff training and the environmental quality of buildings. Yes, LIFE is a global approach.

Sylvie B nard: For greater efficiency, we structured it around nine clearly defined environmental challenges. We set up the appropriate organization and assist our Maisons in taking these challenges into account in their activities, within a global perspective. We feel that our teams are increasingly motivated in this respect, and we do our utmost to ensure it is experienced not so much as a constraint, but as an opportunity to stimulate creativity.

In 2016, you launched LIFE 2020.
Is this a new step forward?

A. B.: It's a new costed challenge centered around four objectives for which performance levels must be met: our products, our value chains and sites, as well as a 25% reduction in our overall CO₂ emissions between 2013 and 2020.

S. B.: LIFE 2020 sets our Maisons on a course to achieve more, more quickly, in a perspective of greater exigency and continuing improvement.

The program is the result of a joint consultative phase: it is undeniably ambitious but it has been produced together with people from twenty-seven Maisons representing all the business sectors and professions throughout the Group.

Concretely, how does each Maison incorporate LIFE 2020 into its momentum?

A. B.: Our Maisons have been incorporating LIFE, and thus the preservation of the environment, into their strategic plans since 2014. LIFE 2020 is a quality leap that has been carefully prepared by actively meeting up with teams, holding training programs in our Academy of the Environment and mobilizing our employees. It's an extremely wide-ranging initiative which concerns all of the Group's 135,000 employees.

S. B.: We felt that the Maisons were ready to move up to this new level, and moreover they were fully involved in the process. The program provided them with a clearer view, strengthened capacities to act and, on top of that, it was seen to generate creative energy: it's a source of opportunities, a driver for innovation and

development, enhanced by a closer cooperation between teams who have often joined forces to launch experiments.

Has the role of the Environmental Department been amplified?

A. B.: Since its creation twenty-five years ago, this Department has instilled a common vision and determined broad lines of action in areas linked to the preservation of the environment. It provides support for each Maison and coordinates transversal actions. It also orchestrates the implementation of the LVMH environmental policy.

S. B.: We are proud of what we have achieved so far, and determined to go even further along the road to environmental excellence that is our Group's. We will continue to assist the Maisons in imagining and promulgating good practice, we will develop yet more skills and operational tools, and encourage transversality. And we will ensure that commitments are respected and that the company's environmental strategy is effectively applied at every level.

THE 9 CHALLENGES OF LIFE

For decades, the Group's environmental actions have been many and varied. For greater efficiency, LIFE has structured them around nine challenges, represented on an Ellipse.



LIFE 2020 OBJECTIVES

Objective Products: **improve the environmental performance of all products.**

Objective Supply Chain: **applying the highest standards in 70% of the procurement chains.**

Objective CO₂: **reducing by 25% the CO₂ emissions associated with energy consumption.**

Objective Sites: **improving environmental performance indicators by at least 10% for all productions and administrative sites and stores.**

LIFE 2020: OBJECTIVE PRODUCTS, A COMMITMENT WITHOUT EXCEPTION

FOR THE LAST TWENTY-FIVE YEARS, OUR ENVIRONMENTAL DEPARTMENT HAS MADE REDUCING THE ENVIRONMENTAL IMPACT OF PRODUCTS ONE OF ITS MAJOR OBJECTIVES. FOR 2020 THIS AMBITION IS BEING EXTENDED TO ALL THE PRODUCTS OF OUR MAISONS THROUGHOUT THEIR WHOLE LIFE CYCLE.

As the world leader in luxury, LVMH aims to be exemplary. The Group's Maisons create products that have an environmental impact which we have always been determined to act upon. Objective Products, one of the four pillars of LIFE 2020, capitalizes on our past experience and commits us to going further by mobilizing all our teams around new ambitions. Because, for 2020, this objective extends to all our products, taking into account their whole life cycle. To meet this challenge, the Maisons can access a palette of tools designed by the Environmental Department in cooperation with the Maisons and regularly upgraded to achieve the highest standards. 2016 saw the launch of the second version of the Edibox software for calculating the Environmental Performance Indicator (EPI) of packaging and the impact of packaging materials on greenhouse gas emissions. Transport, treatment processes and even decoration are included in the estimation of emissions. Over 10,000 products have now been evaluated and progress has already been made.

Looking forward to 2020, the Maisons of both the Perfumes & Cosmetics and Wines & Spirits sectors have committed to reducing their EPI by 10%. And that's just the beginning.

ECO-DESIGN

Eco-creation, an essential element of the LVMH environmental policy, is a constant source of innovation. Imagining eco-friendly packaging that meets the demands of the luxury goods sector is a real challenge, and has given rise to a new profession: eco-design.

Training sessions are organized on this theme, and programs are deployed by the Maisons. The results are often astonishing. The Veuve Clicquot Maison created the "Naturally Clicquot" packaging, made from a combination



of grape skin, a byproduct of the wine production process, and recycled paper. A box that is both elegant and 100% biodegradable... and has an all-important technical attribute: it is isothermal and can keep a refrigerated bottle of Champagne Brut Carte Jaune cool for two hours.

INNOVATE

Although their environmental impact is primarily linked to the production of raw materials and extraction of minerals, two processes that are a major focus for us, our Fashion & Leather Goods and Watches & Jewelry Maisons have incorporated Objective Products into their programs. For over ten years, the LVMH "Eco-Material Handbook" has presented creators and developers with more than 300 environmentally-friendly materials, often innovative and always suitable for the luxury goods sector.



The Louis Vuitton Maison has thus developed a new range of packaging for in-store customers, made from thicker, stronger, FSC-certified paper, including 40% of recycled fibers. Polyester ribbons have been replaced by cotton for the handles. Gift boxes have been redesigned to fold flat, considerably reducing the CO₂ impact of transport to the store – and enabling customers to easily slip them into their baggage. The light color of the inside evokes the natural leather which the Maison has been using since 1860 for the handles and labels of bags, luggage and trunks.



DURABILITY

LVMH has always been a proponent of excellence, durability and transmission. The Group's Maisons use raw materials which are often rare and exceptional. Preserving this capital is essential, both for ourselves and for the planet. To meet this challenge, LVMH has a major advantage: extremely high quality standards which are an essential prerequisite of the luxury goods sector. The Berluti Maison has been committed, since



its origins, to providing customers with footwear that stands the test of time. To do so, "it relies on bespoke know-how with respect to both shaping and working leather and patina, a sign of genuine craftsmanship that we seek to preserve", explains Antoine Arnault, CEO of Berluti.



Environmental Performance Indicator

applies to all our goods from our Wines & Spirits, and Perfumes & Cosmetics Maisons. The EPI is due to improve by 10% by 2020.

LIFE 2020: OBJECTIVE SUPPLY CHAIN, 100% RESPONSIBLE

OUR RAW MATERIALS ARE EXCEPTIONAL AND RARE.
LVMH, AS A LEADER IN THE LUXURY GOODS SECTOR, HAS A DUTY TO ENSURE THE EVER-INCREASING SUSTAINABILITY OF RAW MATERIAL SUPPLIES. LVMH STRIVES FOR EXCELLENCE IN ITS SUPPLY CHAINS WHILE AT THE SAME TIME PRESERVING NATURAL RESOURCES, SOMETHING THAT IS A NECESSITY.

LVMH comprises a number of unique Maisons which, to create high quality products, use precious raw materials – materials that it is essential for us to protect. Consequently, several years ago the Group began deploying an ambitious sustainable supply strategy.

This takes concrete form, in LIFE 2020, with Objective Supply Chain. We now pay even greater attention to traceability and the compliance of the materials we use to create our top quality products. As a signatory of international conventions and having subscribed to the National Strategy for Biodiversity 2011-2020, we liaise closely with our suppliers to develop responsible practices and to associate them in our environmental policy. We have produced specific guidelines for them and developed grids for compliance audits that can be carried out by our Maisons at any time.

The Group's Maisons ensure that the best environmental standards are applied to their supplies of raw materials. In 2020, 70% of supply chains will meet these criteria, rising to 100% by 2025.

CERTIFIED PROCUREMENT

The LVMH group, among other projects, joined the Leather Working Group (LWG) and so became a leader in its commitment to monitoring breeding practices and animal welfare, both intrinsic to the quality of the leather and fur enhanced by the Maisons.

By 2020, 70% of leather used by the Maisons will be sourced from LWG certified tanneries.

The acquisition of several tanneries has also enabled the Maisons to apply their know-how upstream, piloted by the LVMH Métiers d'Art structure which invests in and provides long-term support to its best suppliers.



Several of the Group's Maisons have also incorporated into their manufacturing processes either BCI (Better Cotton Initiative) cotton or organic cotton, like Céline, for the lining of leather goods. This practice is due to be rolled out more extensively.

Moreover, since 2014, LVMH has been participating in "The Dragonfly Initiative" which focuses on promoting good practice in the extraction of colored gemstones.

INNOVATION AND ETHNOBOTANY

Guaranteeing the preservation of species and encouraging local development: these are the pillars of ethnobotany, an integral part of the approach of the Group's Perfumes & Cosmetics Maisons.





An Innovation and Ethnobotany Department has been set up, bringing together representatives from industry, research, nature conservation associations and a design office. Its mission is to identify species of specific interest for cosmetics and to participate in their conservation and in the economic and social development of their native area. It represents a long-term commitment.

SUSTAINABLE WINE PRODUCTION

The objective is to ensure the long-term existence of vineyards combined with respect for the soil and the environment, and promoting biodiversity. This involves adopting good practices such as allowing grass to grow between rows of vines to improve soil quality, keeping crop protection products to a strict minimum or even using mating disruption products to reduce the need for insecticides.

The Hennessy Maison is a member of the DEPHY network which promotes cultivation systems aimed at limiting the use of treatment products. In 2016 it was awarded High Environmental Value certification, Option A at Level 3. In 2015, our Champagne Maisons obtained double certification for Sustainable Viticulture and High Environmental Value. Ninety winegrowers benefitted from training in sustainable viticulture in 2016.



40%

of leather used come from LWG certified tanneries (target: 70% in 2020).

100%

of our vineyard are certified Sustainable viticulture since 2017.

90%

of diamonds are RJC certified (target: 100% in 2020).

LIFE 2020: OBJECTIVE CO₂, A PIONEERING GROUP

THE FIGHT AGAINST CLIMATE CHANGE CONSTITUTES A MAJOR FOCUS OF OUR ENVIRONMENTAL APPROACH. IT IS ESSENTIAL, NOTABLY IN ORDER TO PRESERVE THOSE NATURAL RESOURCES AT RISK FROM ENVIRONMENTAL CHANGES. LVMH HAS ALSO BEEN WORKING FOR OVER TWENTY-FIVE YEARS TO REDUCE THE IMPACT OF ITS ACTIVITIES, THEREBY PROTECTING NATURAL RESOURCES EXPOSED TO CLIMATE DISRUPTION.

LVMH group spearheaded a movement in 2002 when it introduced the practice of Carbon Reporting in its Maisons. LVMH pursued this policy in 2015 with the launch of its Carbon Fund: a groundbreaking initiative in the luxury goods sector. The fight against climate change, in which greenhouse gas emissions are a crucial factor, is a vital dimension of the LVMH environmental policy.

In 2002, the ADEME (French Environment & Energy Management Agency) first circulated a Carbon Reporting tool enabling these emissions to be calculated. Several of the Group's Maisons had tested it the preceding year, the first of these being the Hennessy Maison. Since then our Maisons proceed each year with the assessment of their carbon footprint and identify action drivers to curb it, notably by improving the energy impact of sites and logistics, or by privileging video conferences over air travel for meetings.

In 2015, on the occasion of the COP21, the Group once again broke new ground by creating its own Carbon Fund: a price of 15 euros was assigned for each tonne of CO₂ emitted by the Group and its Maisons - a total of 298,366 tonnes in 2016. These contributions went towards funding innovative projects to help us achieve our 2020 objective: a reduction of 25% in our CO₂ emissions.

THE LVMH CARBON FUND

An unprecedented initiative in the world of luxury goods - an internal Carbon Fund. Launched in 2015, it levies funds from the Group's Maisons who, for each tonne of CO₂ generated by their activities, set aside 15 euros to be invested to improve carbon efficiency. The sums raised are used to fund three types of project: investment in equipment to reduce

energy consumption, tools to improve the monitoring of this consumption, and structures to produce renewable energy.

In 2016, the very first year, the Maisons actively participated and presented twenty-eight projects representing a total funding of 6.7 million euros. Fourteen projects concerned the lighting systems of stores and production sites (Sephora, Loewe, Glenmorangie, Loro Piana). Others involved the insulation of buildings (Louis Vuitton) or the use of alternative forms of energy (Le Bon Marché Rive Gauche).



MAIN SOURCES OF CO₂ EMISSIONS

Carrying out Carbon Reports has enabled us to identify our main sources of CO₂ emissions:

- 1/ Stores, mainly due to traditional lighting systems. In 2016 their energy consumption was reduced by 14% in kWh/m² in three years.
- 2/ Logistics and transport of which we have reduced the impact by privileging sea transport over air transport wherever possible and by introducing electric mobility.
- 3/ Production where we seek improvements notably through eco-design.

LOGISTICS AND TRANSPORT

The Group's objective is to achieve the transport of its raw materials and products in a way that combines operational performance with environmental excellence. With this objective in view, we chose to privilege sea freight over air freight for long distances (in 2016 only, Parfums Christian Dior improved this ratio by 11%), and to rely on electric mobility for short distances. Consequently, to supply its stores in France, Shanghai, and now Italy as well, Sephora opted for a zero-emission, last-mile delivery by electric truck.



OPTING FOR RENEWABLE ENERGIES

LVMH is fully committed to reducing its consumption of fossil fuels and simultaneously developing its use of renewable energies. In 2015 and 2016 the Group signed framework agreements to supply exclusively green energy to 450 sites located in France, as well as to a number of Italian Maisons. The share of renewable energy in the Group's global energy consumption reached 17% in 2016. A process which is set to increase in scale.

-20%

in the average energy consumption of LVMH stores since 2013.

-11,5%

greenhouse gas emissions by all of our production sites since 2013 (target: -25% in 2020).

LIFE 2020: OBJECTIVE SITES, EXEMPLARITY

OUR LIFE PROGRAM, AIMED AT STRENGTHENING THE GROUP'S ENVIRONMENTAL PERFORMANCE, CONCERNS OUR WHOLE PRODUCT RANGE, FROM MANUFACTURE THROUGH TO DISTRIBUTION. THIS IS WHY TWO IMPERATIVES FEATURED IN LIFE FROM THE OUTSET: PRODUCTION SITES THAT RESPECT RESOURCES AND THE PLANET, AND STORES THAT ARE CUTTING-EDGE IN TERMS OF ENVIRONMENTAL EXEMPLARITY. THESE COMMITMENTS WERE FURTHER REINFORCED IN 2016 IN "LIFE 2020", NOTABLY TO INTEGRATE TECHNICAL ADVANCES MADE OVER THE LAST FEW YEARS.

As a major player in the luxury goods sector, LVMH has a duty to be exemplary. Since its creation, our Environmental Department has supported the Group's Maisons by providing them with tools, information and training. Back in 1999, it introduced "Cascade", a reporting tool that enabled each Maison to track and improve its performance. These efforts have been pursued to take on board an ever-increasing level of responsibility.

With LIFE 2020, the Group is moving forward. Taking 2013 as the year of reference, by 2020 it has asked its Maisons to reduce by 10% at least one of the following indicators in each of its sites: water consumption, energy usage and waste production. The Maisons must also improve the energy efficiency, expressed as energy consumption per square meter, of each existing store, which involves taking into account lighting, heating, air conditioning, and so on. New stores must comply with a minimum performance of 50/100 on the LVMH Store Guidelines grid, itself based on standards such as LEED®, BREEAM® or HQE®.

A demand that is in line with the global objectives the Group has set itself for 2020.

OUR STORES: A PRIORITY

A considerable part of the Group's CO₂ emissions is linked to the energy consumption of stores - 1.3 million square meters worldwide. Taking positive action on this lever is a priority which goes hand in hand with the highest level of customer care and service.

In order to recognize efforts and spur progress by disseminating good practice, since 2016 the "LIFE in Stores Awards" have recompensed the most exemplary stores. For the first edition,

eight prizes were awarded to six stores: Loewe at Madrid Goya, Louis Vuitton in Santa Monica, Bulgari in London, Sephora at Huntington Beach, Le Bon Marché Rive Gauche in Paris, and T Galleria Beauty by DSF in Hong Kong, which holds the record for the lowest lighting power per square meter.



The “LIFE in Stores” program aims to influence designers and store planners in 2018, notably through an ambitious training program. Eco-design store guidelines are available for the Maisons to enable them to incorporate environmental criteria at the briefing stage, rather than retrospectively.

SUSTAINABLE CONSTRUCTIONS

Around thirty production sites meeting the strictest environmental standards have been unveiled in recent years by the Maisons of the Group.

Some of them stood out by their groundbreaking nature. This was the case for EOLE: this platform, opened by the Louis Vuitton Maison in Cergy-Pontoise in 2007, was the first warehouse in France to be built to HQE® standards, and in 2015 it became the first warehouse in Europe to be awarded LEED EBOM® certification, Gold Level. Since 2016 it has applied the new standards of ISO 14001 certification which notably imply taking on board the wider impact of the all the company’s activities, beyond the limits of the site itself.



In 2016, our Champagne Maisons undertook the construction of a 240,000-hectolitre model winery at the site of Mont-Aigu, an HQE® pilot operation leading to certification.

72%

of industrial and logistics sites
are certified ISO 14001
(target: 100% in 2020).

THREE ONGOING PROJECTS

Managing energy, water and waste has for a long time been essential for our sites and stores. These projects have been ongoing for many years.

- With respect to energy, the “LVMH Lighting” program encourages the use of new lighting technology, particularly LED lighting which can bring about an average reduction of 30% in electricity consumption. A specific website, published by the Group, provides the Maisons with innovative and economical lighting solutions.
- Water, as a vital resource, also needs to be protected. The Group is taking action to reduce usage and prevent pollution with a number of remarkable cutting-edge projects. In Scotland, to ensure the purification of 95% of the wastewater produced by the distillation process, Glenmorangie implemented a system of water treatment by anaerobic digestion.
- To manage waste in France, LVMH works with the CEDRE (Environmental Center for Environmentally-Friendly Packaging, Elimination and Recycling) which in 2016 treated and recycled 2,023 tonnes of waste from our Maisons. Various initiatives have been launched in this area: for example, Sephora offers customers who return their empty perfume bottle to the store 20% off their next purchase.



IN OUR FASHION & LEATHER GOODS MAISONS

ETHICS IS ONE OF OUR KEY VALUES AND RESPECT IS OUR MAJOR COMMITMENT. BY THAT, WE MEAN RESPECT OF HUMANKIND, NATURE AND ANIMALS. THESE STRINGENT DEMANDS ARE PASSED ON TO EACH OF OUR MAISONS, ESPECIALLY IN THIS BUSINESS SECTOR WHERE CREATIVITY AND REMARKABLE RAW MATERIALS MEET.

LORO PIANA: SUSTAINABLE PERFECTION

The Loro Piana Maison is a byword for sartorial excellence. As part of its savoir-faire it makes use of the most precious natural materials: baby cashmere from the young hircus goat which yields only 30 grams just once in its lifetime, the vicuna of the Andes whose wool is the finest natural fiber after silk, or a treasure found in Burma: a rare fiber extracted from the stems of the lotus plants on Lake Inle.

These extraordinary materials entail extraordinary commitment. First, towards local communities who benefit from training, and assistance in the form of purchasing materials at prices independent of the market. Then towards animals, by supporting conservation programs, such as in Peru where the Maison helped to save the vicuna from extinction, as there were only 6,000 remaining individuals in the 1960's. Or in China, where the "Loro Piana method" of selective breeding, which respects animal welfare, habitats and local inhabitants, led to the production of a unique cashmere.

"Loro Piana has a longstanding preoccupation with environmental questions. For a very concrete reason: we use noble and exceptional raw materials, so to preserve our supply sources, we have to take action to preserve the planet", explains Antoine Arnault, Chairman of Loro Piana.



The environmental discipline of the Maison goes much further. Its products are manufactured with the utmost respect for natural resources: half of the water used in its plants is recycled, and is only discharged when it is irreproachably pure. Its four Italian sites are equipped with solar panels and a natural gas turbine, and an increasing number of vehicles are electric. The culmination of a quest for perfection.

FENDI: THE IMPERATIVE OF THE RESPECT OF ANIMAL WELFARE

Fur that is yet more ethical and responsible, sourced from farms that guarantee the highest standards of animal welfare combined with respect for people and the environment: this sums up Fendi's commitment. The Maison demands that its suppliers comply with the strictest standards, such as WelFur which has criteria that go beyond national and European regulations. In 2016, LVMH participated in drafting the new edition of "Animal Sourcing Principles".

LOEWE: LWG CERTIFICATION

The Maison, in line with the Group, has a resolute commitment, notably demanding from suppliers the strictest guarantees on environmental criteria and breeding conditions. By 2020, 70% of leather is due to come from LWG (Leather Working Group) certified tanneries, the most ambitious environmental standard currently in existence.



IN OUR PERFUMES & COSMETICS MAISONS

OUR MAISONS SELECT FROM NATURE THE MOST BEAUTIFUL INGREDIENTS AND THEN ENHANCE THEM, IN THEIR CONSTANT PURSUIT OF EXCELLENCE. THIS CAPITAL IS PRECIOUS AND WE MUST ENSURE THAT IT IS PROTECTED.

GUERLAIN: RESPONSIBLE LUXURY

In 2007, Guerlain was the first Perfumes & Cosmetics Maison to open a sustainable development department. The Maison set up sustainable value chains for plants (vetiver in India, lavender in France, sandalwood in Asia and orchids in China) and has unveiled in Switzerland a research center like no other in the world: the Orchidarium, exclusively dedicated to orchids.

Actively involved in the protection of bees, the emblem of Guerlain as well as a vital species in the preservation of biodiversity, the Maison works alongside the Society for the Conservation of the Black Bee of Ouessant and the French Observatory of Apiology. In May 2017, it teamed up with the most eminent French specialists to organize the first “Bees University” where innovative solutions to protect bees were discussed.

The ambition of the Maison, which has adopted the 2015 version of ISO 14001, is to achieve 100% eco-designed products by 2020. Packaging size has been reduced and refillable solutions introduced. Its cosmetics production site, La Ruche, inaugurated in Chartres in 2014, is HQE® certified. Each year it carries out a carbon report, publishes a sustainable development report and organizes meetings on the theme of “Sustainable Inspirations at N° 68”.



THE DIOR GARDENS: PRESERVATION AND REVITALIZING OF EXCEPTIONAL FLOWER GARDENS

The Dior Gardens are exceptional flower gardens, reminiscent of Paradise, selected for the quality of their soil and their climate. The flowering plants which are grown there in total respect of the environment enter into the composition of 220 Dior products. Among these plants, Rosa Centifolia, the precious “May Rose”, of which 300,000 flowers are needed to yield a kilogram of absolute, is cultivated in Grasse, France, a region which the Maison is also contributing to regenerate.



LVMH FRAGRANCE BRANDS: SUSTAINABLE SITES

114 MWh of electricity has been saved each year by LVMH Fragrance Brands - just in their Beauvais and Vervins workshops - since LED replaced traditional lighting. Sustainable waste management enabled the Maison to attain a recycling rate in excess of 96% at both of its production sites.



IN OUR WINES & SPIRITS MAISONS

OUR WINES & SPIRITS MAISONS AND OUR EXCEPTIONAL VINEYARDS ARE BREAKING NEW GROUND IN TERMS OF LIMITING ENVIRONMENTAL IMPACTS AND PROTECTING AGRICULTURAL LAND. LVMH ENVIRONMENTAL COMMITMENTS AIM TO PROTECT THE ENTIRE ECOSYSTEM OF OUR VINEYARDS FROM PRODUCTION RIGHT THROUGH TO THE DISTRIBUTION OF OUR FINE VINTAGE WINES.

HENNESSY: COMMITTING TO EXCELLENCE

After being the first producer of wines and spirits in the world to be awarded ISO 14001 environmental certification in 1998, the Hennessy Maison continued its pioneering approach by adopting the more stringent 2015 version, which calls for even further-reaching sustainable practices, to include eco-design, transport, and lighting as well as water and waste management. In its Petite and Grande Champagne territory, the Maison, which is a member of the DEPHY farming network, achieved a 54% reduction in its use of plant protection products. Since 2014 it boasts a double certification for Sustainable Viticulture and High Environmental Value. In its pursuit of excellence, it is unceasingly innovating, as shown by the PEFC certification of the Hennessy Forest, where the wood for its barrels comes from, or the 11-hectare fallow land which has been sown with plants to encourage biodiversity, in cooperation with Institute of Vine and Wine Sciences. Looking beyond its own territory, the Champagne Houses are investing to get the Montagne de Reims area listed as a Forest of Special Scientific Interest. In its role as a scientific sponsor, the Maison also donated 600,000 euros to international researchers working on diseases affecting wood and vines - an urgent issue, since diseases such as "vine cancer" directly threaten the French wine-growing heritage.



GLENMORANGIE: PATRON OF THE SEAS

Glenmorangie is taking action to save the ecosystem of the outstanding Scottish estuary of Dornoch with the DEEP (Dornoch Environmental Enhancement Project) of which it is a major sponsor. The Maison has adopted a sustainable policy which includes installing LED lighting and the cutting-edge treatment of wastewater.

BELVEDERE: A DISTILLERY WITH COMMITMENT

The Belvedere Maison, which, together with the town of Zyrardów and local farmers, has created a Foundation for the protection of the environment, is exemplary with respect to its commitment. The year 2016 was a milestone: the quantity of water needed for blending and cooling the distillery was cut by 10%, the heating system was modernized and a heat recovery system was installed. By reducing its gas consumption by 3.7% it avoided the emission of 111 tonnes of CO₂. Objective 2017: a further 7%.



IN OUR WATCHES & JEWELRY MAISONS

THE WATCHWORD: RESPONSIBILITY TOGETHER WITH EXCELLENCE.
ALL THE MAISONS IN THIS SECTOR NOW HAVE RJC (RESPONSIBLE JEWELRY
COUNCIL) CERTIFICATION AND HAVE DECIDED TO GO EVEN FURTHER.

BVLGARI: AN EXCEPTIONAL MAISON

Bulgari uses rare and exceptional raw materials. The Maison has made responsible sourcing a priority.

The Maison, whose RJC certification guarantees the responsible sourcing of metals, was the first company in the sector to be awarded CoC (Chain of Custody) certification for gold. As part of “The Dragonfly Initiative” for good practice in the extraction of colored gemstones, it is increasing the number of environmental and social audits on suppliers who are also participating in the scheme. This responsibility can also clearly be seen at the Maison’s sites. As well as the exemplary sustainable renovation of its Rome flagship store, 150 of its stores will be equipped with eco-lighting by 2018, resulting in a 50% reduction in energy consumption. Its new workshop in Valenza has been eco-designed and eco-built to qualify for LEED® (Leadership in Energy and Environmental Design) certification.

In partnership with the University of Pisa, the Maison provides financial support for a Master specializing in the circular economy and the efficient use of resources. Another noteworthy innovation - the eco-design of the packaging of Aqua Amara bottles resulted in a saving of 48 tonnes of paper and cardboard, which are increasingly sourced from sustainably managed forests.



TAG HEUER: THE FIA FORMULA E

The epitome of Tag Heuer’s commitment to sustainable energy is the 777 square meters of solar collectors equipping its La-Chaux-de-Fonds factory, the largest photovoltaic system in Western Switzerland. The Maison is also a founding partner of the FIA Formula E motor racing world championship for 100% electric vehicles, initiated in 2013.



IN OUR SELECTIVE RETAILING MAISONS

THE SELECTIVE RETAIL MAISONS IN THE GROUP IMAGINE NEW INNOVATIVE AND ECO-FRIENDLY EXPERIENCES.

SEPHORA: CREATIVE COMMITMENTS

At Sephora, in-store responsibility is an absolute requirement and the Maison calls into play its whole range of creativity to achieve it. LED lighting has been generalized. Make-up furniture, as well as some initial sustainable showcase kits, have been eco-designed and are set to yield a reduction of 8 tonnes of CO₂. Smart thermostats are increasingly managing energy use. And in Alicante, the Maison is testing a smart air curtain which has reduced energy consumption linked to air-conditioning by 10%. In Paris, the La Canopée store in Les Halles was awarded BREEAM® certification, Excellent Level, the first in France in this sector of activity to achieve this award.

The same strict criteria apply to products. To take but one example among many - by removing the outer packaging and modifying the ingredients of its new face mask, the Maison saved 51 tonnes of CO₂. Profusion nail varnish in the United States and Rouge Cream Lipstick Rouge are next in line to be eco-designed. Recycling is also obviously a part of this global concern. Not only packaging, but also furnishings are involved and even the construction sites of new stores where 99% of waste is recycled. Finally, Sephora now offers customers the possibility of returning their empty perfume bottles to stores for recycling. A gesture of good citizenship which enables customers to benefit from a 25% discount on their next purchase.



DFS: EARTH DAYS

At Causeway Bay, Hong Kong, the DFS store holds the record for the most energy-friendly LVMH outlet - and its stores are converting to LED lighting. On top of that, DFS organizes the Earth Days, encouraging its teams to take part in cleaning-up operations. In Cambodia, Japan, Hawaii and soon Hong Kong, this initiative has been met with a lot of enthusiasm and is a growing trend.



LE BON MARCHÉ: ROOFTOP PLANTING

Zucchini, tomatoes, basil or strawberries - on the roof of La Grande Épicerie de Paris, the 300 Le Bon Marché employees plant and harvest the fruit of their labor. There is no longer enough space in the original 700 square meters hanging vegetable garden: another 800 square meters will soon be inaugurated.



IN OUR OTHER ACTIVITIES: EXCELLENCE IN THE ART OF LIVING

EXCEPTIONAL HOTELS, BESPOKE YACHTS, CULTURE AND LEISURE:
LVMH HAS DEVELOPED A RANGE OF ACTIVITIES ALL AIMED
AT THE PURSUIT OF EXCELLENCE IN THE ART OF LIVING.

THE LOUIS VUITTON FOUNDATION: AN EXCEPTIONAL SETTING

Stemming from his determination to promote contemporary artistic creation to a wider public, the Foundation is the brainchild of Bernard Arnault. It is spread over a hectare of land in the heart of the Bois de Boulogne. Setting entirely new standards, the architect Frank Gehry conceived a pilot project taking into account challenging but exciting new environmental criteria, and which served as a basis for new HQE® guidelines for cultural buildings. These involve preliminary studies on wildlife, noise pollution and accessibility. All these parameters were taken on board at each stage: design, construction and even utilization. Reducing energy consumption, notably through the use of geothermal energy; recycling waste and water; the choice of materials – nothing was left to chance. The contribution of numerous craftspeople and new, specially-created technologies combined to make this spectacular building, dedicated to art and culture, a showpiece of architectural design.



THE “JOURNÉES PARTICULIÈRES” OPEN DAYS

For the third edition of the “Journées Particulières” in 2016, around fifty of the LVMH Maisons’ most emblematic sites opened their doors to the

general public. The Group was able to showcase the wealth of its heritage in terms of creation, expertise, craftsmanship and sustainability. Gathering together over 140,000 visitors, communication and exhibition tools were eco-designed and are reusable.



During Viva Technology 2017, the Paris event, co-organized by Groupe Les Échos and Publicis Group, gathered together the most prominent actors of digital transformation. Partner for the second year, the « Atelier LVMH lab » space was eco-designed to minimize the impact on the environment. LED lighting (the most energy sufficient one on the market), electric trucks for deliveries, packaging recycling, reusable furnitures and exhibitions tools... the Group makes the event as part of its sustainable approach.

