

Press release

Ahead of its sustainability roadmap, LVMH announces new commitments for environment and biodiversity

Paris, September 25, 2019

Bernard Arnault gathered today at LVMH's headquarters top executives of the Group and its Maisons around its LIFE program (LVMH Initiatives For the Environment), spotlighting pioneering initiatives in biodiversity and providing tangible elements about its environmental performance as well as ambitions in products' eco-design, circular economy and energy consumption. The Group also presented new commitments including its brand-new Animal-based Raw Materials Sourcing Charter, which is based on a sound scientific approach and addresses the environmental, social and ethical issues faced by the fur, leather, wool and feather industries by providing a new and clear frame of reference and sourcing rules.

LVMH ahead of its sustainability roadmap, close to achieving the 2020 LIFE objectives this year

LVMH has been engaged in protecting the environment for more than 27 years, pursuing a long-term vision through a holistic and science-based approach. The Group assumes a responsibility for exemplary performance in all aspects of environmental sustainability. In 2012, this commitment was given an even more tangible form with the creation of the **LIFE program**, which is implemented in the sourcing of raw materials, products' conception, production and retail operations of all of the Group's 75 Maisons.

With few months to go until 2020, today's "Future Life" event provided a platform to highlight the Group's **accomplishments in four fields, Products, Supply Chain, CO₂ and Sites**, whilst giving a **concrete outlook onto its ambitions**. Examples are numerous and testify to the environmental dynamics within the Maisons:

- **Renewable energy:** With renewable energy representing already 27% in LVMH's energy mix in 2018, the 2020 target of 30% is likely to be exceeded.
- **CO₂ emissions:** Rather than choosing compensation, LVMH first wants to reduce its CO₂ emissions. The Group is on track to meet the target of reducing its CO₂ emissions by 25% by 2020. The CO₂ emissions decreased by 16% between 2013 and 2018 in spite of considerable sales growth over that same period. This result was in part due to a reduction of 16% of energy consumption by square meter in the Group's stores, driven by an increased use of LED lighting.

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- **LVMH Carbon Fund:** LVMH's Carbon Fund doubled the price per metric ton of CO₂ generated from 15 to 30 euros in 2018, thus further accelerating initiatives to reduce CO₂ emissions. The funds are not used as offsets but to directly finance CO₂-reducing projects in the Group's Maisons: 112 projects were financed in 2018.
- **Waste management:** 91% of waste was reused, recycled or transformed into energy in 2018.
- **Responsible leather sourcing:** Today, 48% of the leather used by LVMH's Maisons is sourced in Leather Working Group (LWG) certified tanneries, ensuring that the best environmental practices are implemented. The target of 70% will be achieved by the end of 2019. LVMH tanneries are already LWG certified.
- **Precious stones:** LVMH has already achieved 99% of its 100% objective for Responsible Jewelry Council certification of diamonds used by 2020.

"We believe that environmental performance is a source of innovation, creativity and excellence and as such must be considered in all design and manufacture activities. For the past 27 years, LVMH has continually anticipated changes and adapted production processes, work habits and behaviors to find better solutions to the many environmental challenges we face. The results speak for themselves. We are committed to accelerating our work in that field and to going even further," states Bernard Arnault, Chairman and CEO, LVMH.

A selection of Maisons' CEOs shared today best practices and presented how their companies continuously strive to exceed environmental expectations in fields as diverse as **products' eco-design, sourcing, waste management, energy consumption of stores and production sites and biodiversity**. Special guest Stella McCartney, a trailblazer in environmental responsibility in fashion, both in conception and sourcing, explained what drives her in her approach and what motivated her to join LVMH taking on a special advisor role to Mr. Arnault and the executive committee members. Maria Grazia Chiuri explained how nature has inspired her last fashion show for Dior which took place yesterday in Paris.

Ahead of the conference, topics such as **Biodiversity & Communities** as well as **Sustainable Agriculture** were discussed in the morning with Maisons' environmental and purchasing experts while also familiarizing them with the **Animal-based Raw Materials Sourcing Charter**.

The launch of an Animal-based Raw Materials Sourcing Charter

In a context where demand for fur and leather remains strong, LVMH reaffirms its leading position in sustainability by providing a solution to the environmental concerns that are oftentimes associated with the fur and leather sector. As such, the Group revealed its **Animal-based Raw Materials Sourcing Charter**, the fruit of a long process of scientific research and collaboration between its Environment department, Maisons and suppliers. Through a comprehensive approach and concrete medium and long-term commitments for progress, the Charter considers the topic of fur, leather, exotic leather, wool and feathers sourcing in all its complexity. These commitments are classified into three pillars:

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- **traceability of origin** and in-depth knowledge of the supply chains;
- **farming and trapping conditions** with the aim of continuing to implement the most stringent certifications in animal welfare;
- **respect for workers, the environment and biodiversity** throughout the different stages of each of the animal-based supply chains.

By 2025, the Group and all its Maisons will ensure full traceability back to the country of origin or even to the farm for farmed fur, compliance with the most advanced animal welfare standards for 100% of raw materials, and a reduction of the environmental impact of the processing of all animal-based materials while improving livelihoods of local populations.

“We believe our role is to keep pushing the sector towards the highest and strictest certifications to raise the standards and address the environmental, social and ethical components of the fur, leather, wool and feather industries through clearly structured and audited supply chains, empowering the Maisons, their designers and their partner suppliers to safeguard the know-how and creative crafts that have been passed on through generations,” says Toni Belloni, Group Managing Director, LVMH.

The **LVMH standard for responsible crocodylian leather sourcing**, whose launch and rollout the Group announced back in February, is also a part of the new Charter.

The creation of a Scientific Committee

As a part of the Sourcing Charter, LVMH will research and pilot scientific projects, assessed by a **dedicated multidisciplinary Scientific Committee** composed of highly regarded, independent experts who are external to the Group and internal specialists (Pascal Picq, paleoanthropologist, Christian Huyghe, Deputy Scientific Director Agriculture, INRA, Alexandre Morel, Program Director, CARE, Edouard Mauvais-Jarvis, Environmental Director & Scientific Communication Director, Parfums Christian Dior, Dilys Roe, Specialist Group Chair, IUCN Sustainable Use and Livelihoods Specialist Group and Principal Researcher & team leader biodiversity & conservation, IIED).

Announcements and strategic partnerships

Alongside these commitments, LVMH also announced several new and strategic partnerships to support the Group in its sustainability and biodiversity efforts:

- Amazon emergency aid and preservation

LVMH detailed how it will invest the €10 million promised to safeguard the Amazon.

The Group mobilized resources to participate, alongside France, in the **urgent efforts to fight fires through operational assistance in the Amazon**. This commitment will represent an investment of €5 million.

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The remaining amount will be dedicated to a special Amazon project, within the **Man & Biosphere (MAB) partnership between UNESCO and LVMH** signed last June. This project will improve the resilience of the greater Amazon Basin and other affected ecoregions, with a special focus on fire management. To ensure that the interventions are grounded in current priorities and on-the-ground contexts, the project will focus on ten Biosphere Reserves in Brazil, Bolivia, Ecuador, Peru, and Venezuela. These will act as demonstration sites to build policy recommendations, tools and programs for long-term fire resilience in the Amazon.

This specific program strengthens the program, which covers all Biosphere Reserves worldwide.

- Solar Impulse Foundation

Future Life Paris also served as an occasion to announce LVMH's new **strategic partnership with the Solar Impulse Foundation** headed by Bertrand Piccard, based on a common determination to find innovative and efficient clean technologies to combat environmental issues. Applying a co-development approach, the Solar Impulse Foundation will provide LVMH's and its Maisons' teams and partners with certified solutions. LVMH, on the other end, will certify innovations that are already implemented within the Group among the Foundation's pool of 1,000 solutions. The field of work will include, among other areas, a reduction in energy consumption in the boutiques of the Group's Maisons, the production of proprietary renewable energy, and the use of alternative ways of transport to air freight.

"The relationship with LVMH dates back to the Solar Impulse adventure around the world, and it's fantastic to witness LVMH's ambition to continue on their path toward sustainability. Luxury goods companies can have a very positive impact deep into their supply chains, by requesting that their products are provided in a more environmentally friendly manner, using resources more efficiently, and with reduced waste. This new partnership will support LVMH in their intention to incorporate the types of solutions identified by the Solar Impulse Foundation into their operations," says Bertrand Piccard, Chairman of the Solar Impulse Foundation.

- AgroParisTech Foundation's Ecological Accounting Chair

On September 3, in line with these announcements, LVMH revealed the funding of an **ecological accounting chair**, which is carried by the AgroParisTech Foundation to find innovative ways to make environmental considerations an integral part of all management decisions. The objective is to create a single accounting method, shared by all, to compare the environmental footprint between companies.

A second edition of the Future Life event, with a particular focus on the US market, will be organized by the Group in New York City on October 24.

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Key figures of the LIFE 2020 objectives:

Product objective: The Group aims to reduce the environmental footprint of all Maisons' products by improving the Environmental Performance Index (EPI) of its products by **10%**, covering the entire lifecycle.

Supply Chain objective: LVMH will monitor more closely the traceability and conformity of the raw materials used to create its exceptional products while at the same time preserving natural resources and applying the highest standards across **70%** of procurement chains, and across 100% of procurement chains by 2025.

CO₂ objective: The Group will reduce its CO₂ emissions by **25%** by 2020, pursuing initiatives introduced to fight climate change.

Sites objective: All sites will target an improvement of at least **10%** in environmental performance indicators including water and energy consumption and waste production. This is all the more relevant since the LVMH group owns more than 300 workshops and production sites all over the world.



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LVMH Moët Hennessy Louis Vuitton is represented in Wines and Spirits by a portfolio of brands that includes Moët & Chandon, Dom Pérignon, Veuve Clicquot Ponsardin, Krug, Ruinart, Mercier, Château d'Yquem, Domaine du Clos des Lambrays, Château Cheval Blanc, Colgin Cellars, Hennessy, Glenmorangie, Ardbeg, Belvedere, Woodinville, Volcán de Mi Tierra, Chandon, Cloudy Bay, Terrazas de los Andes, Cheval des Andes, Cape Mentelle, Newton, Bodega Numanthia, Ao Yun and Château du Galoupet. Its Fashion and Leather Goods division includes Louis Vuitton, Christian Dior Couture, Celine, Loewe, Kenzo, Givenchy, Pink Shirtmaker, Fendi, Emilio Pucci, Marc Jacobs, Berluti, Nicholas Kirkwood, Loro Piana, RIMOWA, Patou and Fenty. LVMH is present in the Perfumes and Cosmetics sector with Parfums Christian Dior, Guerlain, Parfums Givenchy, Kenzo Parfums, Perfumes Loewe, Benefit Cosmetics, Make Up For Ever, Acqua di Parma, Fresh, Fenty Beauty by Rihanna and Maison Francis Kurkdjian. LVMH's Watches and Jewelry division comprises Bvlgari, TAG Heuer, Chaumet, Dior Watches, Zenith, Fred and Hublot. LVMH is also active in selective retailing as well as in other activities through DFS, Sephora, Le Bon Marché, La Samaritaine, Groupe Les Echos, Cova, Le Jardin d'Acclimatation, Royal Van Lent, Belmond and Cheval Blanc hotels.

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