

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS: THE GROUP

Attracting and retaining talent

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1. GENERAL 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 its 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 both presented in this section, preceded by general information about the Group's approach to workforce-related responsibility, how workforce-related reporting is organized and key data about the workforce.

1.1 Organizational arrangements with regard to workforce-related responsibility

A dedicated annual survey is run on the workforce-related responsibility measures taken by the Maisons. This survey, which spans all Maisons, covers human rights, diversity, preventing discrimination, skills development, working conditions, listening to employees, labor relations and engaging with local communities. The survey form includes references to the conventions and recommendations of the International Labor Organization, where relevant.

The Group's approach to workforce-related responsibility is structured around four priorities, identified through discussions and interactions with its various stakeholders and an 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 2019, 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 everyone involved in Group workforce-related reporting. This guide is intended to familiarize staff with the goals of the Group's approach and to help them better understand 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, 2019, 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, such as Belmond. Other employee-related indicators were calculated for a scope of 798 organizational entities covering over 99% of the global workforce and encompass staff employed during the fiscal year, including those employed by joint ventures.

LVMH's employees in China and its regions are included in the number of staff working under permanent contracts (24,335 as of December 31, 2019). Although Chinese labor law 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 Key workforce data

Total headcount as of December 31, 2019 stood at 163,309 employees, an increase of 5% compared with 2018. Of this total, 147,230 employees were working under permanent contracts and 16,079 under fixed-term contracts. Part-time employees represented 17% of the total workforce, or 27,248 individuals. Staff outside France represented 79% of the global workforce.

The Group's average total full-time equivalent (FTE) workforce in 2019 comprised 147,684 employees, up 8% compared with 2018.

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

Breakdown by business group

Total workforce as of December 31 ^(a)	2019	%	2018	%	2017	%
Wines and Spirits	7,671	5	7,380	5	7,157	5
Fashion and Leather Goods	53,456	33	48,101	31	41,212	28
Perfumes and Cosmetics	30,427	19	29,141	18	26,699	18
Watches and Jewelry	9,426	6	8,784	6	8,100	6
Selective Retailing	57,383	35	57,975	37	57,360	40
Other activities	4,946	3	4,707	3	4,719	3
Total	163,309	100	156,088	100	145,247	100

(a) Total permanent and fixed-term headcount.

Breakdown by geographic region

Total workforce as of December 31 ^(a)	2019	%	2018	%	2017	%
France	33,701	21	31,156	20	29,578	20
Europe (excluding France)	40,453	25	38,645	25	34,159	24
United States	31,483	19	32,724	21	32,717	23
Japan	7,391	5	6,905	4	6,397	4
Asia (excluding Japan)	38,109	23	34,802	22	31,102	21
Other markets	12,172	7	11,856	8	11,294	8
Total	163,309	100	156,088	100	145,247	100

(a) Total permanent and fixed-term headcount.

Breakdown by professional category

Total workforce as of December 31 ^(a)	2019	%	2018	%	2017	%
Executives and managers	32,004	20	29,288	19	26,631	18
Technicians and supervisors	15,333	9	14,500	9	14,009	10
Administrative and sales staff	93,575	57	91,624	59	86,742	60
Production workers	22,398	14	20,676	13	17,865	12
Total	163,309	100	156,088	100	145,247	100

(a) Total permanent and fixed-term headcount.

1.3.2 Average age and breakdown by age

The average age of the global workforce employed under permanent contracts is 36 and the median age is 33. 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	11.7	6.1	9.0	17.9	4.3	13.1	20.7
25-29 years	20.0	16.6	15.9	21.2	12.9	26.5	22.2
30-34	20.1	16.8	17.6	18.0	18.4	27.1	20.0
35-39	15.2	13.9	15.7	13.1	20.3	16.4	15.3
40-44	11.1	12.4	13.9	8.5	21.2	7.8	9.3
45-49	8.5	11.8	11.7	6.7	13.6	4.1	5.3
50-54	6.4	10.2	8.5	5.5	6.3	2.6	3.3
55-59	4.5	8.5	5.3	4.5	3.0	1.4	2.1
60 and up	2.5	3.8	2.4	4.6	0.2	1.0	1.1
	100	100	100	100	100	100	100
Average age	36	40	38	36	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 9 years in France and ranges from 4 to 8 years in other geographic regions. This difference is mainly due to the predominance in these

other regions of retail activities characterized by a higher rate of turnover.

(as %)	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Length of service: Less than 5 years	61.0	46.1	54.8	70.4	49.3	70.5	75.5
5-9 years	18.4	18.6	19.5	17.3	18.1	18.6	16.2
10-14 years	9.1	11.3	12.3	6.8	14.5	6.1	4.6
15-19 years	5.5	9.9	6.8	3.3	11.8	2.1	1.8
20-24 years	2.6	5.0	3.5	1.2	4.0	1.1	1.0
25-29 years	1.5	3.5	1.5	0.5	1.6	0.8	0.3
30 years and up	1.9	5.6	1.5	0.5	0.8	0.7	0.6
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average length of service	6	9	7	5	8	5	4

2. AN AMBITIOUS, INCLUSIVE RECRUITMENT POLICY

Recruitment is a strategic pillar of the Group’s human resources policy and is critical to its momentum. Given the huge diversity of opportunities it offers, LVMH is seen as a highly attractive employer, and 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 A diverse, inclusive recruitment policy

The ability to recruit and develop top talent is key to performance and is therefore a fundamental part of the Group's human resources policy.

LVMH is a group where creativity and expertise are fundamental – where people make all the difference, and are an essential competitive advantage driving the Maisons' success.

Hiring takes place across all levels of seniority, from recent graduates to experienced managers and senior executives, in all the countries and regions where the Group operates.

Beyond the question of numbers to deal with growth, the Maisons' highly creative worlds require people who are passionate about their work, in constant pursuit of excellence in their field, and able to combine technical skills, craft expertise and interpersonal skills.

The Group looks for people who share its core values, who are both pragmatic and creative, with an entrepreneurial spirit, and who are highly attuned to luxury products and the services that go with them. To succeed in LVMH's ecosystem, agility, entrepreneurial spirit and a sense of quality are essential. New employees must be able to grasp the duality of LVMH's world: the enduring, lasting nature of its Maisons combined with the need to be quick-witted, agile entrepreneurs.

The diverse range of backgrounds, cultures and talents embodied by the Group's employees throughout the world are a unique asset and a source of its unrivaled success in the luxury market. It is also a key factor in its competitiveness. All the Maisons combine a global vision with a local approach. This requires multicultural teams, collaboration between talent from all different backgrounds and all different countries, and offering employees international career paths to open up to different cultures. The Group's size and the diversity of its Maisons, their vast geographic scope and the multitude of opportunities they offer favor this geographic mobility and constitute a unique source of appeal in terms of career perspectives. In 2019, 66% of senior executive positions were filled through internal promotion.

In a highly competitive environment, LVMH works continuously on building its employer brand and ensuring that its work environment draws top talent. In 2019, LVMH held 250 events at schools and universities throughout the world to raise awareness of the Group and its different professions.

The Group's strong appeal was recognized on a number of occasions in 2019: for the 14th consecutive year, Universum ranked LVMH the number-one preferred employer for business school students in France, and the Group also rose in international rankings.

Average compensation

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 %)	2019	2018	2017
Less than 1,500 euros	1.9	1.5	1.6
1,501 to 2,250 euros	15.3	16.2	19.5
2,251 to 3,000 euros	22.6	22.8	21.5
Over 3,000 euros	60.2	59.5	57.4
Total	100.0	100.0	100.0

Personnel costs^(a)

Worldwide personnel costs break down as follows:

(EUR millions)	2019	2018	2017
Gross payroll – Fixed-term or permanent contracts	6,544.7	5,787.2	5,746.6
Employer social security contributions	1,619.3	1,490.9	1,412.6
Temporary staffing costs	324.0	306.0	287.6
Total personnel costs	8,488.0	7,584.2	7,446.9

(a) Indicators are taken from the HR reporting system, which covers 798 organizational entities, with the exception of certain companies that have been part of the Group for less than a year, such as Belmond.

Outsourcing and temporary staffing costs decreased year over year, accounting for 6.7% of the total worldwide payroll (versus 7% in 2018), including employer 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 320 million euros in 2019, paid in respect of 2018, an increase compared to the previous year.

(EUR millions)	2019	2018	2017
Profit sharing	138.3	131.4	118.2
Incentive	148.8	123.6	102.7
Employer's contribution to company savings plans	32.9	26.7	24.0
Total	320.0	281.7	244.9

In 2019, a total of 34,319 employees working under permanent contracts left the Group (all reasons combined); of these, 48% were employed within the Selective Retailing business group, which traditionally experiences a high turnover rate.

Turnover by geographic region

(as %)	2019	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets	2018	2017
Total turnover ^(a)	23.1	12.9	16.5	40.4	12.0	26.1	29.2	22.9	22.7
of which: Voluntary turnover ^(b)	17.2	5.7	12.0	34.1	10.8	20.2	21.3	17.5	16.4
Involuntary turnover ^(c)	5.4	6.2	4.1	6.0	0.9	5.7	7.7	4.9	5.8

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

(b) Resignations.

(c) Dismissals/end of trial period.

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

(number)	Joiners			Leavers		
	2019	2018	2017	2019	2018	2017
Wines and Spirits	844	855	854	717	708	724
Fashion and Leather Goods	13,563	11,915	8,509	8,609	7,610	6,884
Perfumes and Cosmetics	7,468	8,113	6,895	6,340	6,343	5,458
Watches and Jewelry	1,799	1,697	1,356	1,253	1,124	1,187
Selective Retailing	16,719	17,176	14,782	16,508	15,458	14,566
Other activities	894	858	795	892	844	821
Total	41,287	40,614	33,191	34,319	32,087	29,640

(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 and those retraining in a new profession.

This work-linked training program was designed in partnership with prestigious schools and universities selected for their high academic standards and wide recognition of the qualifications they offer. Participants complete technical and theoretical coursework at these partner institutions and gain practical

experience at the 35 partner Maisons through paid work-linked training or vocational training contracts. Through IME, work-linked training students take foreign language courses and masterclasses featuring opportunities to meet craftspeople, experts and designers and visit workshops and stores.

After being launched in France in 2014, the IME opened in Switzerland in 2016, then in Italy in 2017, and most recently in Spain in 2019. 800 apprentices have taken part in this program since it was launched, including 300 new students in this year's class.

In 2019, the IME offered 28 training programs, including 26 as work-linked training in 21 professions such as flou and tailored fashion design, knits, silk, leather goods, winegrowing and winemaking, makeup formulation, design and sales. The program has a 97% pass rate, with a 74% placement rate within the profession studied or in a higher-education program, and a 61% placement rate at LVMH and its outside partners.

Inside LVMH

Year after year, the Group continues to build very strong ties with schools and universities around the world in order to expose students to its diverse range of business lines and career opportunities. Following two initiatives in Europe, in April 2019 the Inside LVMH program was launched in China, where nearly 10,000 students from 40 Chinese universities applied using an innovative system on the WeChat social media platform. 120 of them were chosen to take part in a major event in Shanghai attended by leaders from the Group and its Maisons, and nearly 100 of them were offered an internship at the end of the program.

International academic partnerships

In 2019, LVMH continued to strengthen its historical links with recognized schools and universities such as ESSEC, HEC Paris, École Polytechnique and CentraleSupélec 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 student projects.

In addition to the three major initiatives detailed above, the Group's policy on attracting talented young people is translated into 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, 2019, more than 1,500 young people were working under apprenticeship or vocational training contracts (including the Institut de Métiers d'Excellence) across the Group's French companies.

2.3 Recruiting without discriminating

LVMH is open to talented people of all kinds and is constantly working to prevent any form of 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 national laws. These are supplemented by Group training on decision-making biases, launched starting in December 2019. The Group has also created a Diversity & Inclusion Department.

Furthermore, since 2008 the Group has put in place arrangements for independent oversight of its recruitment practices by appointing an independent firm to carry out discrimination testing on its posted job offers, and in 2019, conduct the first survey about potential discrimination in the recruitment process. These 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 is taken if necessary.

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 and supported by a network of 40 disability officers at the various Maisons who meet twice a year.

This policy of hiring people with disabilities concerns every level of the Group and every country, such as the United States, for example, where Sephora has implemented a system to ultimately hire more than 350 people with disabilities over the next three years. In late 2019, more than 122 people with disabilities had already been hired through this system.

In France, the Group has entered into a number of partnership agreements with AGEFIPH, the country's leading partner for the employment for people with disabilities (with the latest such agreement in 2014-2016). Sephora signed its own agreement with AGEFIPH in 2017. Hennessy, Christian Dior and Parfums Christian Dior also have their own formal agreements with the organization.

In 2014 LVMH launched EXCELLhanCE, which enables people with disabilities to simultaneously obtain a degree, gain significant experience at the Group's Maisons and companies, and build up expertise specific to the world of luxury goods. This program is based on work-linked training 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 vocational training contracts, most of them retraining in a new profession, in the roles of sales associate, inventory manager and human resources assistant. Around 50 people have participated in the program since its launch, and 35 people are still working under a vocational training contract or have successfully secured a job or further training or education (24 of whom within the Group).

Worldwide, people with disabilities make up 1.0% of the LVMH group's workforce. In France, the Group's employment of people with disabilities was estimated at 4.2% (sum of direct and indirect employment rates) as of end-2019, based on official standards for the definition of disabilities.

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

career support to each and every employee, adopting best practice on health and safety, and fostering constructive labor relations.

3.1 Learning and developing: Key elements in valuing each person's individuality and potential

LVMH's human resources policy aims to enable our employees to fully express their personalities and skills. By developing our talent – a priority shared by the Group's senior executives, managers and human resources staff – LVMH cultivates its wealth and contributes to a fulfilling work environment for its employees. LVMH offers them specific learning and skills development opportunities to help them meet their aspirations: individual career planning, participation in “intrapreneurship” and interdisciplinary projects. DARE is a powerful illustration of this philosophy, enabling employees to experience open innovation and intrapreneurship, work alongside LVMH group senior executives and gain first-hand knowledge of new ways of working. This program helps LVMH employees develop and capitalize on their individuality.

While employees themselves play the leading role in their skills and career development, LVMH's human resources staff and managers are fully engaged in supporting and promoting the development of the Group's talent pool. Career planning sessions let employees express their aspirations and discuss how to achieve them with their manager and HR advisor. Lastly, to help employees set and achieve their career development goals, human resources staff post job openings within the Group on an in-house digital platform and hold monthly career meetings.

In addition to the Maisons' many training opportunities, the Group's LVMH House offers all executives and managers – from the most junior new managers to the most senior members of the Executive Committee – learning and development initiatives in four different areas:

- **understanding and promoting our company culture:**

LVMH believes that a good understanding of its company culture drives strong performance. The Group therefore places special emphasis on supporting new employees, 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;

- **management and leadership:**

Through a comprehensive range of programs for new managers/leaders (e.g. fundamentals) as well as more advanced initiatives for experienced or high-potential managers, as well as senior executives, LVMH House provides learning opportunities on management and leadership, where the notions of respect, inclusion, collective intelligence and collaboration are considered key to success;

- **developing business excellence in roles that are just as strategic as the appeal of the Group's brands: retail, supply chains and operations;**

- **open innovation:**

Initiatives that are now recognized both in-house and outside the Group, such as DARE and LVMH's La Maison des Startups (at Station F) are powerful examples of what can be done in terms of innovation pipelines, openness to the outside world and intrapreneurship, and are also highly effective learning and development opportunities for participants. New incubation initiatives launched in 2019 (such as the innovative digital canvas bags unveiled in May 2019 at the Louis Vuitton cruise collection runway show held in New York, and the Shero app offered to all employees with the aim of promoting gender equality within the LVMH group's Maisons) are yet another testament to the Group's desire to constantly meet and exceed learners' expectations, both at an individual level and in terms of collective intelligence experiences.

The opening of two new LVMH Houses in Tokyo and New York (following the launch of the original program in London in 2000 and then in Singapore) demonstrates the LVMH group's commitment to open spaces where participants learn from one another, building up the Group's wealth of diversity in terms of economic backgrounds, cultures, nationalities and more.

Measures taken to reorganize and develop training synergies between the LVMH group's training and development entities around the world, under the aegis of LVMH House, help provide a clearer overview and offer new programs that are more effective in terms of accessibility and impact, with a complementary positioning alongside the solid, recognized training initiatives offered by each of the Maisons.

These LVMH House initiatives illustrate the LVMH group's desire to constantly enhance the diversity of its talent pool through programs such as EllesVMH Coaching, which promotes women's career development, and the content and teaching philosophy of the Management and Leadership programs, which pride themselves on their dual focus on the uniqueness of each participant as well as the collective intelligence of groups of learners and communities.

Helping employees be actively involved in their career mobility and professional development

The LVMH group encourages its staff to be actively involved in their career 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.

Proportion of women among joiners and in the Group's workforce^(a)

(% women)	Joiners			Group workforce		
	2019	2018	2017	2019	2018	2017
Breakdown by business group						
Wines and Spirits	45	45	43	38	38	37
Fashion and Leather Goods	65	66	65	67	69	68
Perfumes and Cosmetics	85	86	85	83	83	83
Watches and Jewelry	60	58	60	59	59	59
Selective Retailing	83	83	83	83	83	83
Other activities	42	33	34	37	35	35
Breakdown by professional category						
Executives and managers	65	65	65	65	65	65
Technicians and supervisors	68	67	71	68	68	68
Administrative and sales staff	79	80	81	80	81	81
Production workers	61	57	47	59	58	55
Breakdown by geographic region						
France	66	63	62	64	64	64
Europe (excluding France)	74	76	75	72	74	73
United States	79	80	78	78	79	79
Japan	73	69	71	73	74	75
Asia (excluding Japan)	75	76	77	77	77	76
Other markets	79	79	81	73	73	73
LVMH group	75	75	75	73	73	73

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

Training investment

Overall, in 2019, training expenses incurred by Group companies throughout the world represented a total of 138 million euros, or 2.1% 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:

	2019	2018	2017
Training investment (EUR millions)	138.0	131.0	121.5
Proportion of total payroll (as %)	2.1	2.3	2.1
Number of days of training per employee	1.9	2.0	2.0
Average cost of training per employee (EUR)	930.0	943	832
Employees trained during the year (as %)	57.5	58.9	56.6

Note: Indicators are calculated for fiscal years 2018 and 2019 on the basis of the total number of employees under permanent contracts present at the workplace as of December 31. Indicators are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) present at the workplace during fiscal year 2017, 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, 2017.

The average training investment per full-time equivalent employee was approximately 930 euros. In 2019, the total number of training days was 283,630, equivalent to around 1,233 people

receiving full-time training for the entire year. In 2019, 57.5% of employees received training and the average number of days of training was 1.9 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 (<i>EUR millions</i>)	42.6	30.5	14.7	5.9	36.9	7.1
Proportion of total payroll (<i>as %</i>)	2.6	2.1	1.0	1.7	2.8	2.0
Employees trained during the year (<i>as %</i>)	50.1	56.7	51.9	59.5	68.1	57.4
of which: Executives and managers	52.5	71.7	55.9	71.2	64.2	50.7
Technicians and supervisors	67.1	69.5	49.3	57.5	64.8	66.7
Administrative and sales staff	48.0	58.1	52.5	57.3	70.4	57.4
Production workers	37.7	37.9	40.2	9.1	33.6	65.1

Note: Indicators are calculated 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 constructive labor relations

The Group is constantly working to offer all staff a high-quality working environment by ensuring their health and safety, adapting workspaces – particularly for older employees and those with disabilities – and fostering constructive labor relations.

Ensuring health and safety for all staff

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

Given the wide range of situations encountered within the different business groups, the Maisons are responsible for their 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 2019, the Group invested over 38.4 million euros in health and safety. This includes costs related to occupational health, protective equipment, and health and safety improvement programs covering compliance for new equipment, signage, replacement of protective equipment, fire prevention training and noise reduction. More generally, the total amount spent on and invested in improving working conditions came to more than 129.1 million euros, or 2% of the Group's gross payroll worldwide.

Initiatives for awareness-raising and training in workplace safety and risk prevention are expanding. In 2019, 49,095 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 are followed up with structured action plans to meet the needs identified.

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

This means putting in place arrangements to improve workstation ergonomics and reduce physical strain, particularly for those positions 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 healthcare and retirement support arrangements.

For employees with disabilities, the Maisons offer solutions on a case-by-case basis to help people keep their jobs, such as making adjustments to their workspaces or helping them transition to a different role. In March 2011, to help employees make this transition, 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.

	Number of accidents	Frequency rate ^{(a)(b)}	Severity rate ^{(b)(c)}
Breakdown by business group			
Wines and Spirits	110	8.32	0.20
Fashion and Leather Goods	404	4.49	0.12
Perfumes and Cosmetics	198	3.82	0.14
Watches and Jewelry	67	4.06	0.04
Selective Retailing	630	6.64	0.16
Other activities	123	17.51	1.09
Breakdown by geographic region			
France	719	14.97	0.51
Europe (excluding France)	341	5.17	0.09
United States	193	4.04	0.18
Japan	10	0.81	0.01
Asia (excluding Japan)	186	2.43	0.04
Other markets	83	3.65	0.09
LVMH group			
2019	1,532	5.60	0.16
2018	1,416	5.55	0.16
2017	1,232	5.16	0.16

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

(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 (FTE) employees present within the Group as of December 31 of the fiscal year and a ratio of hours worked per FTE 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 5.2%. This represents a year-on-year increase (4.9%).

Absence rate^(a) by region and by reason

(as %)	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Illness	2.6	4.1	4.0	1.2	0.4	1.6	1.5
Work/commuting accidents	0.1	0.3	0.1	0.1	0.0	0.0	0.1
Parental leave	1.7	1.3	3.0	0.8	1.4	1.4	1.1
Paid leave (personal leave)	0.4	0.4	0.5	0.2	0.2	0.3	0.2
Unpaid leave	0.5	0.9	0.2	0.4	0.3	0.6	0.2
Overall absence rate	5.2	7.1	7.9	2.6	2.3	4.0	3.2

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

Fostering constructive labor relations

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 thirty members, whose appointments were renewed in 2018 – covers personnel based in France and holds one plenary meeting each year. Delegates meet with the Presidents of all of the Group's business areas to receive and exchange information on strategic direction, business

and financial issues, employment trends within the Group and future prospects.

At the European level, the SE Works Council is 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 2019, following elections, the SE Works Council held a plenary session on June 6.

Attracting and retaining talent

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, the Group's Maisons now have employee representative bodies known as CSEs (Comités Sociaux et Économiques), pursuant to the Orders of September 22, 2017. A CSE combines employee representatives, the works council and the health and safety committee, or replaces the DUP (Délégation Unique du Personnel) where such a body was in place. Its remit depends on the size of the Company's workforce.

In 2019, employee representatives attended 1,599 meetings:

Type of meeting	Number
Works council	650
Employee representatives	367
Health and Safety Committee	253
Other	329
Total	1,599

As a result of these meetings, 180 company-wide agreements were signed.

Worldwide, 16% of employees have variable or adjusted working hours, and 47% have shift work or alternating working hours.

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

Employees concerned ^(a) (as %)	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Variable/adjusted working hours	16	27	21	1	21	9	15
Part-time	17	12	19	35	4	5	21
Shift work or alternating hours	47	14	31	78	79	66	49

(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 ^(a) (as %)	Workforce in France	Executives and managers	Technicians and supervisors	Administrative and sales employees	Production workers
Variable/adjusted working hours	27	16	61	48	2
Part-time	12	2	6	18	22
Shift work or alternating hours	14	0	14	12	34
Employees benefiting from time off in lieu	12	2	26	19	11

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

The total cost of overtime was 118 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	1.8	1.6	4.7	1.8	1.0

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 2019, Group companies allocated a budget totaling over 26.5 million euros (1.6% of total payroll) to social and cultural activities in France via contributions to works councils.