

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS: THE GROUP

Attracting and retaining talent

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1. GENERAL POLICY

The Group's employees use their talents and commitment to ensure excellence in the LVMH customer experience. In a constantly changing competitive environment, they are vital to LVMH's success. They help protect and develop expertise all along the Group's value chain, particularly in craftsmanship and design. Attracting and supporting the best people on every continent drives strong performance and helps secure the Group's long-term future.

1.1 Committed to developing talent

2020 was marked by an unprecedented public health crisis. Employee health and safety was a priority for the Group. At the same time, the Group continued to pursue its ambitious policy to attract talent, support staff on every continent and unite them around a set of enduring core values: creativity and a passion for innovation, which helped the Group adapt very quickly during the crisis, a quest for excellence, and entrepreneurial spirit. In addition to these four values, the Group added a fifth in 2020, commitment – to the environment and to inclusiveness and solidarity.

Our people's talent drives strong performance and helps secure the Group's long-term future. Responsible people management

Through its ambitious recruitment policy and close relationships with world-class educational institutions, LVMH works to attract the very best people. The Group offers development opportunities for all, based solely on talent and skills. By ensuring employee health and safety, fostering constructive labor relations and promoting workplace well-being, LVMH strives to create a nourishing environment where every employee can flourish and give of their best.

is structured around four key priorities identified through stakeholder consultation and a mapping of issues and risks:

- developing talent and skills;
- paying constant attention to working conditions;
- preventing all forms of discrimination and respecting each person as a unique individual;
- engaging with communities to help local populations.

Within this shared social responsibility program, each of the Maisons implements its own action plan. The Maisons are also free to identify additional issues specific to their own particular business and environment.

1.2 Organization and quality of workforce-related reporting

LVMH works hard to ensure the quality and completeness of workforce-related data. The Group follows a rigorous process to gather and check this data within its Maisons. Data covers the Group's consolidated companies, providing a comprehensive view of talent management.

1.2.1 Collection and validation of workforce-related reporting data

Within each Maison, a reporter collects and reports workforce-related data, a controller checks and validates its accuracy, and the Maison's Human Resources Director provides final sign-off.

Everyone involved in workforce-related reporting is provided with an instructional guide. This guide sets out the aims and requirements both for the approach as a whole and for each indicator: its relevance, how the associated data is defined, how the information is to be gathered, the calculation method if applicable, and checks to be carried out when data is reported. Manual checks on the reliability and consistency of the data input are backed up by automated checks throughout the procedure.

Since 2007, selected employee-related disclosures for the Group have been verified each year by an independent third party. For fiscal year 2020, workforce-related data was verified by Ernst & Young, in accordance with Article R. 225-105-2 of the French Commercial Code⁽¹⁾.

1.2.2 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, 2020, including LVMH's share in joint ventures, with the exception of certain companies that have been part of the Group for less than a year. Other employee-related indicators were calculated for a scope of 894 organizational entities covering over 99% of the global workforce and encompass staff employed during the fiscal year, including those employed by joint ventures.

(1) This article resulted 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.

LVMH's employees in China and its regions are included in the number of staff working under permanent contracts (24,311 as of December 31, 2020). 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

The public health crisis and its consequences in terms of public health decisions forced some of our Maisons to make changes to their organizational structure. In some cases, this resulted in local headcount reductions; all such reductions were supported in a responsible manner and implemented in strict compliance with local legal requirements.

Total headcount as of December 31, 2020 stood at 150,479 employees, a decrease of 8% compared with 2019. Of this total, 141,383 employees

were working under permanent contracts and 9,096 under fixed-term contracts. Part-time employees represented 15% of the total workforce, or 22,140 individuals. Staff outside France represented 78% of the global workforce.

The Group's average total full-time equivalent (FTE) workforce in 2020 comprised 148,344 employees, up 0.45% compared with 2019.

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)	2020	%	2019	%	2018	%
Wines and Spirits	7,530	5	7,671	5	7,380	5
Fashion and Leather Goods	53,002	35	53,456	33	48,101	31
Perfumes and Cosmetics	28,017	19	30,427	19	29,141	18
Watches and Jewelry	9,078	6	9,426	6	8,784	6
Selective Retailing	43,741	29	57,383	35	57,975	37
Other activities	9,111	6	4,946	3	4,707	3
Total	150,479	100	163,309	100	156,088	100

(a) Total permanent and fixed-term headcount.

Breakdown by geographic region

Total workforce as of December 31 ^(a)	2020	%	2019	%	2018	%
France	32,813	22	33,701	21	31,156	20
Europe (excluding France)	37,693	25	40,453	25	38,645	25
United States	24,749	16	31,483	19	32,724	21
Japan	7,012	5	7,391	5	6,905	4
Asia (excluding Japan)	35,382	23	38,109	23	34,802	22
Other markets	12,830	9	12,172	7	11,856	8
Total	150,479	100	163,309	100	156,088	100

(a) Total permanent and fixed-term headcount.

Breakdown by professional category

Total workforce as of December 31 ^(a)	2020	%	2019	%	2018	%
Executives and managers	32,713	22	32,004	20	29,288	19
Technicians and supervisors	14,575	9	15,333	9	14,500	9
Administrative and sales staff	79,059	53	93,575	57	91,624	59
Production workers	24,132	16	22,398	14	20,676	13
Total	150,479	100	163,309	100	156,088	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 37 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	8.7	4.7	7.0	12.4	4.5	10.0	14.9
25-29	18.7	15.8	14.8	20.0	11.8	25.2	20.3
30-34	21.1	17.3	17.8	19.6	17.4	29.7	21.2
35-39	16.3	14.2	16.3	14.3	19.5	18.5	16.8
40-44	11.9	12.6	14.2	10.0	21.2	8.7	11.2
45-49	9.1	12.0	12.4	7.2	15.3	4.2	6.4
50-54	6.7	10.4	9.1	6.4	6.9	2.1	4.2
55-59	4.9	9.0	5.8	5.1	3.2	1.0	3.0
60 and up	2.6	4.0	2.6	5.0	0.2	0.6	2.0
	100	100	100	100	100	100	100
Average age	37	40	39	37	39	33	35

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 5 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	58.4	46.7	51.9	65.2	49.4	70.2	65.9
5-9 years	19.3	17.8	20.4	20.2	19.6	18.8	20.0
10-14 years	9.8	11.8	12.8	8.1	12.0	6.3	7.5
15-19 years	5.3	8.1	7.1	3.5	11.5	2.0	2.8
20-24 years	3.5	6.7	4.4	1.7	4.8	1.0	2.4
25-29 years	1.9	4.1	1.7	0.6	1.7	1.5	0.6
30 years and up	1.8	4.8	1.7	0.7	1.0	0.2	0.8
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average length of service	7	9	7	5	8	5	5

2. AN AMBITIOUS AND INCLUSIVE APPROACH TO DEVELOPING TALENT

Developing talent 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 offers motivating career paths. In particular, the Group is

careful to model exemplary practices with regard to recruitment and mobility so as to ensure that it attracts and promotes people based solely on how closely their talent and skills are aligned with vacant positions.

2.1 Implementing an attractive employer policy

Whether they be young graduates, managers or senior executives, talented people are the Maisons' most valuable assets. Their diversity and commitment help power the Group's momentum. For these reasons, LVMH identifies the best people, monitors their development and offers them the best opportunities.

Values and empowerment

LVMH is careful to identify people who shares its values and culture: a commitment to excellence, a flair for entrepreneurship and innovation, and an inclination to cultivate personal creativity, perseverance and pragmatism. Over the past year, the Group's human resources teams have been working to meet employees' expectations for greater empowerment, which is to say resolutely modern and inspiring leadership. The talented people we look for and develop share this desire to join or lead teams where there is a focus on listening, engagement and cooperation.

Attractiveness

In 2020, LVMH launched its new employer brand based around the message "Craft the Future". As part of this initiative, the Group brought together key stakeholders – both internal (employees and executives from the Maisons and regions) and external – in a collaborative effort. The aim was to reinforce key messages describing LVMH's positioning as an employer and boost the employer brands of its Maisons. Alongside this Group initiative, Maisons including Sephora, Moët Hennessy, Louis

Vuitton, Parfums Christian Dior and Dior Couture also revisited their messages. "Craft the Future" was first shared with internal ambassadors through online talks and an e-learning platform. Its external rollout is planned for 2021.

For the 15th consecutive year, LVMH topped the Universum ranking of preferred employers among business school students in France. The Group also climbed higher in international employer rankings.

Engagement and opportunities

LVMH's diversity of cultures, professions and sectors offers unique career prospects for its employees. The public health situation meant fewer new recruits were taken on in 2020. However, LVMH opted to continue to develop high-quality links with future talent.

LVMH conducts an annual review of talent within each of its Maisons, divisions, functions and regions to identify opportunities for internal promotion. Managers and human resources teams work together to define the organization's future requirements in light of their Maison's strategy. They then identify the most promising individuals and incorporate them into their succession planning so they will have the opportunity to attain key positions within the Group. LVMH, through its rich ecosystem and the attention paid to its talent, offers solid long-term career prospects for its employees.

Turnover by geographic region

(as %)	2020	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets	2019	2018
Total turnover ^(a)	24.5	9.5	15.2	47.9	11.0	30.6	36.7	23.1	22.9
Of which: Voluntary turnover ^(b)	11.7	3.9	8.8	20.3	7.3	16.4	13.3	17.2	17.5
Involuntary turnover ^(c)	12.2	4.5	5.8	27.1	3.5	13.6	23.0	5.4	4.9

(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		
	2020	2019	2018	2020	2019	2018
Wines and Spirits	481	844	855	609	717	708
Fashion and Leather Goods	7,777	13,563	11,915	7,458	8,609	7,610
Perfumes and Cosmetics	3,486	7,468	8,113	5,165	6,340	6,343
Watches and Jewelry	924	1,799	1,697	1,036	1,253	1,124
Selective Retailing	9,190	16,719	17,176	17,503	16,508	15,458
Other activities	1,064	894	858	3,369	892	844
Total	22,922	41,287	40,614	35,140	34,319	32,087

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

In 2020, a total of 35,140 employees working under permanent contracts left the Group (all reasons combined); of these, 50% were employed within the Selective Retailing business group, which traditionally experiences a high turnover rate.

2.2 Recognizing talent through compensation

LVMH is keen to recognize, attract and motivate talented people by offering compensation that is generous relative to employee and market expectations. Salaries are benchmarked annually both in France and abroad to ensure that the Maisons are positioned appropriately, taking into account the specific characteristics of business lines and segments.

The Group is careful to reward performance appropriately. Variable compensation is linked to the financial results of each employee's company and the achievement of individual targets.

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 %)	2020	2019	2018
Less than 1,500 euros	1.4	1.9	1.5
1,501 to 2,250 euros	18.6	15.3	16.2
2,251 to 3,000 euros	21.6	22.6	22.8
Over 3,000 euros	58.4	60.2	59.5
Total	100.0	100.0	100.0

Personnel costs^(a)

Worldwide personnel costs break down as follows:

(EUR millions)	2020	2019	2018
Gross payroll – Fixed-term or permanent contracts	6,509.8	6,544.7	5,787.2
Employer social security contributions	1,629.8	1,619.3	1,490.9
Temporary staffing costs	315.7	324.0	306.0
Total personnel costs	8,455.3	8,488.0	7,584.2

(a) Indicators are taken from the HR reporting system, which covers 894 organizational entities. Unlike for financial reporting, workforce-related reporting excludes certain items when calculating total payroll: incentives and profit-sharing, bonus share awards and similar awards, and provisions related to bonuses.

Outsourcing and temporary staffing costs decreased year over year, accounting for 6.3% of the total worldwide payroll (versus 6.7% in 2019), 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 310.9 million euros in 2020, paid in respect of 2019, a decrease compared to the previous year.

(EUR millions)	2020	2019	2018
Profit sharing	139.3	138.3	131.4
Incentive	139.4	148.8	123.6
Employer's contribution to company savings plans	32.2	32.9	26.7
Total	310.9	320.0	281.7

2.3 Nurturing future talent

To secure its long-term success, LVMH must constantly inspire excellence. The Group is committed to attracting and training 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.

2.3.1 Institut des Métiers d'Excellence – Training in the luxury trades

The Institut des Métiers d'Excellence (IME) – the luxury sector's first work-linked training program in craftsmanship, design and sales – exists to pass on expertise and build up a talent pool for LVMH. Apprentices, whether starting out on their career or retraining to enter a new profession, receive technical and theoretical instruction at 22 prestigious partner schools and universities and put their experience into practice within 36 partner Maisons. The program is supplemented by foreign language courses and masterclasses.

Since 2014, IME has trained over 900 people in four countries (France, Switzerland, Italy and Spain), with a cumulative pass rate of 97%. The majority of people on the program join LVMH or its external partners.

In 2020, IME and its partners worked hard to ensure continuity of learning and create an authentic online experience both during and after lockdowns. IME also designed a new program in partnership with Pasticceria Cova and the Galdus school in Milan, bringing its total number of courses to 31. Lastly, LVMH announced a new partnership between IME and Campus d'Excellence des Métiers d'Art et du Design de Paris, initiated by France's Education Minister Jean-Michel Blanquer.

2.3.2 INSIDE LVMH – supporting the next generation

In 2020, most schools and universities closed or rethought their approach to face-to-face and remote learning. In these highly unusual circumstances, LVMH continued to support students,

2.4 Engaged employee management

Discrimination-free recruitment and development

LVMH is convinced that people, in their diversity, make all the difference and drive the Group's success. Recognizing that each person's unique contribution is a valuable asset, LVMH is keen to ensure that its workforce is drawn from all backgrounds, reflecting the diversity of its customer base. The recruitment and talent development policy ensures that the Group remains intently focused on diversity. LVMH makes sure each and every new recruit feels welcome and benefits from equal opportunities throughout their career. The Group implements practices to prevent any discrimination on the basis of skin color, sex, religion, political convictions, national or social origin, age, disability, trade union membership, sexual orientation or gender identity. The Diversity and Inclusion network ensures that this policy is implemented within Maisons and business lines. In 2020, the Group strengthened its approach in this area by hiring a North America Diversity and Inclusion Director.

helping them put together career plans and offering internships, apprenticeships and fixed-term or permanent contracts.

Midway through the year, LVMH also co-wrote a column in newspaper Les Echos in which it committed to maintaining the work-linked training recruitment targets put in place before the pandemic. As of December 31, 2020, more than 1,300 young people were working under apprenticeship or vocational training contracts (including the IME) across LVMH's French companies.

LVMH adapted most of its student events in light of the public health situation to enable students to continue to learn about the wide range of businesses and career opportunities offered by the Group. More than 200 initiatives were organized, the vast majority of which were held online: executive talks, discussion panels, recruitment sessions, business line presentations, discussions of business case studies, virtual tours, and so on. To recruit interns and apprentices in France for 2021, LVMH held "Start Your Journey with LVMH" virtual events in September and October that connected over 20 Maisons and 4,000 students. Meanwhile, US-based Maisons participated online in the National Black MBA Association Conference and Career Fair.

The Group renewed and strengthened its historical partnerships with 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. Most of these partnerships are aimed at immersing students in the world of the Maisons and having them work in conjunction with Group managers on innovative projects (such as packaging and product design with CSM, and launching an e-commerce website with Bocconi).

Promoting diversity and inclusion training

The Inclusion Index, designed to help monitor and strengthen diversity and inclusion across the Group, is sponsored by two members of the LVMH group's Executive Committee: Chantal Gaemperle, Director of Human Resources and Synergies, and Jean-Jacques Guiony, Group Chief Financial Officer. This tool highlights initiatives within the Maisons and encourages them to go further. In 2020, the Index counted 148 initiatives promoting gender equality and 65 in support of LGBTI people. The particularly hard-hitting initiatives of 2019 were honored with awards and celebrated on International Women's Day and during Pride Month in June.

LVMH has designed training in unconscious bias in decision-making and its effects. Starting in late 2019 and throughout 2020, the Group delivered this training to senior executives and encouraged its Maisons to roll out this type of training to managers.

Attracting and retaining talent

In 2020, 500 members of the human resources function took part in two “Black Lives Matter” webinars. The first was for the US-based HR team and the second for all the Group’s HR staff. Organized by the Group and moderated by the United States human resources team, these webinars were aimed at raising awareness among HR staff and empowering them to help create a fairer and more inclusive culture. They covered the issue of racial bias and its impact.

Open to talented people of all kinds

LVMH is constantly working to prevent any form of discrimination in its recruitment practices. This ambition is reaffirmed in the Code of Conduct and the Recruitment Code of Conduct. Recruiters identify candidates without any preference as to business line or segment. Starting in 2011, the Group and the Maisons have periodically held mandatory anti-discrimination training for recruiters. In 2020, the majority of these training sessions continued despite the public health situation. Recruiters completed in-depth sessions on the employer brand and implicit bias as part of a wider rollout of inclusion and diversity policies in line with changes in society.

LVMH regularly checks that its job offers do not include any discriminatory wording. Since 2008, the Group has been monitoring its recruitment practices by having an independent firm carry out discrimination testing on its posted job offers. These testing campaigns are run regularly and over long periods; since 2014, they have been worldwide in scope. This approach was supplemented by a first global statistical survey on discrimination risk in recruitment, the findings of which were put to use in 2020. Results are presented to Human Resources Directors at Group and Maison level, with appropriate measures adopted as necessary.

Committed to employment for people with disabilities

Thanks to its longstanding commitment to people with disabilities, LVMH was able to join the International Labor Organization (ILO) Business and Disability Network. On the International Day of Persons with Disabilities, the Group took the opportunity to reaffirm its commitment to inclusion for people with disabilities, whether through recruitment or accessibility.

This approach is coordinated by the Mission Handicap initiative, established in 2007 and supported by a network of 54 disability officers at the various Maisons, who meet regularly. In France, Sephora, Moët & Chandon and Ruinart entered into their own agreement with AGEFIPH, the country’s leading partner for employment for people with disabilities, in 2017. Hennessy, Christian Dior Couture and Parfums Christian Dior also have their own formal agreements with the organization.

The LVMH group has put into place a number of initiatives aimed at selecting and training people with disabilities and ensuring that they are optimally integrated into the workforce. Candidates are selected using the “Handi-Talents” process, which uses work-based role-play exercises to objectively identify

each individual’s aptitudes and skills. Around 50 people have participated in the program since its launch, and 36 people are still working under a vocational training contract or have successfully secured a job or further training or education (26 of whom within the Group). As a result of the public health crisis, the launch of the fourth intake of the EXCELLhanCE program was postponed until 2021. In world regions where LVMH has a presence, the Group and its Maisons organized a range of events in late 2020 highlighting partnerships with non-profits and stories of successful integration of employees with disabilities. In the United States, Sephora put in place a system to hire people with disabilities with an ambitious target: over 140 people with disabilities had already been hired under the system by end 2020.

LVMH also supports employees who report that they have a disability. The Maisons offer solutions on a case-by-case basis to help people keep their jobs, where necessary by making adjustments to their workspaces or helping them transition to a different role. In March 2011, to help employees keep their jobs, Moët & Chandon founded MHEA. With almost its entire workforce consisting of people with disabilities, this fully-fledged disability-friendly company enables some employees with disabilities to continue working in better conditions for the same pay. Since it was founded, MHEA has enabled over 80 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.

Worldwide, people with disabilities make up 1.2% of the LVMH group’s workforce. Due to changes in the legislative framework governing the compulsory declaration of employees with disabilities in France for fiscal year 2020, data consolidation was delayed and it has not been possible to publish figures for the year.

Gender equality

Gender diversity has long been an integral part of LVMH’s culture. Having signed the United Nations Women’s Empowerment Principles in 2013-2014, the Group and its Maisons are formally committed to gender equality and, in particular, gender diversity at the most senior levels, fair treatment, professional development for women, the promotion of equality, and transparency on results.

In 2020, 42% of key positions at LVMH were held by women, compared with 23% in 2007. The Group is aiming to achieve gender equality in key positions by 2025. Fifteen of the Group’s Maisons are led by women, two more than in 2019. Through its EllesVMH initiative, the Group is working closely with its Maisons to achieve this target and implementing coaching and mentoring programs (the EllesVMH Coaching program has been offered to around 30 women a year for over 10 years), specific programs and local networks. Furthermore, the Group scored 91 points out of 100 on the French government’s Gender Equality Index.

The Group also aims to achieve pay equity. Each Maison is putting in place initiatives and tools to reduce any pay gaps between women and men within a given professional category.

Lastly, LVMH is demonstrating and promoting its commitment. The Group celebrates International Women's Day every year. Although the Covid-19 crisis meant the celebrations were mostly digital, 2020 was no exception. LVMH also kicked off its first radio program, dubbed "Echo Day", hosted by journalist Marie Drucker and Chantal Gaemperle, Director of Human Resources and Synergies. A number of Maisons have showcased gender equality best practice. Examples include the Women@Dior mentoring program at Christian Dior Couture, Hennessy's Vignoble

au Féminin event honoring women winemakers, EllesVMH on Tour by Loro Piana, Sephora Poland's Fun.Tech.Future program for young women living in supportive housing or with foster families, and LVMH Japan's family concierge service. Lastly, the Group launched the first series of its "Tips to the Top" podcast, in which 11 women talk about how they have succeeded in career paths sometimes thought of as more male-oriented. These podcast episodes were distributed via the internal SHERO platform, currently being rolled out in app form.

A total of over 148 initiatives were implemented in 2020 in support of gender equality, involving almost 29,000 employees.

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

(% women)	Joiners			Group workforce		
	2020	2019	2018	2020	2019	2018
Breakdown by business group						
Wines and Spirits	49	45	45	38	38	38
Fashion and Leather Goods	66	65	66	67	67	69
Perfumes and Cosmetics	84	85	86	82	83	83
Watches and Jewelry	58	60	58	59	59	59
Selective Retailing	82	83	83	83	83	83
Other activities	37	42	33	38	37	35
Breakdown by professional category						
Executives and managers	64	65	65	64	65	65
Technicians and supervisors	67	68	67	66	68	68
Administrative and sales staff	79	79	80	79	80	81
Production workers	56	61	57	57	59	58
Breakdown by geographic region						
France	64	66	63	64	64	64
Europe (excluding France)	72	74	76	71	72	74
United States	80	79	80	75	78	79
Japan	71	73	69	73	73	74
Asia (excluding Japan)	73	75	76	76	77	77
Other markets	70	79	79	67	73	73
LVMH group	73	75	75	71	73	73

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

Supporting older employees

LVMH is proud of all its talented people, however young or old they may be. The most experienced employees play an especially important role in passing on expertise. LVMH aims to keep its older employees in work by continuing to offer them a motivating and fulfilling work environment. The Group is committed to offering an approach to career development that

recognizes the fact that working lives are getting longer and to adjusting roles or working hours if necessary. The Maisons offer end-of-career interviews, dedicated training, special working arrangements or even specific healthcare and retirement support arrangements.

3. A FULFILLING WORK ENVIRONMENT

LVMH is committed to offering its employees the optimum conditions in which they 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

3.1 Dialogue, training and career support

While the challenges of 2020 differed greatly from country to country, they were very demanding for everyone. LVMH worked hard to maintain the continued discussion and dialogue needed to meet these challenges head-on.

3.1.1 New solutions driven by the public health situation

The Group's decentralized structure meant it was able to continue supporting local staff and team development. Within the Group's Maisons, many innovative initiatives aimed at sharing learning and experience emerged spontaneously, boosted by local stakeholders' freedom to act.

At Group level, LVMH House's Group Learning & Development teams quickly suggested new ways of working and came up with new, more agile formats tailored to the needs of employees and executives at every level. Beyond simply digitalizing existing programs, LVMH forged a new approach to employee learning and development, very quickly implementing new ways of working, learning and managing.

3.1.2 Asking employees about their work

In 2020, LVMH worked particularly hard to listen to its employees and find out how they were coping in this unusual year. Midway through the year, LVMH launched its largest-ever survey of all employees worldwide. The LVMH Global Pulse Survey aimed to "take employees' pulse" and ask staff what they were learning through this experience. LVMH wanted to find out how employees were feeling and gather opinions about the Group's management of the crisis, as well as to ask how they saw the future of customer relationships and work culture and what they saw as essential aspects of leadership.

To supplement and help it better interpret quantitative feedback from the survey, the Group also interviewed 77 talented young employees, high-fliers and Chief Executives.

Through this survey, over 78,000 employees shared more than 180,000 very encouraging verbatim comments. In all, 56% of respondents said they felt motivated and confident. The vast majority (89%) praised the Group's and Maisons' handling of

best practice on health and safety, and fostering constructive labor relations. Amid last year's public health crisis, LVMH demonstrated innovation so as to be able to continue with its employee initiatives.

the Covid-19 pandemic and said they were proud to belong to the Group (93%) and to work for their Maison (91%). Their proposed priorities for the future have fueled a number of strategic initiatives. The Maisons began to launch these initiatives in October 2020 and the Group drew on them to launch Next Frontier, an ambitious project to evolve working arrangements and leadership at LVMH from 2021 onwards. Lastly, the sharing of the survey findings provided opportunities for valuable feedback and discussion between LVMH group executives and staff at the Group's Maisons.

3.1.3 Developing people and skills in an uncertain and demanding environment

In a world undergoing far-reaching change, LVMH is helping its employees adapt to technological and market developments and adopt new ways of working and managing. The LVMH group is sustainably committed to developing its employees' skills, expertise and knowledge so they can make an impact in demanding, fast-changing environments. Over the past year, the Group's human resources teams have worked particularly hard to meet employees' aspirations for greater empowerment: empathetic and inspiring leadership. Talented people share this desire to join or lead teams where there is a focus on listening, engagement and cooperation.

Teams responsible for development and training at every level of the Group quickly proposed and built new, agile ways of learning suited to remote working. Beyond just training, these initiatives have often also proved to be an effective way to stay in touch and, for some people, to overcome isolation. They have changed people's relationship with time and the training experience.

By offering new digital formats and new offerings, training seminars have reinvented relationships among learners and between learners and trainers. New short programs available to all are opening up new horizons for employees and triggering discussion on previously unexplored topics. Thanks to agile remote meeting tools, communities are now even more active, becoming places where new approaches can be tried out without fear, and where vocational training, knowledge, experience and high-impact practices are valued.

This new approach to training has reached many more employees: for example, seven times more people participated in initiatives run by LVMH House during the year. This new way of interacting yielded some major success stories. LVMH House Americas launched its “Monday Morning Memo” platform and LVMH House Japan kicked off its “L> C Digital Learning” program during lockdown. LVMH House Asia Pacific staff coordinated more than 20 business line communities. And the LVMH House London team created six online-only programs in the space of just a few weeks to help senior executives manage this complex and uncertain period.

LVMH placed a particular emphasis on strengthening its offering of seminars and programs to promote the following:

- understanding and promoting the LVMH group’s company culture;
- management and leadership through a range of programs aimed at young managers, experienced senior managers, high-fliers and executives covering topics like respect and inclusion, collective intelligence and collaborative working;
- excellence in strategic areas such as retail, supply chain, operations and the appeal of the Group’s brands;
- open innovation, by raising awareness of initiatives now recognized both in-house and outside the Group, such as DARE and LVMH’s La Maison des Startups.

3.1.4 Employees taking charge of mobility and career development

In a constantly changing world, keeping skills and knowledge up to date is crucial; the success of LVMH depends on it. Working to keep skills and knowledge up to date ensures that employees keep in step with changes in the working world and the market and helps them flourish in their roles. Furthermore,

the 80 countries where LVMH operates offer a wide variety of opportunities for job moves and experience for employees keen to embark on new personal and professional adventures on foreign soil. International mobility for managers and senior executives helps spread values, best practice and expertise throughout the Group’s global ecosystem. Against this backdrop, LVMH works to forecast its requirements in terms of jobs and skills and takes care to ensure that all employees can explore their own path and fulfil their ambitions in keeping with their particular aspirations, talent and motivations.

Annual interviews are held to review employees’ performance and career development. These interviews provide an opportunity for all managers and the vast majority of non-managers worldwide to have formal, constructive discussions with their line managers covering their performance, aspirations and career goals.

The Group takes a dual approach to helping employees prepare for their future within the organization: on the one hand, it offers a varied range of training and initiatives aimed at developing skills and expertise; and on the other, it offers concrete career opportunities within the LVMH ecosystem. Lastly, managers and human resources teams work together to provide employees with advice on career planning and learning.

Training investment

Overall, in 2020, training expenses incurred by Group companies throughout the world represented a total of 90.7 million euros, or 1.4% of total payroll. On top of this investment, in addition to everyday workplace training LVMH developed various new forms of learning in 2020, offering webinars daily at every level of the organization as well as discussions and learning pilots in employee communities. The diversity of these new, faster and more collaborative forms of learning means it is not currently possible to count them all. However, LVMH is convinced of their impact and relevance.

	2020	2019	2018
Training investment (EUR millions)	90.7	138.0	131.0
Proportion of total payroll (as %)	1.4	2.1	2.3
Number of days of training per employee	1.2	1.9	2.0
Average cost of training per employee (EUR)	631.0	930.0	943
Employees trained during the year (as %)	40.8	57.5	58.9

The average training investment per full-time equivalent employee was approximately 631 euros. In 2020, the total number of training days was 169,258, equivalent to around 736 people receiving full-time training for the entire year. In 2020, 40.8% of employees received training and the average number of days of training

was 1.2 days per employee. LVMH has opted here to count only training events lasting over three hours. As an illustration, if online remote training lasting under three hours is included, LVMH estimates that 66% of its workforce received training.

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

	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Training investment (EUR millions)	33.1	13.8	11.9	3.5	24.0	4.4
Proportion of total payroll (as %)	1.9	0.9	0.9	1.0	1.9	1.2
Employees trained during the year (as %)	36.8	36.6	26.2	54.9	53.5	46.9
Of which: Executives and managers	36.0	44.3	23.5	65.0	48.1	44.8
Technicians and supervisors	49.8	40.0	31.9	54.5	49.8	52.9
Administrative and sales staff	34.4	36.9	30.4	52.5	56.1	42.5
Production workers	32.5	29.2	13.1	20.0	26.4	67.1

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.

3.2.1 Ensuring health and safety for all staff

Employee health and safety are an absolute priority for which everyone is responsible. LVMH makes sure all its activities comply with health and safety laws and regulations in force in all the countries in which it operates. Beyond meeting its obligations, the Group is committed to implementing site-specific action plans, developing ergonomic workspaces, investing in the safety of tools and equipment, training employees and raising awareness of workplace health and safety issues, and continuously improving performance in respect of work-related accidents. LVMH thus pays particular attention to implementing best practice with regard to safety in the workplace.

Given the wide range of situations encountered within the various business groups, the Maisons implement their own approaches to ensure workplace health and safety and prevent accidents. Actions thus take a variety of forms under the banner of an overarching investment, certification and training program. Health, safety and ergonomics assessments are regularly conducted at workshops, vineyards, stores and headquarters, following which action plans are drawn up to address any needs identified.

Action is taken to improve ergonomics and reduce physical strain, particularly for those positions most exposed to physical or mental stress in workshops and at production facilities. The Group is also particularly attentive to working conditions for staff members over 50 and those with disabilities, aiming to enable them to continue working under optimal conditions.

A deterioration in health and safety performance had been observed over previous fiscal years. To reverse this trend, a dedicated working group established a diagnosis and proposed an action plan including the creation of a health and safety charter. Having been drawn up in 2020 and signed by a member of the Executive Committee, this charter will be disseminated starting in 2021.

In 2020, LVMH invested over 47.6 million euros in health and safety. These investments were allocated to occupational health, protective equipment, and continuous 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 53 million euros, or 0.8% of the Group's gross payroll worldwide.

LVMH also maintained its initiatives for awareness-raising and training in workplace safety and risk prevention. In 2020, 49,535 employees received training in these areas.

Lastly, during the Covid-19 pandemic, LVMH favored working from home. This was facilitated by the existence of agreements and charters already in place within the Maisons. LVMH provided all staff with protective equipment, hand sanitizer, face masks and Plexiglas shields to ensure continuity of operation. Working from home was the preferred option where compatible with an employee's role, facilitated by office equipment, technical infrastructure and close management, including advice on protective measures and postures and time management. The Group also encouraged the implementation of listening and advice systems such as the Employee Assistant Program within its Maisons. In mid-2020, a major survey dubbed Pulse was sent out to all employees asking them about how they had coped during the crisis.

	Number of accidents	Frequency rate ^{(a)(b)}	Severity rate ^{(b)(c)}
Breakdown by business group			
Wines and Spirits	102	7.88	0.26
Fashion and Leather Goods	333	3.71	0.11
Perfumes and Cosmetics	153	3.15	0.09
Watches and Jewelry	18	1.12	0.02
Selective Retailing	406	5.59	0.23
Other activities	146	9.04	0.25
Breakdown by geographic region			
France	612	13.31	0.43
Europe (excluding France)	218	3.51	0.06
United States	122	3.17	0.29
Japan	10	0.83	0.01
Asia (excluding Japan)	107	1.49	0.04
Other markets	89	3.47	0.05
LVMH group 2020			
2019	1,532	5.60	0.16
2018	1,416	5.55	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. Theoretical 2020 data from the OECD does not include hours not worked as a result of the public health crisis, with the result that frequency and severity rates are understated.

(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.

In calculating its overall absence rate, LVMH has opted to include all absences related to the Covid-19 crisis, including sick leave and paid or unpaid leave. The public health crisis had a significant impact, bringing the overall absence rate to 15.3% in 2020.

The Group has estimated the effect of the public health crisis on its overall absence rate: 10.2 percentage points were attributable

to the extraordinary circumstances linked to the crisis and its impacts, including lockdowns, family obligations, illness and quarantine. Excluding factors linked to the Covid-19 crisis, the estimated overall absence rate was therefore 5.1% in 2020, reflecting employees' strong commitment, motivation and trust in the Group and its Maisons. The absence rate in 2019 was 5.2%.

Absence rate^(a) by region and by reason

(as %)	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Illness	2.8%	4.3%	4.2%	1.8%	0.4%	1.4%	2.1%
Work/commuting accidents	0.1%	0.4%	0.1%	0.2%	0.0%	0.0%	0.1%
Parental leave	1.6%	1.3%	2.8%	0.8%	1.2%	1.5%	1.2%
Paid leave (personal leave and other paid leave)	7.7%	6.5%	11.7%	9.4%	5.0%	4.5%	7.0%
Unpaid leave	3.0%	0.5%	5.3%	4.1%	4.6%	2.9%	1.1%
Overall absence rate	15.3%	12.9%	24.1%	16.3%	11.3%	10.2%	11.5%
Estimated overall absence rate excl. Covid effect	5.1%	6.1%	7.3%	4.1%	3.2%	3.7%	3.4%

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

3.2.2 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: the Group in Europe, the Group in France and the Maisons. Employee representatives are consulted in accordance with locally applicable provisions.

At the European level, the SE Works Council is an employee representative body consisting of 28 members from the 22 European countries in which the Group's Maisons operate. The rules governing this body are laid down in an agreement that was unanimously approved by employee representatives from those 22 countries and by Group management on July 7, 2014. The SE Works Council handles transnational issues at the European level. It held one plenary meeting in 2020, on November 10.

The Group Works Council, established in 2005 and renewed in 2018, covers France. This 30-member body holds one plenary meeting each year. Through this representative body, delegates meet with the Presidents of all of the Group's business areas to exchange information on strategic direction, business and financial issues, employment trends within the Group and future prospects. The Group Works Council met on October 14, 2020.

In keeping with the Group's decentralized approach, representatives at each Maison deal with workforce-related issues specific to their entity.

In France, the Maisons have employee representative bodies known as CSEs (Comités Sociaux et Economiques). These CSEs combine employee representatives, the works council and the health and safety committee, or replace the DUP (Délégation Unique du Personnel) where such a body was in place. Each CSE's remit depends on the size of the Company's workforce. In companies with fewer than 50 employees, they present the employer with employees' individual or collective claims in relation to pay, compliance with the French Labor Code, and so on. For entities with 50 or more employees, CSEs ensure that employees' collective interests are taken into account in decisions relating to the Company's management, business development and financial performance, as well as professional training and production techniques.

In 2020, Group companies allocated a budget totaling over 27.5 million euros (1.6% of total payroll) to social and cultural activities in France via contributions to CSEs.

In the unusual circumstances of the Covid-19 crisis, meetings of employee representative bodies at Group and Maison level were held remotely to ensure that employee dialogue could continue unimpeded.

In 2020, employee representatives attended 1,754 meetings in France:

Type of meeting	Number
CSE: 50 or more employees	1,146
CSE: Fewer than 50 employees	296
Other	312
Total	1,754

As a result of these meetings, 143 company-wide agreements were signed in France.

3.2.3 Work-life balance and workplace well-being

LVMH is convinced that its employees are more fulfilled when they share the Group's vision. In mid-2020, the Group launched a survey to sound out all its employees worldwide. Over 78,000 employees – more than 50% of the Group's workforce – responded to the questionnaire. In all, 89% of respondents felt that management decisions at the LVMH group were well-informed, and 93% said they were proud to be part of the Group and their Maison.

Work-life balance is another factor that is essential to employee fulfilment. The Group's Maisons are careful to cultivate conditions conducive to a high quality of life at work. Workplace concierge services and childcare are becoming more and more widespread within the Group. For example, in France LVMH reserves 200 daycare places for use by its employees.

Worldwide, 16% of employees have variable or adjusted working hours, and 46% 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 or adjusted working hours	16%	26%	24%	1%	19%	13%	5%
Part-time	15%	11%	19%	30%	3%	5%	15%
Shift work or alternating hours	46%	12%	30%	72%	75%	67%	61%

(a) Percentages for France are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts). 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 staff	Production workers
Variable or adjusted working hours	26%	16%	53%	49%	2%
Part-time	11%	2%	6%	17%	21%
Shift work or alternating hours	12%	0%	19%	10%	26%
Employees given time off in lieu	8%	1%	13%	14%	11%

(a) Percentages are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts).

The total cost of overtime was 80 million euros, averaging 1.2% 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	1.2%	1.1%	1.0%	1.2%	2.6%	1.4%	0.7%

In spite of a particularly challenging public health and economic situation, the Group's priority has always been to protect its employees' health by working closely with occupational health, social services and innovative initiatives such as medical concierge services.