MANAGEMENT REPORT OF THE BOARD OF DIRECTORS: THE GROUP

Environment and sustainability

1. GENERAL ENVIRONMENTAL POLICY

While 2020 was dominated by an unparalleled public health crisis, it was also the year in which the Group took its corporate social responsibility policy to the next level, adding a new value – a commitment to inclusiveness, solidarity and the environment – to its three enduring values (creativity and a passion for innovation, a quest for excellence, and entrepreneurial spirit). Ever since LVMH put in place its pioneering environmental policy in 1992, environmental performance has increasingly taken its rightful place as a central aspect of the Group's determination to offer products of the highest quality. This policy is structured around a program called LVMH Initiatives for the Environment (LIFE), which comprises a set of commitments to meet quantified targets within a specified time frame and is implemented across all of the Group's Maisons. 2020 was both a year of reflection on LIFE 2020's achievements and preparation for LIFE 360, the successor program.

1.1 Organization of the Group's environmental approach

1.1.1 Governance

Reporting directly to Antoine Arnault, a member of LVMH's Board of Directors, the 10-member Environmental Development Department has the following objectives:

- roll out the LIFE (LVMH Initiatives for the Environment) program at the Maison level;
- guide Group companies' environmental policies, in compliance with the LVMH Environmental Charter;
- conduct internal audits to assess Maisons' environmental performance;
- monitor regulatory and technical developments;
- promote innovation and create management tools that address issues such as packaging design, supplier relations and regulatory monitoring;
- help the Group's companies safeguard against risks;
- train employees and raise environmental awareness at every level of the organization;
- define and consolidate environmental indicators through dedicated reporting;
- work with the various stakeholders involved (nonprofits, rating agencies, public authorities, etc.).

Each Maison also draws on its own in-house expertise in environmental matters. These experts make up a network of nearly 200 Environment Officers from Maisons, known as the Environment Committee, which meets several times a year, in particular to share and discuss best practices.

In 2003, the Group joined the United Nations Global Compact, which aims to promote responsible corporate citizenship through business practices and policies based on ten universal principles, including the following three relating to the environment:

- adopt a precautionary approach to environmental challenges;
- promote greater environmental responsibility;
- encourage the development and widespread adoption of environmentally friendly technologies.

In addition, LVMH's ability to drive continuous improvement is closely tied to the Group's success at making sure that its 150,200 employees understand their role as active participants in its approach to environmental matters. The Environment Department thus works to inform, train and raise awareness among employees with regard to the conservation of natural resources and biodiversity, as well as climate change. In 2016, the Group established an in-house Environment Academy to serve this role. The Academy designs training programs based on the major objectives of the LIFE program, using a range of learning materials – including face-to-face training sessions, e-learning modules and virtual classes – covering a large number of subjects, from sustainable design to environmental audits. Sustainable design training was delivered in 2020 focusing on products, stores and also biodiversity. In addition, almost all Maisons continued with their employee environmental training and awareness programs. These programs totaled 15,380 hours.

In 2020, the Group was included in the main indices based on responsible investment criteria: FTSE4Good Global 100 (4.4/5), Euronext Vigeo Eurozone 120, ESI (Ethibel Sustainability Indices) Europe, SAM (Industry Mover 2021), CDP Climate (B), CDP Water (B) and CDP Forests (B). LVMH also took part in the "Wake-Up Call on the Environment" student manifesto organized by several French schools.

1.1.2 Risk identification

The main environmental risks identified at the Group level relate to the following topics:

1. impacts on ecosystems;
2. depletion of natural resources;
3. setting up and maintaining responsible supply chains.

The policies implemented and their results are set out in the following sections.

The full materiality matrix provides detailed information on the following environmental issues relating to the Group's business activities:

	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing

Depletion of energy resources and climate change	- Grape growing;
	- Packaging production;
	- Distillation;
	- Transportation of products.
		- Store lighting and air conditioning;
		- Transportation of products;
		- Production of resources needed to manufacture products:
		  - Plant fibers used for textiles (cotton, etc.),
		  - Leather, including exotic leather,
		  - Fur,
		  - Wool.
			- Packaging production;
			- Store lighting and air conditioning;
			- Transportation of products.
				- Store lighting and air conditioning.	- Store lighting and air conditioning;
					- Transportation of products.

Impact on water resources	- Water consumption (vineyard irrigation in Australia, New Zealand, Argentina and California); - Production of effluents containing organic matter during winemaking and distillation.	- Water consumption (crocodile farms and tanneries); - Production of effluents containing organic matter.	- Water consumption (production and transformation of raw materials).	- Water consumption during the extraction of mineral resources needed to manufacture products; - Production of effluents containing mineral matter.	

Impact on ecosystems (including deforestation and desertification) and depletion of natural resources	- Production of plant resources needed for other production processes (grape vines, barley, rye, etc.)	- Production of resources needed to manufacture products:
		  - Plant fibers used for textiles (cotton, etc.),
		  - Leather, including exotic leather,
		  - Fur,
		  - Wool;
		- Eider down;
		- Farming and trapping practices concerning raw materials of animal origin.
			- Production of plant resources needed to manufacture products (rose, jasmine, etc.).	- Extraction of resources needed to manufacture products:
				  - Gems and precious metals,
				  - Exotic leather;
				- Farming and trapping practices concerning raw materials of animal origin.	

Waste production	- Production of residues from winemaking or distillation processes and packaging waste.	- Unused raw materials, obsolete and unsold products, window displays and events.	- Point-of-sale advertising, packaging waste, and obsolete and unsold products.	- Scrap metal.	- Point-of-sale advertising, packaging waste, and obsolete and unsold products.

1.1.3 Environmental expenses

Environmental expenses are recognized in accordance with the recommendations of the Autorité des Normes Comptables, France's accounting standards authority. Operating expenses and capital expenditure are recognized against each of the following items:

- air and climate protection;
- wastewater management;
- waste management;
- soil protection and purification;
- noise and vibration reduction;
- conservation of biodiversity and other environmental protection measures;
- research and development.

In 2020, expenses related to environmental protection broke down as follows:

- operating expenses: 24.4 million euros;
- capital expenditure: 10.4 million euros.

Provisions for environmental risks amounted to 12.4 million euros as of December 31, 2020. This amount corresponds to the financial guarantees required by law for Seveso upper-tier establishments.

1.2 The LIFE program

Signed in 2001 by the Group's Chairman, the Environmental Charter is the founding document for LVMH's five main aims with regard to the environment:

- striving for high environmental performance;
- encouraging collective commitment;
- managing environmental risks;
- designing products that factor in innovation and environmental creativity;
- demonstrating a commitment to wider society.

The Environmental Charter also encourages all Maison Presidents to become directly involved in the approach through concrete actions, and requires each Maison to set up an effective environmental management system, create think tanks to assess the environmental impacts of its products, manage risks, and adopt environmental best practices. The Environmental Charter has guided LVMH's environmental commitments and its program of actions.

1.2.1 Overview of the LIFE program

Launched in 2011, the LIFE (LVMH Initiatives for the Environment) program is designed to reinforce the incorporation of environmental concerns into brand strategy, facilitate the development of new coordination tools, and take into account developments and improvements arising from innovative practices at Maisons.

The Maisons have incorporated the LIFE program into their strategic plans since 2014. The LIFE program was implemented by a Steering Committee at each Maison and is based on nine key aspects of environmental performance:

- environmental design;
- securing access to strategic raw materials and supply chains;
- traceability and compliance of materials;
- suppliers' environmental and social responsibility;
- preserving critical expertise;
- reducing greenhouse gas emissions;
- environmental excellence in manufacturing processes;
- product life span and reparability;
- keeping customers and key stakeholders informed.

1.2.2 LIFE 2020

In 2016, the Group set the Maisons four common goals for 2020 under the LIFE program based on the environmental risk mapping, with 2013 as the reference year:

- sustainable product design: the Group's Maisons had been set a target of making their products more environmentally friendly by the end of 2020. The Group's Perfumes and Cosmetics Maisons, and Wines and Spirits Maisons undertake to improve their Environmental Performance Index (EPI) score by 10%. The Group's Fashion and Leather Goods Maisons, and Watches and Jewelry Maisons are working to reduce their environmental footprint arising from the sourcing of raw materials;
- suppliers and raw materials: the Maisons had to ensure that the strictest standards were rolled out covering their procurement of supplies of strategic raw materials and their suppliers across 70% of the supply chain by 2020 and 100% by 2025;
- cutting energy-related CO_2 emissions by 25% by raising the proportion of renewables in the Group's energy mix to at least 30%, improving store energy efficiency by 15%, and ensuring that new stores achieve a minimum performance of 50% according to the LVMH Store Guidelines score chart;
- make all production sites and stores more environmentally friendly: Maisons undertake to reduce at least one of three indicators (water consumption, energy consumption and waste production) by 10% at each of their sites, and to have an effective environmental management system focused on continuous improvement.

1.2.3 Preparations for LIFE 360

LIFE 2020 came to a close at the end of 2020. The results show that the majority of targets were met and also highlight areas for improvement in the future. The results of LIFE 2020 were used to draw up LIFE 360, the Group's new program of commitments, and the Maisons are all determined to make even more rapid progress. Other work was involved in preparing the new program:

- priorities set jointly with the Maisons and via the various consultative bodies: the LVMH Science Committee; the Future of Luxury Commission (established in July 2020 and made up of leading outside figures from various disciplines); and work sessions with students and young employees;
- updates to the analysis of risk factors;
- analysis of the Sustainable Development commitments made by certain LVMH Maisons. This is the case for Louis Vuitton, which has committed to achieve the following by 2025: set up or maintain responsible supply chains for 100% of its raw materials; map out a climate trajectory approved by the Science Based Targets initiative; and promote circular creativity by committing to sustainable design for all its products. At the end of 2020, Moët Hennessy had made all of its own vineyards in the Champagne region herbicide-free as part of its Living Soils program; Hennessy will do the same in 2021 for its own vineyards and by 2028 for its independent grape suppliers;
- LVMH Climate Week, held from December 8 to 11, 2020, offered a week-long program of discussions and meetings with experts on climate and biodiversity-related topics for the Group's 150,200 employees;

- the calculation of the Group's environmental footprint for its entire value chain, including Scope 1, 2 and 3 emissions, covering issues relating to climate change, biodiversity and water.

LIFE 360, LVMH's new roadmap produced on the basis of all this work, lays down commitments for the periods to 2023, 2026 and 2030 and action plans to reach the target of 100% of products having a positive footprint by 2030. It has been presented to the Board of Directors and to all Executive Committee members and is predicated on four action programs:

- the circular economy innovation action program covering the sustainable design of products and packaging and their ultimate fate (unsold items and use), as well as efforts to find alternative materials;
- the animal and plant biodiversity promotion and protection action program applying the strictest standards to all the strategic supply chains without exception and implementing an agricultural regeneration plan;
- a climate action contribution program, which aims to achieve a carbon trajectory compatible with the Paris Agreement for Scopes 1, 2 and 3, with four main elements: exclusive use of renewable energy by production sites and stores, an action plan dedicated to green e-commerce, increase in the share of maritime transportation for freight, and a supplier carbon footprint plan;
- a traceability and transparency program that aims to roll out traceability initiatives covering all strategic raw materials and tools for sharing environmental and/or social information at product level.

1.3 2020 reporting scope

The environmental indicator reporting process covered the following scope in 2020:

Production facilities, warehouses and administrative sites *(number)*	**2020**
Sites covered[(a)]	271
Sites not covered[(b)(c)]	174
Total number of sites	**445**

(a) Integration of new sites (Belmond and Louis Vuitton). Removal of Pink Shirtmaker from the reporting scope.
(b) Main components: certain regional administrative sites of Louis Vuitton and Moët Hennessy as well as administrative sites with fewer than 20 employees.
(c) The Belmond group was added to the reporting scope; three hotels were included in a portion of indicators.

95% of production sites are covered. The manufacturing, logistics and administrative sites that are not covered by environmental reporting are essentially excluded for operational reasons and their environmental impact is not material. A plan to gradually include them is underway.

The total store floor space used to calculate energy consumption, greenhouse gas emissions and water consumption is as follows, expressed as a percentage of the Group's total store floor space:

	% of Group's total store floor space taken into account in calculating energy consumption and greenhouse gas emissions[(a)]	
	2020	**2019**
Group total	**73**	**65**

(a) The reporting scope does not cover the stores operated under franchise by Fashion and Leather Goods, Perfumes and Cosmetics, and Watches and Jewelry.

The total store floor space of the main Maisons used to calculate energy consumption and greenhouse gas emissions is as follows, expressed as a percentage of the total store floor space of each Maison:

	% of Maison's total store floor space taken into account in calculating energy consumption and greenhouse gas emissions[(a)]	
	2020	**2019**
DFS	77	77
Louis Vuitton	64	69
Sephora (North America and Latin America)	63	63
Sephora (Europe, Asia and Middle East)	69	64
Le Bon Marché	100	100
Christian Dior Couture	74	64

(a) The reporting scope does not cover the stores operated under franchise by Fashion and Leather Goods, Perfumes and Cosmetics, and Watches and Jewelry.

Calculations of energy consumption and greenhouse gas emissions also include certain stores operated by all Maisons in the Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry, and Selective Retailing business groups.

Stores for Sephora in China, Rimowa, Cha Ling, Francis Kurkdjian and Parfums Givenchy are excluded from the scope.

For waste production and water consumption, only certain stores operated by DFS and stores operated by the Le Bon Marché group are included.

2. LIFE 2020 – "PRODUCTS" TARGET

LVMH's Maisons have always worked to limit the impact of their products on the natural environment by improving the environmental performance of each product and taking its entire life cycle into account. The other LIFE 2020 targets cover the environmental impact of the steps involved in sourcing raw materials, production, transport and sales. With respect to the "Products" target, sustainable design is the key priority for all of the LVMH group's Maisons. Two of its essential components are the guarantee of superior quality and a constant focus on innovation. In taking up this challenge, the Maisons have access to the range of tools developed with their input by the Environment Department, including a materials library and tools such as Edibox that are used for the environmental assessment of packaging.

2.1 Results for LIFE 2020 "Products" targets

Edibox is a web-based tool that calculates Environmental Performance Indices (EPIs) for product packaging as well as the carbon footprint of the materials used to manufacture this packaging. This calculation results in a score for each product's packaging, depending on its weight and volume, the number of layers of packaging used, and the separability of the various components. Positive points (for rechargeable packaging, recycled materials, etc.) and negative points (for packaging features that hinder recycling, etc.) are also included in calculating scores.

The LIFE 2020 target to improve EPI scores by 10% by 2020 was met by all of the Group's Perfumes and Cosmetics Maisons and by Hennessy. In 2020, 84% of products developed by the champagne houses were rated 14 or higher but they did not reach the target.

Progress toward meeting the LIFE 2020 "Products" targets:

Indicators	Baseline	Performance in 2020	Target for 2020
EPI score for Perfumes and Cosmetics packaging	8.32	9.15 (+10%)[a]	+10%
EPI score for Wines and Spirits packaging	Champagne: 16.03 Cognac: 10.60	16.1 (+0.5%) 13.9 (+31%)	+10%

(a) Maisons included: Guerlain, Parfums Christian Dior, LVMH Fragrance Brands, Benefit, Bvlgari and Make Up For Ever.

The Group's Fashion and Leather Goods Maisons, and Watches and Jewelry Maisons are working to reduce their environmental footprint arising from the sourcing of raw materials, which is the step that generates the most substantial environmental impact. For the analysis of the LIFE 2020 "Products" targets relating to these two business groups, it was decided to refer to the "Sourcing" targets.

2.2 Change in packaging volumes

The quantities of packaging consolidated by the Maisons concern the following items:

- Wines and Spirits: bottles, boxes, caps, etc.
- Fashion and Leather Goods: boutique bags, pouches, cases, etc.
- Perfumes and Cosmetics: bottles, cases, etc.
- Watches and Jewelry: cases, boxes, etc.
- Selective Retailing: boutique bags, pouches, cases, etc.

Packaging used for transport is not included in this breakdown.

For the Group as a whole, the 22% decrease in packaging volumes in 2020 was partly due to the Covid-19 crisis, but should not overshadow the sustainable packaging design efforts made by all of the Maisons. For example, Sephora includes recycled raw materials as well as plant-based plastics in its packaging and aims to eliminate the use of virgin plastics derived from fossil fuels by 2025. Ruinart launched its minimalist "second skin" packaging, which is nine times lighter than existing boxes and fully recyclable. Louis Vuitton launched the LV Pack in Green program. This applies to both packaging used by suppliers to ship products and packaging for sales and marketing purposes. The Maison's goal is to improve the durability of packaging in three main ways at the design stage: cutting the size and environmental impact of the materials used to manufacture them, using recycled materials, and cutting out single-use plastics.

The weight of packaging that reaches customers changed as follows between 2019 and 2020:

(in metric tons)	**2020**	**2019**	**2020 pro forma [1]**	**Change [1]** *(as %)*
Wines and Spirits	141,224	181,319	141,224	(22)
Fashion and Leather Goods	13,090	13,375	12,871	(4)
Perfumes and Cosmetics	23,163	31,115	23,163	(26)
Watches and Jewelry	3,274	4,416	3,121	(29)
Selective Retailing	4,541	6,375	4,541	-
Other activities	1	2	1	(50)
Total	**185,293**	**236,602**	**184,921**	**(22) [a]**

(a) Change related to lower business levels and sustainable packaging design.

The total weight of packaging that reaches customers, by type of material, broke down as follows in 2020:

(in metric tons)	**Glass**	**Paper/ Cardboard**	**Plastic**	**Metal**	**Fabric**	**Other packaging materials**
Wines and Spirits	124,759	12,617	1,103	1,434	63	1,246
Fashion and Leather Goods	305	10,997	184	73	1,490	42
Perfumes and Cosmetics	11,762	4,098	5,607	1,479	77	141
Watches and Jewelry	1,232	864	741	118	112	207
Selective Retailing	287	2,562	1,527	80	64	21
Other activities	-	1	-	-	-	-
Total	**138,345**	**31,139**	**9,162**	**3,184**	**1,806**	**1,657**

(1) Value and change at constant scope.

3. LIFE 2020 – "SOURCING" TARGET

3.1 Overview of the Sourcing policy

LVMH's heavy dependence on natural resources, together with its strong values and commitments, prompted the Group to put in place a sustainable sourcing policy a number of years ago. LVMH pays very close attention to the traceability and compliance of the materials and substances used to manufacture its products. The Group promotes responsible purchasing practices and works to ensure that its supply chains are more environmentally sustainable, in close collaboration with its suppliers and subcontractors.

The LVMH group implemented a strategy for sourcing and preserving raw materials, governed by the LIFE 2020 targets, which committed Maisons, by 2020, to buying and producing at least 70% of their core raw materials in accordance with optimum environmental standards for raw material sourcing and production sites. Choosing which components to use is an essential part of preserving the environment, especially rare resources that are vital for product manufacturing. The "Sourcing" target concerns the following raw materials in particular:

- grapes;
- leathers, raw lamb and calf skins, exotic leathers and furs;
- cotton;
- gems and precious metals;
- palm oil and its derivatives;
- regulated chemicals. All the Maisons have incorporated the requirements of international regulations, including REACH, into their contractual documents so as to engage all suppliers in this undertaking.

Furthermore, the Maisons have implemented procedures to ensure that all of their products comply with CITES, a convention on international trade in endangered species. Through a system of import-export permits, this convention was set up to prevent overexploitation of certain species of endangered fauna and flora.

LVMH's sourcing policy is one of the ways in which the Group helps to protect plant and animal species. In addition, LVMH has been active for more than 10 years alongside many partners working to conserve biodiversity. LVMH was the first private-sector entity to join the eight public research bodies on the Board of Directors of the French Foundation for Research on Biodiversity (FRB). In 2019, LVMH stepped up its involvement by signing a five-year partnership with UNESCO to support its intergovernmental scientific program, "Man and the Biosphere" (MAB). This tool for international cooperation is aimed at protecting global biodiversity. Both partners will appear side by side at international events. For example, the Group's Maisons draw on UNESCO's scientific expertise and its network of 686 biosphere reserves to develop their sustainable sourcing policies. For example, in connection with UNESCO's Man and the Biosphere (MAB) intergovernmental scientific program, Guerlain has launched a five-year plan aimed at training and supporting female beekeepers, while putting structures in place to pass on their knowledge and skills. In 2020, LVMH renewed its commitment to act4nature by taking part in the act4nature international initiative and also joined the Science Based Targets for Nature (SBTN) corporate engagement program. Lastly, in 2020, LVMH calculated its environmental footprint for its entire value chain, including Scope 1, 2 and 3 emissions, covering issues relating to climate change, biodiversity and water. Some biodiversity impact indicators are geolocalized to allow for analysis at a more granular level and the implementation of specific action plans for some regions.

LVMH has also implemented many tools to improve and monitor the use of chemicals in products. These are described in §5.3 "Unrelenting focus on quality and safety".

3.1.1 Wines and Spirits

The Wines and Spirits business group is actively committed to sustainable and/or organic winegrowing, both of which are helping to considerably reduce its environmental impact, in particular by limiting the use of plant protection products.

Stepping up the roll-out of sustainable and/or organic winegrowing at the Maisons' vineyards and among independent grape suppliers has thus been adopted as a LIFE 2020 target. Various certification systems have been established across winegrowing regions: Viticulture Durable en Champagne for champagne houses, Haute Valeur Environnementale (HVE) 3 for cognac, organic farming for certain vineyards, Napa Green in California, etc. At the Vinexpo Paris trade fair in February 2020, Moët Hennessy presented an overview of these different winegrowing models and announced the creation of a "University of Living Soils" to help step up the ecological transition.

3.1.2 Fashion and Leather Goods

The Fashion and Leather Goods business group has adopted five major targets for 2020:

- at least 70% of leather purchased from LWG-certified tanneries. LWG certification is a standard created by the Leather Working Group to improve the environmental performance of tanneries (energy, water, waste, traceability);
- at least 70% of cotton purchased from sustainable cotton sources. The Group has joined the Better Cotton Initiative (BCI), which has developed a standard to encourage measurable improvements in the main environmental impacts of growing cotton on a global scale;
- certification for all crocodile farms supplying the Group's tannery;
- at least 80% of pelts supplied by certified fur farms by the end of 2019, in particular by rolling out FurMark certification;
- integration of the Animal Sourcing Principles – developed with Business for Social Responsibility (BSR) – into supplier contracts. LVMH shares civil society's aim of improving animal welfare, as reflected in the Group's Animal-Based Raw Materials Sourcing Charter unveiled in 2019. It is supported by a consultative Science Committee that helps support scientific research. This work is the result of a long process of research and collaboration between LVMH's environmental experts, its Maisons and its suppliers. Taking a comprehensive approach, the charter addresses the full range of issues involved in the sourcing of fur, leather, exotic leather, wool and feathers, with commitments to achieving progress in three areas: full traceability in supply chains; animal farming and trapping conditions; and respect for local communities, the environment and biodiversity. In 2020, following rigorous work with their partner suppliers, the Group's Maisons achieved country-of-origin visibility on 97% of fur supplies, 72% of wool supplies and 43% of supplies of exotic materials.

3.1.3 Perfumes and Cosmetics

The Perfumes and Cosmetics business group has set LIFE 2020 targets relating to its suppliers and supply chains, in particular by developing a system to assess their environmental and social performance. Initial performance targets have been set for suppliers of packaging and ingredients. The business group also takes part in specific initiatives related to the sourcing of palm oil (RSPO) and mica (RMI). The Group's Research & Development Department and Maisons have been carrying out ethnobotanical studies for a number of years. They seek to identify plant species with a particular interest as components of cosmetic products while contributing to the preservation of these species and to local economic development. This partnership can take a variety of forms such as financial support, technical or scientific assistance, or skills sponsorship, sharing the expertise of LVMH's staff with its partners. As part of this initiative, Parfums Christian Dior's Dior Gardens are plots dedicated to cultivating plant species chosen for their exceptional properties. Guerlain has also launched a number of partnerships focused on orchids in China, vetiver in India, honey in Ouessant in France, sandalwood in Asia and lavender from the south of France.

3.1.4 Watches and Jewelry

All of the Watches and Jewelry Maisons have received certification under the Responsible Jewellery Council's Code of Practices standard, known as RJC CoP. As part of the LIFE 2020 targets, and in line with this certification, which applies to their gold and diamond supply chains, they expanded their responsible sourcing efforts. Bvlgari is particularly active in this area, and has become the first company in its market to obtain the Chain of Custody (CoC) certification for its jewelry business. In 2020, the RJC gave eight Maisons training in the new RJC CoP v.2019 at the Group's request. The Group and its Maisons are also involved in the Coloured Gemstones Working Group (CGWG) run by The Dragonfly Initiative, which aims to promote environmental and social best practices in the sourcing of colored gemstones. In 2020, the CGWG released the Gemstones and Jewellery Community Platform (GJCP), which makes all the tools developed by the initiative available to industry players on an open-source basis. Four Maisons used these tools in 2019 and 2020 to rate almost a hundred colored gemstone suppliers.

3.2 Results for LIFE 2020 "Sourcing" targets

The target of certified sourcing meeting the highest standards is underpinned by specific audits meeting the stated given requirements (number and frequency). The public health crisis disrupted the audit schedule and impacted the LIFE 2020 review of the sourcing target. It was reached in certain sourcing channels. For example, the rate of leather from LWG-accredited tanneries rising from 25% in 2013 to 74% by 2020, and sustainable winegrowing certification was gained for 100% of directly-operated French vineyards, with an increase from 58% to 90% for Group vineyards outside France between 2019 and 2020. Roundtable on Sustainable Palm Oil (RSPO)-certified palm oil and derivatives now make up 91% of purchases by the Group's Maisons. The percentage of sustainable cotton purchased by the Group's Maisons jumped from 2% in 2013 to 51% in 2020, albeit short of the 70% target.

Progress toward meeting the LIFE 2020 "Sourcing" targets:

Indicators	Baseline (2013)	Performance in 2020	Target for 2020
Wines and Spirits			
Sustainable Winegrowing Certification *(certified grapes by weight, as %)*	LVMH vineyards: French vineyards: 100%	LVMH vineyards: French vineyards: 100% Rest of the world: 90%	LVMH vineyards: French vineyards: 100% Rest of the world: 100%
	Independent grape suppliers: Champagne: 7%	Independent grape suppliers: Champagne: 24%	
Fashion and Leather Goods			
LWG-certified tanneries *(leather from certified tanneries by weight, as %)*	25%	74%	70%
Certified cotton *(GOTS- or Better Cotton-certified cotton by weight, as %)*	2%	51%	70%
Perfumes and Cosmetics			
Perfume ingredient supplier performance (Tier 1 suppliers covered by environmental/social audits, as %)	64	82	90
Cosmetics ingredient supplier performance (Tier 1 suppliers covered by environmental/social audits, as %)	56	78	80
Palm oil derivatives *(RSPO-certified Mass Balance or Segregated palm oil derivatives by weight, as %)*	0%	91%	70%
Watches and Jewelry			
Diamonds: RJC COP certification *(carats of diamonds from COP-certified direct suppliers, as %)*	90%	99%	100%
Gold: RJC COP certification	94%	79%	100%
RJC CoC certification *(For Maisons without CoC certification, gold is included within the reported indicator if it is sourced from CoC-certified precious metal refiners, regardless of any intermediate subcontractors between the precious metal refiner and the Maison)*	-	77%	100%

4. LIFE 2020 – "CLIMATE CHANGE" TARGET

Combating climate change is a major focus of LVMH's environmental policy. The Group has often played a pioneering role in this area. In the early 2000s, for example, it took part in testing the carbon assessment method that would later become the Bilan Carbone®. In 2015 it was also the first luxury company to set up an internal carbon fund.

The Group is pursuing four priorities for action to mitigate the climate impact of its activities:

- the improvement in the environmental profile of stores, which represent the main source of the Group's energy consumption,
- greater use of renewable energies at production sites, administrative sites and stores;

- sustainable transportation, using several different methods: an emphasis on local sourcing, use of trains and boats where possible, supply chain optimization, and electric vehicles for deliveries. The Group is looking to champion sustainable transportation via alliances, including the Sustainable Air Freight Alliance (SAFA), which aims to track and reduce air freight-related carbon emissions and to promote responsible freight transportation;
- a lower carbon footprint for raw materials, products and packaging: dedicated policies are being implemented by each business group, with the involvement of suppliers, such as independent grape suppliers, livestock farmers and growers.

Five years on from the Paris Agreement, the Group held LVMH Climate Week from December 8 to 11, 2020 to instill a genuinely carbon impact-focused culture. A week-long slate of events was organized for its 150,200 employees, encouraging them all to play their part by heeding the call to: "Be the Change". Round tables and online discussions with various experts and scientists covered topics such as the link between the climate and biodiversity, and how to define what carbon-neutral actually means. LVMH Climate Week also provided an opportunity to review the Maisons' carbon performances as part of preparations for the LIFE 360 program. On the final day of this event, 49 practical solutions to protect the environment were presented in a Solutions Showroom. The Group sourced around 20 of these solutions from among those accredited by Bertrand Piccard's Solar Impulse Foundation, delivering on its commitments set out in the partnership entered into in 2019.

Innovation also acts as a powerful driver of the Group's Climate policy. Innovations stemming from use of LVMH's Carbon Fund complement the joint development of clean technologies alongside the Solar Impulse Foundation.

Created in 2016, the LVMH Carbon Fund aims to drive carbon innovation. Each Maison's expected annual contribution is calculated by multiplying the greenhouse gas emissions resulting from its business activities by the carbon price set by LVMH, which went from 15 to 30 euros per metric ton in 2018. The amount thus obtained must be invested the following year in projects aimed at reducing emissions. With 44 million euros invested since its inception, the 361 projects approved by the Carbon Fund have avoided a total of 12,800 metric tons of greenhouse gas emissions. In 2020, the LVMH Carbon Fund invested 3.8 million euros in 23 projects that could help avoid 892 metric tons of greenhouse gas emissions per year. Amidst the public health crisis and context of economic uncertainty, the Maisons were not able to contribute to the Carbon Fund to the same extent as in past years, and some planned investment projects were postponed until 2021.

4.1 Energy efficiency and renewable energy

Improving energy efficiency and expanding the use of renewable energy are the main thrusts of LVMH's strategy to limit its carbon footprint, an approach that also entails better energy management, which is vital to help reduce overall energy consumption.

4.1.1 Energy consumption

Total energy consumption amounted to 998,817 MWh in 2020 for the Group's subsidiaries included in the reporting scope. This corresponds to primary energy sources (such as fuel oil, butane, propane and natural gas) added to secondary energy sources (such as electricity, steam and ice water) mainly used for the implementation of manufacturing processes in addition to buildings and stores' air conditioning and heating systems. Power consumption by stores not covered by reporting (27% of the total sales floor area) estimated based on consolidated figures stands at 150,842 MWh.

Energy consumption by business group changed as follows between 2019 and 2020:

(in MWh)	**2020**	**2019**	**2020 pro forma [1]**	**Change [1]** *(as %)*
Wines and Spirits	214,226	223,395	214,226	(4)
Fashion and Leather Goods	368,275	394,620	356,003	(10)
Perfumes and Cosmetics	93,267	93,923	90,419	(4)
Watches and Jewelry	37,688	40,726	35,405	(13)
Selective Retailing	250,901	286,142	232,281	(19)
Other activities	34,460	21,086	18,319	(13)
Total	**998,817**	**1,059,892**	**946,653**	**(11) [a]**

(a) Approximately 10% of the reduction was related to the impact of the public health crisis and store closures. The Wines and Spirits and the Perfumes and Cosmetics business groups were not affected to the same extent because they operate fewer stores.

(1) Value and change at constant scope.

Energy consumption by business group and by energy source was as follows in 2020:

(in MWh)	Electricity	Natural gas	Heavy fuel oil	Fuel oil	Butane/ Propane	Steam	Ice water	Renewable energies
Wines and Spirits	15,279	85,288	-	26,326	2,139	-	-	85,194
Fashion and Leather Goods	144,551	97,518	-	13,693	4,882	1,974	3,282	102,375
Perfumes and Cosmetics	11,012	31,633	-	2,127	-	646	-	47,850
Watches and Jewelry	9,758	4,961	-	408	150	779	254	21,377
Selective Retailing	105,513	9,891	-	224	-	3,776	7,111	124,386
Other activities	10,507	8,870	-	698	21	1,147	2,819	10,398
Total	**296,620**	**238,161**	**-**	**43,476**	**7,192**	**8,322**	**13,466**	**391,580**

4.1.2 Renewable energies

Alongside actions to reduce its fossil fuel consumption, LVMH is rapidly expanding its use of renewable energy. Between 2013 and 2020, the proportion of renewables in the Group's energy mix rose from 1% to more than 39%. Framework agreements signed with energy suppliers have been one of the main drivers of the Group's progress in this area. The first of these dates back to 2015 and supplies green electricity to more than 90% of LVMH's sites in France, belonging to 23 of its Maisons. A similar agreement was signed in 2016 for the supply of electricity to several Maisons in Italy and a third is in preparation for sites in Spain. Many sites have also installed solar panels or geothermal systems. As of 2019, all of Sephora's sites in the United States are powered by green electricity. The other driver is the use of biogas, which is either produced from production waste (Glenmorangie since 2017) or purchased (biomethane with a regional guarantee of origin sourced by Hennessy in 2020).

4.2 Greenhouse gas emissions

4.2.1 Direct emissions (Scope 1) and indirect emissions (Scope 2)

Scope 1 emissions are those generated directly by sites, mainly through the combustion of fuel oil and natural gas. Scope 2 emissions are those generated indirectly from energy use, mainly electricity used on-site. Measures to reduce these emissions have been in place for a number of years at Maisons' production sites. The Maisons are also working hard to improve energy efficiency at stores, the main source of LVMH's greenhouse gas emissions. Thanks to their efforts, one of the LIFE 2020 targets has already been achieved: a 15% improvement in the average energy efficiency of existing stores, in particular by installing the advanced lighting systems offered by the LVMH Lighting program and by rolling out the LVMH Store Guidelines. Greenhouse gas emissions by stores not covered by reporting (27% of the total sales floor area), estimated based on consolidated figures, stands at 72,997 metric tons of CO_2 equivalent (tCO_2e).

CO_2 emissions by business group changed as follows between 2019 and 2020:

(in metric tons of CO_2 equivalent)	CO_2 emissions in 2020	*Of which:*		CO_2 emissions in 2019	CO_2 emissions in 2020 pro forma [1]	Change [1] *(as %)*
		Direct CO_2 emissions (as %)	*Indirect CO_2 emissions (as %)*			
Wines and Spirits	33,796	*11*	*4*	40,893	33,796	(17)
Fashion and Leather Goods	107,404	*11*	*36*	113,314	100,759	(11)
Perfumes and Cosmetics	14,701	*3*	*3*	12,971	12,501	(4)
Watches and Jewelry	6,772	-	*2*	7,257	6,128	(16)
Selective Retailing	62,605	*1*	*26*	72,643	56,866	(22)
Other activities	6,051	*1*	*2*	3,340	2,810	(16)
Total	**231,329**	***27***	***73***	**250,418**	**212,860**	**(15) [a]**

(a) Approximately 10% of the reduction was related to the impact of the public health crisis and store closures.

(1) Value and change at constant scope.

4.2.2 Scope 3 emissions

In 2020, LVMH instructed an external firm to assess the carbon footprint of the entire value chain based on 2019 data with a view to setting a quantified target for the reduction in Scope 3. This indicates that the total carbon footprint stands at 4.8 million metric tons of CO_2 equivalent, including 4.5 million metric tons for Scope 3. It will be updated every two years. The main findings are as follows:

- More than 50% of Scope 3 emissions are generated by the production of raw materials (products and packaging). The main sources of greenhouse gas emissions are the production of luxury wool fibers (535,000 tCO_2e); leather (460,000 tCO_2e); grapes, wines and spirits (234,000 tCO_2e, which includes vineyards belonging to the Group's Maisons as well as independent grape suppliers); glass for packaging (192,000 tCO_2e); and cotton (187,000 tCO_2e).
- Inbound and outbound transport of components and finished products is the second-largest area, generating 18% of emissions.
- Employees' commutes were assessed using average figures by geographical region and accounted for 7% of Scope 3 emissions.

Greenhouse gas emissions generated by inbound transport (transport of raw materials and components toward production sites; only the main components and raw materials are taken into account) broke down as follows in 2020:

(in metric tons of CO_2 equivalent)	Road	Air	Ship	Total
Wines and Spirits	21,304	92	479	21,875
Fashion and Leather Goods	7,867	9,418	441	17,726
Perfumes and Cosmetics	951	34,722	417	36,090
Watches and Jewelry	97	1,753	-	1,850
Selective Retailing	-	-	-	-
Total	**30,219**	**45,985**	**1,337**	**77,541**

Greenhouse gas emissions generated by outbound transport (transport of finished products from production sites to distribution centers) broke down as follows in 2020:

(in metric tons of CO_2 equivalent)	Road	Rail	Air	Ship	Inland barge	Electric vehicle	Liquid natural gas	Total
Wines and Spirits	18,792	654	22,728	16,693	15	2	120	59,004
Fashion and Leather Goods	2,542	17	174,402	123	-	-	150	177,234
Perfumes and Cosmetics	2,172	-	286,814	1,802	-	-	-	290,788
Watches and Jewelry	403	-	20,978	52	-	-	-	21,433
Selective Retailing	2,893	-	4,148	197	-	66	-	7,304
Total	**26,802**	**671**	**509,070**	**18,867**	**15**	**68**	**270**	**555,763**

Rimowa, Le Bon Marché, DFS, Fred, Royal Van Lent, Thelios, Château Cheval Blanc and Les Echos did not report their data for this indicator.

4.3 Initiatives for adapting to climate change

To accompany its initiatives, the Group is also conducting a review of the various issues involved in adapting to climate change. Winegrowing activities are notably included in the review. In the medium term, changing winegrowing practices is the main component of the Group's adaptation strategy. Several solutions are available for European vineyards depending on the extent of climate change, from altering harvest dates to developing different methods of vineyard management (such as widening rows, increasing the size of grapevine stocks and employing irrigation in certain countries) and testing new grape varieties. For vineyards in Argentina and California, the main issue is the availability of water (see §5.3 "Water consumption and preventing pollution").

More broadly, innovation – a key component of the Group's mitigation policy – also plays a part in LVMH's adaptation policy: new agricultural regeneration practices, the switch to new materials derived from biotechnologies and the use of biomimetics provide opportunities for reducing greenhouse gas emissions while simultaneously diversifying procurement sources and reducing the Group's exposure to climate change. The program to jointly develop clean technologies with Bertrand Piccard's Solar Impulse Foundation, the Matières à Penser (Food for Thought) materials library, and the Maison's partnership with Central Saint Martins dedicated to innovation and sustainable creativity will help drive new solutions at the Group's Maisons.

4.4 Results for LIFE 2020 "Climate" targets

The three climate targets were already met in 2019: the increase in the proportion of renewable energy in the energy mix and the improvement in store energy efficiency together enabled a 25% reduction in energy-related greenhouse gas emissions.

Stores' energy efficiency (45% of Scope 1 and 2) has made steady progress since 2013 thanks to a specific lighting policy: in addition to the widespread use of LED lighting, efforts to implement innovative optics technology and lighting control systems, pursued in partnership with the Purchasing department, helped achieve very substantial gains in energy efficiency. In addition, the robust monitoring of stores' performance in line with the LVMH Life in Stores guidelines was further reinforced: in 2020, version 4 of the guidelines was certified by the Centre Scientifique et Technique du Bâtiment (CSTB), and its criteria were deemed to be "equivalent to or more stringent than other international standards, such as LEED, BREEAM and HQE". The third edition of the LIFE in Stores Awards was held during LVMH Climate Week and Maison Christian Dior won a prize in the Progress category: the Maison halved the lighting power density in the course of one year through three successive projects.

Between 2019 and 2020, energy-related greenhouse gas emissions continued to decline, with the decrease reaching 36.5%, reflecting the steady focus on the energy management policy, despite the fact that the closure of a number of stores as a result of the public health crisis also contributed to this decrease.

Progress toward meeting the LIFE 2020 "Climate change" targets:

Indicators	Baseline	Performance in 2020	Target for 2020
CO_2 emissions	220,480 tCO_2e	- 36.5%[a]	-25%
Proportion of renewable energy in the Group's energy mix	1%	39%	30%
Store energy efficiency *(electricity consumption in kWh/m²)*	460 kWh/m²	-31%	-15%

(a) The performance of production, logistics and administrative sites is calculated by comparing data for each site between 2013 and the reporting year. Store CO_2 performance is calculated by multiplying CO_2 efficiency for the reporting year (in metric tons of CO_2 equivalent per square meter) by the baseline floor area (total floor area of stores reported in 2013). The CO_2 value generated covers 60% of total emissions in 2020.

5. LIFE 2020 – "SITES" TARGET

Since it was launched in 2012, the LIFE program has focused on ensuring that the Group's sites are environmentally friendly. LIFE 2020 further strengthens these commitments. As a major player in the luxury industry, LVMH aims to ensure that its 445 manufacturing and administrative sites are exemplary in this area.

5.1 Environmental management and certification systems

The Group has decided to extend the implementation of environmental certification programs to all its sites, because this can serve as a dynamic, unifying and motivating tool to promote continuous improvement. This approach to certification is not new for the Maisons: the LVMH Environmental Charter already requires that they put in place an environmental management system reporting to Executive Management. Many of them have opted for ISO 14001 certification. Hennessy has played a pioneering role in this regard, becoming the world's first wines and spirits company to obtain ISO 14001 certification in 1998. At the end of 2020, 69% of the Group's manufacturing sites were ISO 14001 certified.

Carbon and environmental performance is the key factor shaping the design of new production sites. Every new workshop has be certified: after the manufacturing facility set up by Celine in central Chianti in Italy, and the new Louis Vuitton leather workshop in Beaulieu-sur-Layon that received BREEAM® certification in 2019, Fendi broke ground on its new Fendi Factory in November 2020. The newly converted site, a study in glass nestled in the rolling Tuscan countryside, is aiming for LEED Platinum certification.

In connection with the construction of new stores and the renovation of existing ones, the Maisons use the LIFE in Stores guidelines, which were developed in 2015 on the basis of the most stringent international standards (including LEED, BREEAM, Green Star, HQE, WELL, BEAM and Title 24). The LVMH LIFE in Stores framework identifies the six most important factors contributing to a store's environmental performance, from the building's insulation and lighting to heating and air conditioning. In 2020, the fourth version of these guidelines was prepared with the assistance of the Centre Scientifique et Technique du Bâtiment (CSTB), the leading public research establishment for the French construction sector. Its aim is to encourage the integration of environmental issues at an early stage in the development of store projects, preferably from the design phase.

5.2 Water consumption and preventing pollution

5.2.1 Breakdown of water consumption

Water consumption is broken down into the following requirements:

- process requirements: Use of water for cleaning purposes (tanks, products, equipment, floors), air conditioning, employees, product manufacturing, etc. Such water consumption generates wastewater;
- agricultural requirements: Water used for vineyard irrigation outside France, as irrigation is not used for the Group's vineyards in France. Water is taken directly from the natural environment for irrigation purposes, with water use from year to year closely linked to changes in weather conditions. However, it should be noted that water consumption for agricultural requirements is assessed by sites with a higher level of uncertainty than water consumption for process requirements.

Water consumption changed as follows between 2019 and 2020:

(in m³)	2020	2019	2020 pro forma [1]	Change [1] *(as %)*
Process requirements	3,310,906	3,927,034	3,139,000	(20)[a]
Agricultural requirements (vineyard irrigation)	6,969,256	7,018,856	6,696,256	(1)

(a) Change related to lower business levels.

Water consumption for process requirements broke down as follows by business group:

(process requirements in m³)	2020	2019	2020 pro forma [1]	Change [1] *(as %)*
Wines and Spirits	1,068,162	1,247,673	1,068,162	(14)
Fashion and Leather Goods	1,472,857	1,918,215	1,392,806	(27)
Perfumes and Cosmetics	197,032	194,720	196,169	1[a]
Watches and Jewelry	62,427	75,955	62,203	(18)
Selective Retailing	229,211	306,062	229,211	(25)
Other activities	281,217	184,408	190,449	3[b]
Total	**3,310,906**	**3,927,034**	**3,139,000**	**(20)**

(a) Change related to exceptional maintenance work at one site.
(b) Change related to measurement adjustments at a site.

In 2020, LVMH calculated its environmental footprint for its entire value chain, including Scope 1, 2 and 3 emissions, covering issues relating to climate change, biodiversity and water use. As part of this exercise, an in-depth analysis of sensitivity to local constraints was carried out at each of the Group's Maisons using the AWARE method. This analysis was based on measurements of each geographic area's sensitivity, obtained by comparing water consumption to available resources at the local level. Four Maisons whose water consumption is significant relative to the Group as a whole are located in areas where water stress is close to 100%, meaning that water requirements in these areas are close to the level of available resources:

- the Domaine Chandon Argentina vineyards (Agrelo and Terrazas), which represent 76% of the Group's agricultural water requirements and 65% of the Group's environmental footprint for Scopes 1 and 2;
- the Domaine Chandon California and Newton vineyards, which represent 7% of the Group's agricultural water requirements and 7% of the Group's environmental footprint for Scopes 1 and 2.

Vineyard irrigation requires authorization and is regulated in California and Argentina due to the climate. Such irrigation is necessary for winegrowing. Nevertheless, the Group has taken the following measures to limit water consumption: harvesting rainwater; implementing protocols to measure and specify water requirements; standardizing drip irrigation practices in California; using weather forecasts to optimize irrigation; and adopting the "regulated deficit irrigation" technique, which reduces water consumption and improves grape quality and grapevine size, yielding an enhanced concentration of aroma and color. For example, Chandon Argentina reduced its water consumption for irrigation by 6% in 2020.

In 2020, as part of the calculation of the environmental footprint of LVMH's value chain, water consumption related to the Group's Scope 3 activities was measured at 126 million cubic meters of water, more than 95% of which was used for the production of raw materials, mainly luxury wool fibers (47%), cotton (17%), and grapes, wines and spirits (15%).

(1) Value and change at constant scope.

5.2.2 Preventing pollution

The only significant, relevant indicator related to preventing water pollution is the release of substances into water by Wines and Spirits, Fashion and Leather Goods, and Perfumes and Cosmetics operations contributing to eutrophication. The Group's other activities have only a very limited impact on water quality. Eutrophication is the excessive buildup of algae and aquatic plants caused by excess nutrients in the water (particularly phosphorus), which reduces water oxygenation and adversely affects the environment. The parameter used is the Chemical Oxygen Demand (COD) calculated after treatment of effluents from the Group's own plants or external plants with which the Group has agreements. The following operations are considered treatment: city and county wastewater collection and treatment, independent collection and treatment (aeration basin), and land application.

COD after treatment changed as follows between 2019 and 2020:

COD after treatment *(metric tons/year)*	**2020**	**2019**	**2020 pro forma [1]**	**Change [1]** *(as %)*
Wines and Spirits	917	967	917	(5)
Fashion and Leather Goods	19	37	19	(49)
Perfumes and Cosmetics	16	26	16	(38)
Total	**952**	**1,030**	**952**	**(8)**

Measurement frequencies at the highest-contributing Maisons are compliant with local regulations but remain limited with regard to the changes observed in quantities discharged.

Volatile Organic Compound (VOC) emissions are addressed through specific action plans, notably for Perfumes and Cosmetics operations and the tanneries.

5.3 Reducing and recovering waste

5.3.1 Waste produced and recovered

In 2020, 93% of waste was recovered (91% in 2019). Recovered waste is waste for which the final use corresponds to one of the following channels, listed in descending order of interest in accordance with European and French laws:

- re-use, i.e. using the waste for the same purpose as the one for which the product was initially intended;
- recovery of materials, i.e. recycling (direct reintroduction of waste into its original manufacturing cycle resulting in the total or partial replacement of an unused raw material) or controlled composting or land treatment of organic waste to be used as fertilizer;
- incineration for energy production, i.e. recovery of energy in the form of electricity or heat by burning the waste.

The weight of waste generated changed as follows between 2019 and 2020:

(in metric tons)	**Waste produced in 2020**	***Of which: Hazardous waste produced in 2020*** [a]	**Waste produced in 2019**	**Waste produced in 2020 pro forma [1]**	**Change in waste produced [1]** *(as %)*
Wines and Spirits	52,256	*371*	62,667	52,256	(17)
Fashion and Leather Goods	13,125	*1,619*	16,327	12,475	(24)
Perfumes and Cosmetics	8,540	*1595*	9,112	8,532	(6)
Watches and Jewelry	1,584	*331*	992	753	(24)
Selective Retailing	3,140	*3*	4,806	3,140	(35)
Other activities	2,042	*55*	1,716	1,486	(13)
Total	**80,687**	***3,974***	**95,620**	**78,642**	**(18) [b]**

(a) Waste that must be sorted and processed separately from non-hazardous waste (such as cardboard, plastic and paper).
(b) Change related to lower business levels.

(1) Value and change at constant scope.

Waste was recovered as follows in 2020:

(as % of waste produced)	Re-used	Recovery of materials	Waste-to-energy recovery	Total recovery
Wines and Spirits	9	82	6	97
Fashion and Leather Goods	2	46	30	78
Perfumes and Cosmetics	4	71	23	98
Watches and Jewelry	55	19	12	86
Selective Retailing	3	48	34	85
Other activities	-	56	25	81
Total	**8**	**72**	**14**	**93**

In France, the Perfumes and Cosmetics Maisons, as well as Sephora since 2010 and Louis Vuitton since 2011, have used the CEDRE *(Centre Environnemental de Déconditionnement, Recyclage Écologique)* recovery and recycling facility to handle all the waste generated by the manufacturing, packaging, distribution, and sale of cosmetic products. CEDRE accepts several types of articles: obsolete packaging, alcohol-based products, advertising materials, store testers, and empty packaging returned to stores by customers. In 2014, the service was expanded to accept textiles. In 2020, around 2,920 metric tons of waste were processed. The various materials (glass, cardboard, wood, metal, plastic, alcohol and cellophane) are resold to a network of specialized recyclers.

5.3.2 Actions to combat food waste and food donations

La Grande Épicerie de Paris, which has a number of fresh food production facilities, has developed a reliable system for predicting sales in order to adapt production to sales volumes on a daily basis.

The store has signed a partnership with the French Red Cross, which collects any unsold prepared food each day. Another partnership was launched in 2018 with Too Good To Go, an app that lets stores give their unsold items to its users.

Both La Grande Épicerie Rive Droite and La Grande Épicerie Rive Gauche are looking into setting up new partnerships with organizations and companies active in this field, and plan to extend the selection of products offered under these partnerships.

In light of the Group's business activities, food insecurity and actions promoting responsible, fair and sustainable food use do not constitute key risks.

5.4 Results for LIFE 2020 "Sites" targets

The 10% reduction target for sites was exceeded for process water consumption, which decreased by 11.6% (versus a 1.1% decrease in 2019); the target was not met for waste production (a 4.4% reduction versus an 8.7% increase in 2019) or energy consumption (a 0.5% increase versus a 6.5% increase in 2019). As sites were closed for an average of six weeks in 2020, the public health crisis had an impact on site performance; it should be noted that certain sites remained open but reduced their activity levels during the lockdown period (logistics centers and headquarters), and activities continued for the production of hand sanitizer and masks. In addition, these indicators varied widely according to weather conditions (such as process water in response to substantial grape harvests and energy used in air conditioning and heating) as well as the economic environment (such as waste production arising from construction work and maintenance).

Beyond the impact of the public health crisis, the following best practices were put in place:

- process water: day-to-day water consumption initiatives and training for employees (Chandon Argentina);
- energy consumption: installation of energy recovery equipment (Glenmorangie);
- waste production: implementation of an employee incentive program targeting food waste and electricity consumption (Hennessy).

The target of obtaining ISO 14001 certification for 100% of manufacturing and logistics sites was not met. The year-on-year decrease in the percentage of sites certified (from 71% to 69%) arose in particular from the fact that audits were postponed to 2021 as a result of the public health crisis.

Progress toward meeting the LIFE 2020 "Sites" targets:

Indicators	Baseline (2013)	Performance in 2020	Target for 2020
Presence of environmental management systems (ISO 14001, EMAS, etc.) at manufacturing sites	60%	69%	100%
Reduction in process water consumption at production sites, logistics facilities and headquarters	2,275,818 m³	-11.6%	-10%
Reduction in energy consumption at production sites, logistics facilities and headquarters	467,025 MWh	+0.5%	-10%
Reduction in waste production at production sites, logistics facilities and headquarters	85,442 metric tons	-4.4%	-10%

(a) The performance of production, logistics and administrative sites at constant scope is calculated by comparing data for each site between 2013 and the reporting year. The value generated covers 59% of process water consumption, 47% of energy consumption and 100% of total waste in 2020.