Committed to positive impact
Right from the start of the Covid-19 pandemic that hit the world in 2020 and continues to affect our lives today, my main priority was to protect the safety of employees throughout the LVMH Group, as well as our customers, partners and all other stakeholders. We have sought to alleviate the impact of the pandemic however we could, and I would like to thank our employees for everything they have done. They rapidly converted several Perfumes and Cosmetics facilities to produce hand sanitizer, jump-starting our engagement and drive to play our part. The Group went on to implement many other initiatives around the world. We continue to support efforts that offer promise in combating the pandemic, and will keep doing so as long as necessary.

We have also maintained ties with our partners and suppliers in order to assist those experiencing difficulties as a result of the pandemic, because we understand that our businesses provide work for a vast ecosystem of indirect jobs, in France and Italy in particular. Our Group and Maisons have also taken action to address other issues and in other regions, for example by supporting the African-American community in the United States, where the Group reiterated its condemnation of all forms of racism. We also joined the Global Business and Disability Network set up by the International Labour Organization (ILO) to promote the inclusion of people with disabilities in the workplace.

A deep awareness of our influence and a broader search for meaning in everything we do have always guided our actions, and the pandemic served to further heighten this ethos. This constitutes what I would call our sense of duty. A commitment to positive impact has thus naturally joined our other core values, alongside creativity, innovation, the quest for excellence and entrepreneurial spirit.

The emergency brought about by the pandemic did not sway us from the challenges we have been tackling for many years, including climate change and the need to protect biodiversity. We have always recognized the extent to which nature’s treasures are essential to the beauty of our creations. After achieving the objectives set out in our LIFE 2020 (LVMH Initiatives For the Environment) program, we have begun a new chapter in our history with LIFE 360. This fresh momentum comes with new ambitions, at a time when the search for meaning guides our actions, and everything we do is framed by the need to replenish the resources we borrow from nature. All our products, operations and initiatives must drive environmental and social progress. Together, we will succeed by drawing on our creativity and our unwavering sense of commitment.
COMBATING THE PANDEMIC

In the early days of the Covid-19 pandemic, the urgency was to help hospitals and people on the front line of the virus, by working alongside public authorities. More than one year on, several countries continue to face serious challenges in their efforts to tackle the virus.
SOLIDARITY

Acting immediately

From early March 2020, LVMH actively supported public authorities by producing and donating hand sanitizer, masks and scrubs, as well as arranging to import over 40 million surgical masks, ventilators and test kits. Whether by manufacturing essential items, supporting healthcare workers, or helping in a host of other ways, LVMH employees around the world came together in an unprecedented show of solidarity.
Every evening, the gowns made during the day in one of the Louis Vuitton workshops in Paris are collected and distributed to six Parisian hospitals.
Volunteers at the Baby Dior workshop in Brittany made masks.


Moët & Chandon delivered breakfast every morning to staff at the Auban-Moët Hospital in Épernay, in France’s Champagne region.
Global economies are currently suffering the worst crisis since World War II. The World Bank’s latest estimates put the shortfall in global GDP in 2020 and 2021 at over USD 10 trillion, as a result of the pandemic, but the overall economic cost of this recession could turn out to be even higher.
RESILIENCE

Maintaining ties

All necessary measures have been taken to guarantee the health and safety of LVMH employees and all its stakeholders, customers and partners. Employee engagement and their ability to adapt meant operations were able to continue in many of the Group’s Maisons (including Moët & Chandon and La Grande Épicerie de Paris, as shown here). At the Fondation Louis Vuitton, Cindy Sherman’s retrospective, initially due to open in the spring, eventually started to receive visits from the general public in the fall.
CONTRIBUTING TO AN INCLUSIVE SOCIETY

The brutal killing of George Floyd, which outraged the world and sparked widespread shock and disgust, reminded society of the urgent need to eradicate racial discrimination and hatred. Echoing the call spread by the Black Lives Matter movement in the US, millions of people globally, well-known personalities and businesses expressed their support for the cause by joining marches, speaking up and rolling out initiatives.
DIVERSITY

Championing respect and equal rights

In support of the Black Lives Matter movement, the LVMH Group condemned all forms of racism and implemented several initiatives, appointing Diversity and Inclusion managers in several Maisons in the US, organizing webinars on prejudice and its impact, and more. In the US, Sephora became the first retailer to join the “15 Percent Pledge” and to commit a minimum of 15% of their shelves to Black-owned businesses. In another of many examples, Zenith presented its first collection designed exclusively for women in collaboration with Precious Adams, one of the world’s top prima ballerinas and a well-known advocate of diversity and inclusion in ballet.

FendiFamily stands against any form of racism.

#BlackLivesMatter
SUPPORTING YOUNG PEOPLE

Many young people are taking longer and longer to transition into the world of work as they struggle to find employment once they leave education. For some, especially people from disadvantaged areas, finding stable employment can be a long and tricky process, one that the Covid-19 crisis has made even more difficult, preventing many apprenticeships and severely reducing job opportunities.
Facilitating access to employment

LVMH has a long history of helping young people to build their careers. Because the Group understands how difficult the Covid-19 crisis has made it for many people to find work—especially the most disadvantaged—LVMH developed a system to help them, organizing 110 student events in 2020. The LVMH Institut des Métiers d’Excellence—which has trained 900 young people since it was created in 2014—digitalized its training programs. The Group also continued to recruit young people, including interns and apprentices, and supports “Nos Quartiers ont des Talents,” a French non-profit that helps young people from disadvantaged areas find work. In 2020, 150 managers from the LVMH Group signed up as mentors, bringing the number of young people who have found employment through this scheme to 640.
FACING CLIMATE CHANGE TOGETHER

Temperatures are higher now than they have been for 10,000 years. The Intergovernmental Panel on Climate Change is categorical: unless we take action by 2030, we will not be able to limit the temperature rise to 1.5°C this century. This will cause the icecaps to disappear, which would lead to catastrophic consequences. It is up to everyone in society to play their part and ensure we meet this goal.
“BE THE CHANGE”

LVMH Climate Week

Five years after the Paris Agreement, the Group organized the LVMH Climate Week—a week of dialogue with its 150,000 employees to present the key priorities of the LIFE 360 program—which will guide the Group’s environmental initiatives over the next three, six and 10 years—and to encourage everyone to take up the call for action and be a changemaker. Figures such as Laurent Fabius, President of COP 21, and Bertrand Piccard, founder of the Solar Impulse Foundation, took part.
PRESERVING TERRITORIES

A territory is a land and its inhabitants. Preserving territories means preserving their inhabitability—natural resources, heritage and the savoir-faire of the people who live there. It means safeguarding the deep ties that connect each of us to where we live. The climate crisis and the pandemic have reinforced this bond and the value we place on it.
INNOVATION AND HERITAGE

Exceptional places

LVMH Maisons and their workshops are located in exceptional places, and the Group does everything it can to preserve them. Low-carbon architecture is central to the design of new production sites, as demonstrated by the new manufacturing facility opened by Celine in central Chianti, Italy, and the Fendi Factory in Tuscany, where foundations were laid in November 2020. Indeed, Fendi’s new, all-glass factory forms part of a project to renovate an old building, and aims to achieve LEED Platinum certification. In the Himalayas, Ao Yun uses agroforestry methods to grow high-altitude vines while respecting the terroir and biodiversity, calling on local families to hand-pick the grapes.
Humans share two-thirds of their DNA with flies, 60% with bananas, and one third with marine microalgae. During the LVMH Climate Week, biologist Gilles Boeuf reminded us that “every time we harm a living creature, we harm ourselves”. And yet, half the planet’s vertebrates have disappeared in the last 40 years, and around 1 million animal and plant species are threatened with extinction.
PARTNERSHIP

Biosphere reserves

LVMH supports UNESCO’s intergovernmental scientific program “Man and the Biosphere” which protects over 700 biosphere reserves around the world. The UNESCO-LVMH Amazon initiative is set up to tackle the root causes of deforestation and water pollution problems in Brazil, Bolivia, Ecuador and Peru. In another initiative within the partnership, Guerlain has launched Women for Bees, a scheme to train and support women beekeepers.
INTERVIEW WITH CHANTAL GAEMPERLE AND ANTOINE ARNAULT ABOUT THE LVMH GROUP’S COMMITMENT

“We the recent tragedies facing society demonstrate the need for and the strength of our corporate social responsibility strategy, which was launched over 15 year ago.”

CHANTAL GAEMPERLE
Group Executive Vice President, Human Resources & Synergies

Since the start of the pandemic, the Group has rallied in a widespread effort to combat the virus. Can you explain the reasons behind such a drive?

Chantal Gaemperle Stepping up in a time of crisis reflects our values of solidarity and generosity—values that proved to be all the more meaningful in these very challenging times. It just seemed right, to us all throughout the Group, to do what we could to fight this virus. I would like to sincerely thank every one of our employees for everything they have done.

Antoine Arnault LVMH is a Group that, as a global leader, has a strong sense of responsibility. When the virus began to spread rapidly, we immediately started to look at how we were able to help. Our employees suggested transforming some of our Perfumes and Cosmetics facilities to produce hand sanitizer, which we were able to donate to public services lacking in such supplies. It would have been unthinkable for us to just stand by and do nothing, which is why our Maisons the world over went on to develop many other initiatives to combat Covid-19.

This year, the Group is publishing a joint Social and Environmental Responsibility Report. Why?

C.G. Social responsibility and environmental responsibility are two sides of the same coin. One cannot be separated from the other, and what we do in one area inevitably feeds into the other. Never has that been so clear as in this current period of crisis. That is why LVMH endeavors to give back what it gets out of its ecosystem and generally take care of it—which involves, above all, our employees. We strive to offer them a stimulating, inclusive working environment in which they can fulfill their career goals and everyone feels safe and comfortable to be who they are; an environment in which they can be proud to make products that meet the highest standards in terms of working conditions, passing on savoir-faire and protecting biodiversity. It’s all interconnected and interdependent.

How does this new value of commitment play out across the Group’s Maisons?

A.A. To help further progress in society, we need a range of very special skills, which are reflected in the cutting-edge expertise of our various teams involved in matters relating to society, the environment and the workforce. But they all work toward the same goal of achieving responsible growth, which is why we wanted to set out our efforts and achievements in a single report. It just seemed logical to make our commitment easier to understand and facilitate dialogue with our stakeholders. This sense of duty, this commitment, now forms part of our core values, alongside creativity, innovation, the quest for excellence, and entrepreneurial spirit.
it seemed the right thing to do to add our commitment to making a difference as one of the Group’s core values.

C.G. By officially including commitment as one of our core values, we put into words what we have always done in reality. The pandemic shined a spotlight on this, demonstrating the collective strength of our Group and its ability to take on the serious challenges together. For example, we set up a Diversity and Inclusion Department in the US and joined the Global Business and Disability Network set up by the International Labour Organization. Throughout the year, we also maintained our long-standing commitment to young people and those in need. The recent tragedies facing society demonstrate the need for and the strength of our corporate social responsibility strategy, which was launched over 15 year ago.

How can the luxury industry bring about a better society?

A.A. Our conception of luxury is one of responsibility, which first and foremost creates job opportunities for people locally—something we strive for in all the regions in which we operate. Moreover, it ensures savoir-faire is passed on from one generation to the next and also promotes excellence, as reflected in the rarity and longevity of our products.

C.G. Luxury is synonymous with excellence; in terms of the products themselves—that goes without saying—but also the practices it adopts, with respect to ethics, diversity, inclusion, and the environment. As market leader, it is up to us to set the bar. We must continuously strive to improve and reassess the way we do things. We need to create a virtuous circle that benefits our entire ecosystem—our employees, partners, customers and the regions in which we operate. We do so by keeping sight of who we are, and passing on our unique savoir-faire from generation to generation of people who are passionate about their craft. The LVMH Institut des Métiers d’Excellence safeguards the long-term future of such skills, enabling young people to learn creative, craft and retail skills and enhancing their job prospects. In 2021, we will reach the symbolic milestone of having trained 1,000 people since this special program was set up in 2014.

What are you working toward now in terms of responsibility?

C.G. The times in which we are living call for greater responsibility and commitment. We need to stay on track and step up our efforts. We will strengthen our corporate social responsibility to further improve health and safety, and enhance employee well-being to truly amplify the positive impact we have on society. Our Maisons need to harness their influence to fly the flag for our commitments and our will to build a better, more inclusive society. We are stronger when we work together as one.

A.A. We want to champion a new vision of luxury with products that epitomize the role we play in society and our environmental ambition. LVMH is built on the utmost respect for the rarity and precious nature of the materials with which we work. For example, Louis Vuitton, humble and frugal to its core, recently moved to Asnières-sur-Seine, a suburb north of Paris on the banks of the River Seine, so it could receive deliveries by boat of poplar wood for its famous trunk. We can’t say we do everything perfectly just yet, but we’re working on it, and LIFE 360, our new environmental roadmap, will help us get there over the next decade. This program will push us further to ensure every employee plays their part in facilitating a responsible value creation model that gives back what it borrows from nature, adapts to environmental concerns and harnesses the circular economy as a new source of inspiration and creativity.
In keeping with the numerous commitments made by LVMH—particularly with respect to the Millennium Development Goals—the Group supports the SDGs set out by the United Nations in 2015. The 17 SDGs represent a global call for action to be achieved by 2030, in an effort to reduce inequality, make the world a better place for future generations, especially by developing solutions to tackle climate change, and ensure that all human beings are able to live in peace and prosperity. The following table details the ways in which the LVMH corporate social responsibility strategy helps to achieve the 17 SDGs.
<table>
<thead>
<tr>
<th>Goal</th>
<th>01 NO POVERTY</th>
<th>02 ZERO HUNGER</th>
<th>03 GOOD HEALTH AND WELL-BEING</th>
<th>04 QUALITY EDUCATION</th>
<th>05 GENDER EQUALITY</th>
<th>06 CLEAN WATER AND SANITATION</th>
<th>07 AFFORDABLE AND CLEAN ENERGY</th>
<th>08 SUSTAINABLE CITIES AND COMMUNITIES</th>
<th>09 INDUSTRY, INNOVATION AND INFRASTRUCTURE</th>
<th>10 RESPONSIBLE CONSUMPTION AND PRODUCTION</th>
<th>11 CLIMATE ACTION</th>
<th>12 LIFE BELOW WATER</th>
<th>13 LIFE ON LAND</th>
<th>14 PEACE, JUSTICE AND STRONG INSTITUTIONS</th>
<th>15 PARTNERSHIPS FOR THE GOALS</th>
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<td>Stepping up the climate ambition</td>
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<td>Making environmental excellence our hallmark</td>
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KEY DATES OF THE LVMH SOCIAL AND ENVIRONMENTAL POLICY

1992
LVMH creates the Environment Department after the Rio de Janeiro Earth Summit

1998
Hennessy becomes the first wine and spirits producer in the world to obtain the ISO 14001 environmental certification

2001
LVMH publishes the luxury industry’s first-ever environmental report

2002
LVMH Maisons use the Bilan Carbone® method to measure their CO₂ emissions

2003
LVMH joins the United Nations Global Compact

2005
LVMH signs the Diversity Charter

2006
LVMH signs the Business Charter for Equal Opportunity in Education

2007
LVMH signs the Diversity Charter

2008
LVMH drafts a Supplier Code of Conduct to expand its commitments to supply chain partners

2009
LVMH signs the Charter for the Employment of People with Disabilities
2012
LVMH signs up to the French National Strategy for Biodiversity

The Group launches LIFE (LVMH Initiatives For the Environment) to boost its environmental policy

2013
LVMH signs the United Nations Women’s Empowerment Principles

2015
The United Nations adopts the Sustainable Development Goals (SDGs)

LVMH sets up an internal carbon fund to finance projects that combat climate change—a pioneering initiative in the luxury industry

2017
The Group unveils LIFE 2020 and its ambitious environmental goals

LVMH draws up the Charter on Working Relations with Fashion Models and their Well-Being, together with Kering and other industry professionals

LVMH updates the LVMH Code of Conduct and the Supplier Code of Conduct, reasserting and adding to the principles of proper conduct set out to guide everyone’s behavior

2019
LVMH signs the United Nations Standards of Conduct for Business Tackling Discrimination against LGBTI People

LVMH signs the French Manifesto for the inclusion of people with disabilities in the workplace

LVMH unveils its Animal-Based Raw Materials Sourcing Charter

LVMH signs a partnership with UNESCO to support its “Man and the Biosphere” program and protect biodiversity

2020
LVMH joins the International Labour Organization (ILO) Global Business and Disability Network

LVMH creates the Future of Luxury Commission and calculates the environmental footprint of its entire value chain, including scope 1, 2, and 3 impacts on climate change, biodiversity, and water resources
Committed to positive impact

PART 1

Social responsibility
– RESPECTING EACH ONE’S DIGNITY AND INDIVIDUALITY  
  .30

– SUPPORTING THE SAFETY AND WELL-BEING OF EMPLOYEES  
  .38

– TRANSMITTING OUR WORLD HERITAGE’S SAVOIR-FAIRE  
  .46

– COMMITTING TO A BETTER SOCIETY  
  .54
2020 stands out as a year unlike any other, a year throughout which the Group’s corporate social responsibility initiatives have never felt so meaningful, nor been so wholeheartedly adopted by its employees the world over. Drawing strength from its four CSR pillars—respecting, supporting, transmitting and committing—LVMH immediately rallied to uphold the great responsibility it bears as a major multinational, taking action across the world, in Europe, the US and Asia.

Our employees demonstrated an absolutely remarkable ability to adapt, sparking a completely unprecedented drive for charitable initiatives, which saw them shift to producing hand sanitizer, masks and scrubs to donate to public services. They sustained momentum in our operations while safeguarding our business ecosystem with a variety of efforts to maintain ties with customers and support suppliers. Our employees reinvented themselves to ensure the Group continued to uphold its long-standing commitments, pursuing its efforts to support young people, who have been deeply affected by the pandemic, helping them to build their careers through multiple partnerships with schools and universities around the world, as well as through the LVMH Institut des Métiers d'Excellence. The Group also carried on supporting people in need, including those suffering with sickle cell disease or looking to change careers.

The pandemic created and reinforced inequality and injustice. The tragedies that struck this year reminded us of the progress we still need to make as a society. And, as ever, actions speak louder than words. For our part, we stepped up in a number of ways, including setting up a Diversity and Inclusion Department in the US, joining the Global Business and Disability Network set up by the International Labour Organization and committing to the “15 Percent Pledge”, through which Sephora in the US will commit a minimum of 15% of their shelves to Black-owned businesses.

It is plain to see that our employees are at the heart of our success, both of our business in general and our corporate social responsibility initiatives. That’s why in 2020, we conducted the LVMH Global Pulse Survey, offering employees the opportunity to voice their opinions and feelings about the pandemic, the way we are handling it as a business and the major challenges facing our industry. Overall, 89% of them took part in the survey, all of whom applauded what we collectively managed to achieve in tackling this crisis, and all of whom said they are proud to work for the Group and their Maison. We were pleased with these findings, which once again demonstrate the strength of the LVMH Group and its ability to take on the serious challenges together.
Respecting each one's dignity and individuality

- 64% of people involved in recruitment trained or made aware of the importance of eliminating discrimination
- 52% of employees are covered by maternity leave policies that go beyond local laws
- 71% of the Group’s total workforce is female, with 64% of managerial positions held by women
- 50% of Maisons have implemented initiatives to promote the equal rights of people from the LGBTI community

Supporting the safety and well-being of employees

- 90% of the most at-risk employees (workshops, retail, etc.) benefited from key measures to protect their health and safety
- 95% invested in health and safety (up 24% in 2019)
- 49,535 employees received safety training (up 0.9% on 2019)
- 65% of employees are covered by maternity leave policies that go beyond local laws

Transmitting our World heritage’s savoir-faire

- 65% of Maisons have developed training policies to meet future needs (digitization, artificial intelligence, etc.)
- 900 apprentices trained by the IME across four countries (France, Switzerland, Italy and Spain)
- 78% of Maisons have developed policies to ensure employees maintain and pass on key skills
- 88% of Maisons have set up original learning initiatives (in-house coaching, mentoring, etc.)

Committing to a better society

- 8,599 people helped throughout the year (excluding initiatives relating to Covid-19)
- 55% of Maisons have developed partnerships to support jobseekers
- 14,584 employees involved in partnership initiatives
- 52% of Maisons have implemented initiatives to promote the equal rights of people from the LGBTI community
- 50% of Maisons have set up original learning initiatives (in-house coaching, mentoring, etc.)
- 64% of people involved in recruitment trained or made aware of the importance of eliminating discrimination
- 71% of the Group’s total workforce is female, with 64% of managerial positions held by women
- 95% invested in health and safety (up 24% in 2019)
Respecting each one's dignity and individuality
LVMH always strives to make its employees feel included and fulfilled in their careers. It endeavors to set an example in the way it recruits, develops and grows the talent and skills of the people who make up its 75 Maisons.
PROMOTING DIVERSITY AND GUARANTEEING INCLUSION

AT EVERY LEVEL OF THE GROUP, LVMH HAS DEVELOPED A LONG-TERM COMMITMENT TO PROFESSIONAL DIVERSITY, EQUALITY AND INCLUSION.

The secret of its success lies in the varied and numerous talents of its teams, which are made up of people from all over the world. Diversity, equal opportunities and inclusion have been central to its culture and business for many years. Its Diversity and Inclusion policy is underpinned by a Group roadmap, the LVMH Code of Conduct, the Supplier Code of Conduct and the Recruitment Code of Conduct, which define its commitments in this area, and stress the essential need to fight any form of discrimination, be it related to gender, religion, skin color or sexual orientation.

COMBATING RACIAL INEQUALITY

LVMH and its employees call for greater racial equality and support minorities all over the world, especially the African American community. In the US, LVMH works with the National Black MBA Association, the Thurgood Marshall Foundation and the Black Retail Action Group to increase the number of Black candidates interviewed for job vacancies and promote the professional inclusion of young African Americans. In 2020, LVMH organized webinars to educate, raise awareness, and discuss the way in which racial prejudices develop and the impact they can have in order to prevent any form of discrimination, especially in the Group’s recruitment practices. One such event brought together 500 human resources experts. The Maisons also take their own measures to drive this change. For example, Sephora’s US division ordered the first-ever large-scale study on racial bias in retail in 2019, and was the first retailer to join the “15 Percent Pledge” program and dedicate 15% of its shelf space to Black-owned brands.

NURTURING A CULTURE OF INCLUSION

In 2020, the Group introduced several initiatives to foster inclusion, particularly of LGBTI people. In June, LVMH organized its first global event, “Voices of Inclusion”. The Group’s support group for American LGBTI employees, “All LVMH”

The Inclusion Index, driving diversity and inclusion within the Group

Sponsored by Chantal Gaemperle, Group Executive Vice President, Human Resources & Synergies, and Jean-Jacques Guiony, Chief Financial Officer, the Inclusion Index enables the Group’s Maisons to share their best diversity and inclusion initiatives. In 2020, it consolidated 148 initiatives to further gender balance and 65 to better include LGBTI people, improving the workplace environment for nearly 29,000 employees. Every year, awards are presented for the most impactful and innovative initiatives.
A Dior collection that celebrates Ghanaian artist Amoako Boafo

Unveiled in July 2020, Kim Jones’ spring-summer 2021 Dior menswear collection pays tribute to Amoako Boafo and Black identity. Africa, where British designer Kim Jones grew up, inspired the Ghanaian artist’s Black Diaspora portrait series, which in turn influenced the textures, surfaces and colors used in the collection.

RAISING AWARENESS AMONG AS MANY PEOPLE AS POSSIBLE

Despite the Covid-19 crisis, the Group continued to deploy its unconscious bias training program throughout 2020, after its launch the previous year. It has now been completed by several thousand employees—over 85% of whom are managers—teaching them how to use the tools at their disposal to tackle prejudice in the workplace. An online session open to all employees will be launched in 2021.

Since 2008, the Group has called upon an independent firm to conduct regular non-discrimination testing on the its human resources teams, and the independent non-profit ISM Corum to carry out audits. The scope of this work became global in 2014.

The Group analyzed the results of the 2020 tests and used regular surveys to assess the effectiveness of the training program and its human resources processes.

“Unleash your beauty”

MAKE UP FOR EVER has been supporting the Association Française du Vitiligo since 2018. Vitiligo is a condition which is characterized by the progressive depigmentation of the skin. It is one of the Maison’s CSR commitments to help people with rare physical disorders through campaigns to educate and raise awareness. Its Academy organizes special make up master classes for people with vitiligo, a condition that causes the skin to gradually lose pigmentation.

Pride USA”, celebrated its first anniversary by launching two other communities in Japan and the Asia-Pacific region.

The Group and several of its Maisons in the US—including Moët Hennessy, Louis Vuitton, Benefit Cosmetics, Kendo and Sephora—created Diversity and Inclusion departments, emphasizing the strategic importance of these values in driving their creativity and performance. More generally, these departments also symbolize the role LVMH wants to play in championing equality and non-discrimination wherever its Maisons are present.

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Gender equality forms one of the Group’s strategic priorities, which is why it endeavors to empower women at every level of the organization and at every stage of their careers. As a leader and pioneer in this field, LVMH signed the United Nations Women’s Empowerment Principles in 2013-2014. Every year, the Group works closely with its Maisons to set up coaching or mentoring initiatives, specific programs and local networks.

In 2020, 71% of permanent contracts, 64% of managerial positions, and 42% of key positions (compared with 23% in 2013) were held by women Group-wide. Women also made up 47% of the Board of Directors and 15% of the Executive Committee. Moreover, 15 Maisons are currently headed up by women—two more than in 2019. To achieve gender-wage equality, each Maison implements measures and tools to reduce any wage gaps between men and women within the same job category.

**WORLDWIDE PROGRAMS**

Launched worldwide in 2007, the EllesVMH program has developed several initiatives to achieve gender parity and foster inclusion within the Group. These include the EllesVMH Coaching initiative, which benefits about 30 women a year and has trained over 230 since 2013. Another example is SHERO, the in-house digital platform created by employees that shares articles, videos and podcasts to help women employees further their careers, which has been used by over 42,000 employees since it was set up in 2019 and was also launched as a global app in 2020.

In March 2020, LVMH broadcast a radio program called “Echo Day”. Presented by journalist Marie Drucker and Chantal Gaemperle, Group Executive Vice President, Human Resources & Synergies, the program highlighted numerous innovative Group-wide gender equality initiatives and shone a spotlight on the remarkable careers of several female employees.

**SHINING A SPOTLIGHT ON FEMALE TALENT**

Every year, the Group celebrates International Women’s Day, however, due to the Covid-19 pandemic, the 2020 event mostly took place digitally. LVMH unveiled “Tips to the Top”,

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<th>Year</th>
<th>Group Maisons’ female Presidents</th>
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<td>2016</td>
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a series of podcasts in which 11 female employees discuss how they rose up the ranks in professions traditionally occupied by men. Dior also unveiled its own podcast series, “Dior Talks”, in which artists, female employees and friends of the Maison—both male and female—discuss art, design and feminism with British art historian and author Katy Hessel. Christian Dior Couture also received international praise for joining the Global Education Coalition founded by UNESCO and opening its Women@Dior mentoring program to 200 talented young female students from Niger, Kenya, Ghana, Tanzania, Jamaica, Pakistan, the Philippines and Sri Lanka, via the online training platform “Women Leadership & Sustainability”.

“As a leader and pioneer of gender equality, our Group benefits from the complementarity and enrichment brought about through diversity, which are key to enhancing our competitiveness.”

CHANTAL GAEMPERLE
Group Executive Vice President, Human Resources & Synergies

MEASURING PROGRESS

The Group uses the French government’s Gender Equality Index to assess pay inequalities between male and female employees. The score is based on five criteria: wage gaps, pay rise differences, promotion discrepancies, the percentage of employees given a pay rise on returning from maternity leave, and the number of women in the top 10 highest-paying jobs. In 2020, based on the results of the consolidated LVMH companies in France that employ more than 1,000 people, the Group achieved a Gender Equality Index score of 91/100.

Violence against women: LVMH answers the French government’s call to action

On International Day for the Elimination of Violence Against Women, LVMH answered the call to action put out by Elisabeth Moreno, French Minister Delegate for Gender Equality. The aim was to circulate and raise awareness of the government’s campaign, especially since the Covid-19 crisis has aggravated the situation for so many. The Group also helped the Fondation des Femmes (Women’s Foundation) finance 1,000 nights in hotels and offer emergency accommodation to women and their children.
LVMH fiercely refutes the still all-too-common misconception that disabled people do not belong in the world of luxury. On the contrary, the Group knows that hiring talented disabled people contributes to the excellence of Group Maisons. That is why, for over 15 years, the Group has made integrating disabled employees one of its priorities. Internationally, the Group has set itself a target of employing disabled people as 2% of its workforce.

On December 3, 2020, LVMH joined the Global Business and Disability Network set up by the International Labour Organization, thereby emphasizing the Group’s strong commitment to an inclusive corporate culture that respects the uniqueness of each employee, especially disabled people. Since 2007, LVMH has rolled out several initiatives via Mission Handicap. Through a network of 54 disability champions in the various Maisons, Mission Handicap trains teams and raises their awareness of disability issues, thus boosting the long-term employment of people with disabilities in the Group.

**RECRUITING DISABLED EMPLOYEES AND HELPING THEM TO STAY IN WORK**

Given that the Group always looks to bring in the best people for the job, LVMH is keen to attract and recruit people with disabilities. The Group maintained its commitment to including disabled people in the workplace in 2020, despite the pandemic.

In France, the Moët Hennessy Entreprise adaptée (MHEA)—a sheltered workshop created in 2011 whose employees are all disabled—has enabled over 80 people with disabilities to find work in an appropriate corporate environment. Around 10 of them have obtained permanent contracts with the Group’s champagne Maisons. At Celine Japan, people with disabilities make up more than 2.2% of the workforce, and the Maison has a mission to promote equal opportunities for all. The inclusion of disabled employees has indeed been a beneficial and enriching experience, helping Celine Japan

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**International Day of Persons with Disabilities**

On December 3, 2020, coinciding with International Day of Persons with Disabilities, the Group joined the ILO Global Business and Disability Network. To mark the event, it sent a newsletter to all employees around the world restating LVMH’s commitment in this field. It recounted four inspiring personal stories from different continents that promote a positive view of disability, including that of Singaporean Paralympic champion and LVMH customer Theresa Goh. She talks about the Casa de Loewe boutique, which became one of the luxury sector’s most disabled-friendly concept stores when it opened in Singapore in 2020. The store was designed to ensure easy access for all customers and its shop assistants were trained to serve customers with disabilities.
strengthen and improve its organization. Sephora US has launched a program promoting the recruitment of people with disabilities in its distribution centers. In 2020, it hired 140 disabled people and plans to recruit a total of 350 by 2022.

The Group’s Maisons offer tailored solutions to help disabled people stay in work. These range from adapting their workstations to supporting them in transitioning to more suitable employment activities. Several of these initiatives were highlighted during European Disability Employment Week from November 16-22, 2020.

FACILITATING THE EMPLOYMENT OF DISABLED PEOPLE

The sheltered employment sector enables people with mild to severe disabilities to work in a setting that offers flexible working conditions and suits their situation. In 2020, LVMH purchased services from the sheltered employment sector in France worth €7.8 million, representing the equivalent of 384 full-time employees.

The Group also has a platform that enables its procurement teams to contact vocational rehabilitation centers and sheltered workshops directly and organize innovative projects and collaborations in a wide range of procurement and outsourcing categories.

In May 2019, LVMH and the events department of Groupe Les Échos – Le Parisien organized the fourth Disability, Employment and Responsible Procurement trade fair, which attracted nearly 4,500 visitors and over 150 vocational rehabilitation centers and sheltered workshops from all areas of the economy. In order to raise awareness and inform participants, the event included more than 70 conferences and workshops. It proved to be such a resounding success that the Group set straight to work organizing the next edition of the trade fair, which will be dubbed “Inclusiv’Day” and held in June 2021.

In Italy, inspired by the CSR directory it put together several years ago, the Group drew up a second list of 38 suppliers and service providers from the protected and sheltered employment sector, identifying opportunities for collaboration in facility management, marketing, communication, manual tasks and catering. This document, which is already used by some Italian Maisons like Acqua di Parma and Loro Piana, provides many disabled people with an income and a stable job.

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FOSTERING INCLUSION THROUGH PARTNERSHIPS

The Group can amplify its impact and challenge stereotypes through partnerships. In the US, for example, LVMH supports Runway of Dreams, a non-profit that works toward the inclusion of people with disabilities in the fashion industry. Founded by Mindy Scheier, Runway of Dreams aims to change the way the fashion industry views people with disabilities by recruiting disabled models and designing clothing to suit them.

LVMH also co-founded the non-profit ARPEJEH (an acronym for the French name, meaning “supporting young disabled students through education”) and has sat on its board since 2012. ARPEJEH works with over 80 companies, including Maisons Berluti, Christian Dior Couture and Louis Vuitton, to promote vocational training, qualifications and employment for young people with disabilities.
Supporting the safety and well-being of employees
LVMH’s human resources policy focuses on listening to and communicating with employees so as to ensure their well-being and safety, and create a high-quality working environment.
ENSURING HEALTH AND SAFETY AT WORK

THE GROUP PROMOTES A CULTURE OF HEALTH AND SAFETY, AND IMPLEMENT SPECIFIC ACTION PLANS AND MEASURES FOR ALL ITS EMPLOYEES.

At LVMH, the health and safety of teams and customers stand out as the absolute priority. The Group remains steadfast and focused on protecting all its stakeholders, which is why it makes sure all its activities comply with the health and safety laws and regulations of every country in which it operates. In 2020, the Group introduced a particularly meticulous health and safety policy for its employees throughout the Group.

A GROUP-WIDE HEALTH AND SAFETY POLICY

Each Maison is responsible for the health and safety of its own employees within the framework of LVMH’s overarching investment, certification and training program. Nevertheless, in 2020, the Group established a taskforce bringing together Maisons from all its business groups to assess their health and safety performance and put forward an action plan, which included drafting a health and safety charter—which will be communicated in 2021.

During the course of the year, close to 90% of Group Maisons introduced key measures to ensure the health and safety of their most at-risk employees (workshops, retail, etc.). In 2020, LVMH invested more than €47.6 million in health and safety (up 24% on 2019) to fund occupational health services, protective equipment, and a continuous improvement program for workplace health, safety and hygiene in response to the Covid-19 pandemic. Overall, the total cost of creating a safe working environment came to more than 53 million euros, or 0.8% of the Group’s gross payroll worldwide.

TAILORED SOLUTIONS

The Group regularly assesses the health, safety and ergonomics of its production facilities, workshops, vineyards, stores and head offices, and implements action plans to address any needs identified on the ground. Sephora sites in the US introduced specific, OSHA-compliant (Occupational Health and Safety Administration) certifications.

INCREASING CERTIFICATION

The OHSAS 18001 and ISO 45001 certifications – which have already been obtained by some Hennessy, Fendi, Parfums Christian Dior, Bulgari and Belmond facilities – demonstrate the Group’s Maisons’ commitment to providing the healthiest and safest working environment for all employees. Hennessy, which created an Environment, Safety and Quality Department precisely so it could implement a health and safety management and certification process, became the first Spirits Maison in the world to obtain the ISO 14001 certification back in 1998. Fendi has six ISO 45001-certified facilities, including its head office, the Palazzo della Civiltà Italiana in Rome.
Safety and Health Administration) measures for employees and customers. Facilities in Spain obtained the “Excelexia Preventiva” certification for excellence in health and safety management and are undergoing audits as part of a health and safety certification process.

Group Maisons also adapt employees’ workstations to accommodate for any disabilities, avoid aggravating health conditions, or make life easier in their workshops and production facilities.

**PROTECTING EMPLOYEES DURING THE PANDEMIC.**

The Group’s Maisons adapted their facilities and workplaces in order to comply with Covid safety and hygiene measures. LVMH provided all employees working on site with the necessary equipment, including hand sanitizer, face masks and Plexiglas barriers, to ensure that they could continue doing their jobs safely. It encouraged people to work from home wherever possible and provided staff with office equipment and individual support, which included an employee assistance program to anticipate social isolation issues or encourage them to switch off at the end of the working day. In June 2020, the majority of Maisons took part in the 17th Quality of Life in the Workplace Week, which in part focused on conducting an initial assessment of the pandemic.

**WORKING CONDITIONS FOR MODELS**

In 2017, LVMH and Kering established a Charter on Working Relations with Fashion Models and Their Well-being to ensure their Maisons excluded US size two models from castings, asked all models to provide a medical certificate issued within the last six months, provided models access to a psychologist or therapist, and treated them with respect and professionalism.

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Employee health and safety – an absolute priority.

The Group’s employees benefit from very strict workplace health, safety and well-being policies as its Maisons comply with the most rigorous international safety legislation, and regularly implement new systems to ensure continuous progress in this area. LVMH took action to protect its employees against Covid-19 as early as January 2020, providing extensive information, recommending protective measures, and adapting working hours.

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<table>
<thead>
<tr>
<th>LVMH Group workplace accident frequency rate in 2020, compared with 5.60 in 2019</th>
<th>4.52</th>
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<tbody>
<tr>
<td>LVMH Group workplace accident severity rate in 2020, compared with 0.16 in 2019</td>
<td>0.15</td>
</tr>
<tr>
<td>Of Group Maisons introduced key measures to ensure the health and safety of their most at-risk employees (workshops, retail, etc.)</td>
<td>90%</td>
</tr>
<tr>
<td>Of Group employees benefit from an Employee Assistance Program</td>
<td>48%</td>
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SAFEGUARDING THE WELL-BEING OF EMPLOYEES

MOTIVATED EMPLOYEES WITH A HEALTHY WORK-LIFE BALANCE SUSTAIN AND BOOST THE EXCELLENCE OF THE PRODUCTS AND SERVICES PROVIDED BY THE GROUP’S MAISONS

LVMH takes action in all areas directly and indirectly related to employee health and safety, and accounts for the specific nature of every profession and position. Most notably, Group Maisons adjust working hours, adapt the workspace and ensure a healthy work-life balance.

ADJUSTING WORKING HOURS AND CONDITIONS

During the Covid-19 pandemic, the Group encouraged people to work from home. This was facilitated by the charters and collective bargaining agreements in place in most Group Maisons. During the first lockdown in March 2020 when Christian Dior Couture workshops had to close, the Maison’s sewers continued to make the collections at home, once again demonstrating their passion and engagement.

Before the pandemic, tailored working hours already existed for mothers with young children (Louis Vuitton in Japan), older workers nearing the end of their career (Berluti, Louis Vuitton workshops, Chaumet and Le Bon Marché), pregnant women (Berluti and Chaumet) and sales personnel (Sephora). Agreements had also been negotiated for employees working remotely, on Sundays, or in the evenings.

PREVENTING MENTAL HEALTH ISSUES

All the Group’s Maisons actively strive to prevent psycho-social risks and roll out systems to support and make their employees’ daily lives easier.

In the US, Moët Hennessy continues to offer online training to supervisors in New York and California in preventing sexual harassment, and a workplace bullying course to new managers and recruits. In 2020, the company introduced “report it®”, an anonymous and confidential hotline employees can use to report harassment, inappropriate behavior, or other ethical and compliance concerns. In the

Reacting rapidly to the psychosocial risks caused by the pandemic

In several countries, during the first lockdown and the months that followed, Maisons offered their employees free remote medical consultations, advice and referrals to specialists.

In Japan, the Group rolled out "Balance for Better", a concierge service for the families of LVMH employees, which has benefited more than 6,500 people.

In Spain, since April 2020, all Group employees can receive psychological support through LVMH’s contract with Más Vida Red.

In France, Christian Dior Couture conducted a survey on the experience of remote working after the first lockdown and several other surveys on working conditions during the Covid-19 crisis. In addition, Parfums Christian Dior set up a medical monitoring system for remote workers and a psychological support service at its Saint-Jean de Braye facility. It is currently drawing up an action plan to prevent psychosocial and stress-related risks, which will be supplemented with a quality of work life (QWL) policy.
Middle East, Louis Vuitton developed a compliance tool available to all employees via their phones or computers in 2020. Group Maisons have introduced similar systems in Japan and Italy, where businesses are required to conduct annual work-related stress risk assessments and surveys.


**WORK-LIFE BALANCE**

People cannot achieve truly fulfilling careers without striking a healthy balance between their work and private life, which is why Group Maisons endeavor to foster high-quality working conditions. To help employees achieve a harmonious work-life balance, LVMH must make their daily lives easier. This understanding is motivating a growing number of Maisons to offer employees company concierge services and spots in daycare centers. In France, for example, LVMH reserves 200 places in daycare centers on behalf of its employees.

Maisons have long been concerned with ensuring work-life balance and endeavor to help their employees reconcile work with the challenges they face as parents, older workers, persons with disabilities, and care givers. They have included a very wide range of initiatives in company agreements and drawn up specific charters (for single parents, remote workers, older employees, etc.) to address as many situations as possible. During the particularly challenging times brought on by the pandemic, these arrangements were even more accommodating to better support employees and their families.

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Renovated in 2020, the historical address at 12 Vendôme forms Chaumet’s beating heart. The hôtel particulier fulfills three fundamental purposes – housing a store, several “grands salons” celebrating culture, and the High Jewelry workshop, where its master craftspeople are now able to enjoy a view of Place Vendôme. The workshop’s spaces have been redesigned to reduce the noise and disruption associated with making jewelry. The new tools, equipment and workbenches were chosen with input from the Maison’s occupational medical services to ensure the health, safety and greater comfort for the craftspeople.
LISTENING TO AND ENGAGING WITH EMPLOYEES

In 2020, LVMH launched an unprecedented worldwide survey throughout the Group with a view to making employees even more central to its action plan.

Employee representation forms one of the pillars of the LVMH Code of Conduct, which protects the right to freedom of association and recognizes the right to collective bargaining. The Code guarantees the rights of all Group employees without distinction, irrespective of their political and trade union affiliations.

The Supplier Code of Conduct extends the scope of these commitments to the Group’s entire ecosystem and emphasizes the principles of freedom of association, integrity, and respect for workers’ rights. Moreover, in compliance with the French law of May 22, 2019 on the growth and transformation of companies—known as “Loi Pacte”—in 2020, two elected employee representatives joined the Group’s Board of Directors.

A SURVEY OF UNPRECEDENTED SCOPE

Mid-2020, the Group launched the LVMH Global Pulse Survey, asking all employees worldwide what they had learnt from the unprecedented experience of working during the pandemic and what their visions were for the future of the Group, post Covid-19. To supplement the survey findings, LVMH also interviewed 77 young talents, high potentials, and CEOs. The survey took three weeks and 78,000 employees answered the questionnaire, which was translated into 12 languages. Their proposals for future priorities have inspired strategic initiatives such as “Next Frontier”, an ambitious scheme to change ways of working and leading within LVMH from 2021.

GROUP MAISONS’ IN-HOUSE SURVEYS

Some Maisons organize surveys to assess employee satisfaction, engagement and well-being, such as “Listening for Action” at Moët Hennessy Diageo and Parfums Christian Dior, “Voice Survey” at Sephora, and “Happy@work” at 24 Sèvres. In much the same vein, the Group measures employee fulfillment, perceptions and expectations with barometers like “Bloom at work”, which is used by Guerlain and LVMH Fragrance Brands, and “Your Well-being Matters”, the emotional well-being survey conducted by Parfums Christian Dior and Loewe Perfumes in Spain. Chaumet’s annual “Chaumet Eng@ged Opinion Survey” measures employee opinions on issues like adherence to leadership, belief in corporate culture and values, quality of work life and career development. These many assessments provide Group human resources teams with precious insights and allow them to anticipate and respond to individual or collective issues, create spaces for dialogue in the workplace, and set up information portals for employees.

NURTURING SOCIAL DIALOGUE WITHIN THE GROUP

Employee representatives facilitate dialogue within the Group by communicating employee expectations across the various levels of the organization (the Group in France, the Group in Europe, and the Maisons). Employee representatives are consulted in accordance with local laws and regulations.

LVMH employees are represented through several structures—first and foremost via the Group Works Council, which comprises 29 members and covers issues pertaining to France. It holds a plenary meeting once a year, which last year took place on October 14, 2020. This body enables elected representatives to meet with the Presidents of all the business groups and discuss the Group’s strategic direction, economic and financial issues, employment trends and outlook. The European Works Council, an employee
representative body made up of 28 members from the 22 European countries in which the Group operates, forms the second tier of representation. It holds a plenary meeting once a year, and last met on November 10, 2020. The European Works Council considers transnational European issues and supplements the Maisons’ Works Councils, which handle their own work-related issues.

A WHISTLEBLOWING SYSTEM

The Maisons encourage employee feedback and dialogue with management, which leads them to conduct satisfaction surveys or put in place more direct methods to gather feedback. In addition to the standard channels of communication and whistleblowing systems that already exist in the Maisons—which have now appointed anti-bullying champions—LVMH has set up a centralized whistleblowing system, available in around 10 languages, to enable any employee to report infringements or serious risks of infringement of laws, regulations, the provisions of the LVMH Code of Conduct or any other internal principles, guidelines or policies. Where relevant, the reports handled via these dedicated systems help enrich risk identification and prevention procedures as part of a continuous improvement process.

The findings of the 2020 “LVMH Global Pulse Survey”

The survey findings showed that employees, with whom LVMH maintained a close relationship, strongly approved of the Group’s social policy since the beginning of the crisis. It highlighted a clear desire for greater trust, collaboration and empowerment. LVMH currently boasts the highest rates of employee engagement and pride in belonging.

78,000 employees responded to the survey

180,000 answers were received

89% of employees commended the way the Group responded to the health crisis

93% are proud to belong to the LVMH Group
LVMH endeavors to pass on and develop its savoir-faire by attracting the best talent and enabling its employees to further their careers in line with their aspirations.
SHAPING THE FUTURE OF THE GROUP

As a Group with international reach that is constantly innovating, LVMH offers a range of development opportunities at every level of the organization as well as an unparalleled variety of cultures, professions and business groups. The candidates selected by the Group’s in-house network of 800 recruiters are therefore able to take advantage of unique and exciting career prospects. The pandemic that struck the world in 2020 considerably dampened recruitment, but LVMH did continue to develop strong ties with promising future talent.

VALUES, EMPOWERMENT AND APPEAL

Committed to developing its people, LVMH carefully selects the candidates who closely identify with the Group’s values and culture—excellence, entrepreneurial spirit, innovation, creativity, perseverance and pragmatism.

This year, Group human resources sought in particular to satisfy employees’ desire for greater autonomy and empowerment by looking to its modern and inspirational leadership team. The talent brought in shares this same drive to integrate or lead fully engaged teams where people wholeheartedly buy into the goals pursued and work together effectively.

LVMH brought together its main internal stakeholders, employees, the heads of the Maisons and regional managers, as well as people from outside the Group to develop its new employer brand, which was launched in 2020. “Craft the Future” aims to bolster the key messages used to describe LVMH as an employer and amplify the employer

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**Close relationships with schools and universities**

The Group and its Maisons foster appeal through their ambitious efforts with schools and universities to inform young people about their structures and the diverse range of career opportunities available.

| **4,000** | **1st** | **165** | **200** |
| **students involved in virtual “Start Your Journey with LVMH” events** | **in the Universum France ranking of most attractive employers among students from business schools for the 16th consecutive year** | **work-linked interns from underprivileged schools and 108 9th-grade interns supported during the Semaines des Collégiens event organized for middle-school children in the Parisian suburbs of Clichy-sous-Bois and Montfermeil** | **events organized online in order to maintain relations with students and graduates throughout the world** |
brand of its Maisons. At the same time, Maisons such as Moët Hennessy, Christian Dior Couture, Louis Vuitton, Parfums Christian Dior and Sephora also revised their core messaging. “Craft the Future” was initially shared with Group ambassadors via online conference tools and an e-learning platform before it is rolled out publicly in 2021.

For the 16th year running, LVMH topped the Universum ranking of most attractive employers among students from business schools in France. The Group also climbed up the leaderboard in the international rankings.

IN LINE WITH THE TALENT OF TOMORROW

In 2020, the majority of schools and universities were forced to close their doors and rethink their approach to teaching, both in person and remotely. Nevertheless, LVMH continued to develop close relationships with the world’s leading schools and universities and maintained ties with students and graduates who were still able to count on the Group’s Maisons to support their professional development through a variety of internships, apprenticeships, fixed-term and permanent contracts.

LVMH also renewed and strengthened long-standing partnerships with world-renowned schools and universities such as ESSEC, HEC Paris, École Polytechnique, the Institut Français de la Mode and CentraleSupelec in France, Central Saint Martins in the UK, Bocconi University in Italy and Fudan University in China.

For example, LVMH is working with Central Saint Martins to identify disruptive solutions to boost sustainable development and innovation in the luxury industry. Together, LVMH and Central Saint Martins organize the Maison/0 Green Trail competition each year, with five winners being chosen in July 2020. One submission brought together 27 students who explained how innovative and sustainable design can help to tackle the climate emergency facing the world today.

In light of the pandemic, LVMH adapted the majority of its events for students to enable them to continue to learn about the wide range of professions and opportunities on offer within the Group. Over 200 events took place, primarily online, including leaders’ conferences, discussion panels, recruitment centers, job presentations, forums considering business cases and virtual visits.

THE IMPORTANCE OF DIGITIZATION

Digital technology has become essential to reaching the widest possible talent pool, optimizing the recruitment experience and guaranteeing the diversity of people hired. The Group continues to expand its presence on social media to enable candidates to better understand its structure and ecosystem, as reflected in its partnership with LinkedIn or the increasing use of pre-recorded interviews.

In order to recruit interns and apprentices in France for 2021, the Group and 20 of its Maisons organized its first “Start Your Journey with LVMH” online sessions in September and October with over 4,000 students from 190 schools around the world, while the Maisons based in the US took part in the virtual “National Black MBA Career Fair”.

“One Young World Caucus 2020” to combine sustainable development with financial priorities

In October, several LVMH employees based in Japan took part in the “One Young World Caucus 2020”, a flagship initiative that identifies, promotes and connects the world’s most impactful young leaders to create a better world, with more responsible, and more effective, leadership. In order to connect 17 United Nations Sustainable Development Goals to the financial priorities pursued by companies, the event gives young leaders the opportunity to present their ideas and assess the resources required to implement them.
CONSOLIDATING AND PASSING ON SAVOIR-FAIRE

LVMH is committed to passing on savoir-faire, developing high-quality crafts and supporting creativity in an effort to protect craftsmanship and enrich cultural heritage.

LVMH Maisons strive to maintain the highest level of excellence by protecting craftsmanship and creativity, two essential vectors of the Group’s international reach. That is why LVMH provides long-term support to its trades, ensuring the perpetuation of its ancestral savoir-faire. The Group has a responsibility to preserve and pass on these elements of the world’s intangible heritage.

RECOGNIZING THE SPECIFIC NATURE OF EACH CRAFT

To respond to the specific and demanding nature of the luxury business, the Group needs to recruit people who fully master their exceptional artisanal savoir-faire. It is therefore essential for LVMH to promote its crafts, pass on skills to younger generations and train the creative craftspeople of tomorrow. In order to safeguard the continuity of its savoir-faire, LVMH encourages people to learn these trades to ensure they are not lost to the passage of time. For example, the Group recognizes the specific nature of luxury trades as “crafts of excellence”, taking account of certain criteria that apply only to the luxury industry so as to better meet needs and demands.

PASSING ON SAVOIR-FAIRE THROUGHOUT THE GROUP

The leading vocational work-study training program in the luxury sector for creative, craft and retail skills, the Institut des Métiers d’Excellence (IME) passes on savoir-faire to new generations, forging an extraordinary talent pool for the Group. Whether the apprentices are young and just starting out in the world of work or older people looking to change careers, they receive technical and theoretical teaching from IME’s 22 prestigious partner schools and universities, as well as the opportunity to put their new skills into practice within one of the Group’s 36 partner Maisons. The program of studies also includes foreign language training and master classes. Since 2014, the IME has trained over 900 apprentices across France, Switzerland, Italy and Spain, boasting a...
LVMH Métiers d’Art residency program

Raphaël Barontini, visual artist and graduate of the Beaux-Arts de Paris and the Department of Art at Hunter College in New York, carried out an artistic residency in the Group’s Heng Long leather tannery in Singapore as part of the LVMH Métiers d’Art residency program. Over several months, he worked on screen-printing and dying leather alongside internationally renowned specialists in crocodilian leathers, which represented an incredible challenge for the young artist. Indeed, accustomed to screen-printing and dying on supple materials, he learned to adapt his techniques to the thick crocodilian leather, with its irregular surface. To get the most from this exceptional material, he teamed up with the tannery’s artisans to learn the specific techniques to process crocodile leather, which are so precise that they require the knowhow of an entire team. Raphaël Barontini harnessed their incredible skills to expand his creative range.

cumulative success rate of 97%. After completing the course, the majority of apprentices go on to join LVMH or one of its partners outside the Group. In 2020, the IME and its partners went to great lengths to continue providing teaching to students and recreate key moments online during and after the various lockdowns.

It also designed a new program in partnership with Pasticceria Cova and the Gladus Academy in Milan, increasing the number of course it offers to 31. Furthermore, LVMH announced a new partnership between the IME and the Campus d’excellence des métiers d’art et du design in Paris.

SUPPORTING THE DESIGNERS OF THE FUTURE

As the role of an artistic director is to cultivate and proliferate the identity of the Maisons, the Group makes it a strategic priority to collaborate with world-renowned designers that reflect the essence of each brand. They are artisans of creative excellence and masters in reinventing themselves. In order to renew this wealth of talent, LVMH continuously seeks to support young designers and nurture future talent.

Driven by its creative passion, the Group has for many years sponsored a variety of initiatives, including the ANDAM Fashion Award Paris, the Hyères International Festival of Fashion and Photography, the loan scheme for young fashion designers set up by the French Ministry of Culture and Communication, and the LVMH Prize for Young Fashion Designers, where in 2020 the €300,000 prize was exceptionally split equally between the eight finalists.

Each year, this prize offers the Group the opportunity to reiterate its commitment to supporting young designers. Unprecedented in its concept, content and international scope, the LVMH Prize recognizes particularly talented designers chosen by a panel of judges made up of artistic directors from the Maisons in an effort to encourage vitality and creativity in fashion the world over.

The LVMH Institut des Métiers d’Excellence in figures

900 IME apprentices trained since 2014 across four countries (France, Switzerland, Italy and Spain).

97% success rate

82% of apprentices were awarded the IME certificate of excellence

36 LVMH Group partner Maisons

5 LVMH business groups represented
DEVELOPING EMPLOYEE SKILLS

To encourage and facilitate career progression, LVMH boosts employee skills, offers transfer opportunities and pursues a motivational remuneration policy.

In an ever-changing world, it is essential to keep abreast of new and emerging techniques and understanding to ensure employees remain aware of the ways in which working methods and the market are changing, thereby boosting their professional fulfillment. The LVMH holding company has put in place a three-year road map (2019-2021) to better respond to the need for critical skills and new ways of learning.

NURTURING DIGITAL CULTURE

The Maisons further the digital literacy of their employees in accordance with their jobs and career aspirations. The Covid-19 pandemic more than confirmed the importance of these efforts as well as the Maisons’ ability to adapt to remote working and online meetings, as demonstrated by the Veuve Clicquot managers’ meetings. The Group and Maisons expanded the range of digital training courses on offer with e-learning and interactive sessions organized through remote meeting platforms. The holding company also maintained its conference schedule, including its monthly “Connect Fridays” to discuss personal development, current trends and recent changes in the luxury industry and its trades, as well as forums for dialogue with the Group’s Maisons and business groups. The Maisons also developed a number of bespoke courses, including “Dior Learning” at Christian Dior Couture and “Smart Working@Fendi”, while Chaumet set up its “Learning Fred” app and Acqua di Parma, Sephora and Belmond created their own Online Academy.

ACTION TO BRING ABOUT INNOVATION AND CHANGE

Launched in 2017, the global initiative DARE (Disrupt Act Risk to be an Entrepreneur) lies at the crossroads between open innovation and talent development. The program reflects the Group’s drive to help its employees understand technological

<table>
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<tr>
<th>Training and remuneration in 2020</th>
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<tr>
<td>€90.7 m invested in training in 2020</td>
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<tr>
<td>66% of employees received training (all categories)</td>
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<tr>
<td>1.2 days of training provided per employee on average, equating to 169,000 days of training altogether</td>
</tr>
<tr>
<td>€8,455 m in personnel costs worldwide, level on 2020</td>
</tr>
<tr>
<td>€310.9 m paid in 2020 with respect to 2019 profit-sharing, incentive or company savings plans</td>
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and market changes, enabling them to adapt to new ways of working and managing people. The Maisons echo and further the Group’s innovation policy by deploying schemes to encourage initiative and enact change to ensure all work together to shape the luxury industry of tomorrow.

CORPORATE SOCIAL RESPONSIBILITY AT THE HEART OF CHANGE

Employees and managers receive CSR information through social media, the Group website and its “Voices” intranet. The Maisons deploy training courses to further develop the pillars of the Group CSR strategy throughout their operations. For example, Céline launched #CELINECARES, a CSR project that encourages its employees to get involved and become ambassadors of its efforts. Moynat deployed its corporate project, dubbed “Ready”, which focuses on the working environment, internal communication and its corporate culture.

Furthermore, 24 Sèvres developed a database for its Purchasing Department that centralizes expertise and processes to make it easier to share knowledge and make information accessible to everyone at all times.

MOBILITY AS A KEY GROWTH DRIVER

Operating in 80 countries throughout the world, LVMH offers employees a vast range of opportunities. Whether people are looking to change profession or geographic location, mobility helps to develop talent within the Group, enrich skills and often increase empowerment.

LVMH conducts an annual review of its structure and the people in each of its Maisons, divisions, departments and geographic regions to gain a detailed understanding of future organizational needs and identify the most promising talent. Moreover, performance and career reviews enable many employees to discuss their professional achievements, aspirations and hopes, while digital tools, such as the MOVe and LVMHtalent platforms, make it easier to manage human resources. In 2020, 1,300 vacant managerial positions were filled internally.

ATTRACTIVE REMUNERATION

LVMH believes in the importance of recognizing, attracting and motivating talent through rewarding remuneration in line with employee and market expectations. The Group strives to achieve a fair balance between basic salary and performance pay through the variable components of remuneration, which is confirmed in annual salary surveys. Conducted in France and around the world, these surveys take account of the specific nature of each profession and the business segment in which each Maison operates. In 2020, 58% of employees on permanent contracts in France received an average gross monthly wage in excess of €3,000.

Each Maison develops its own tools to identify and close any wage gaps between men and women within the same job category.
LVMH harnesses its values and savoir-faire to benefit society, mobilizing its resources to support the causes in which it believes and creating a positive impact on its entire ecosystem.
SUPPORTING EMPLOYMENT, ENTREPRENEURSHIP AND LOCAL DEVELOPMENT

IN 2020, THE MAISONS OF THE LVMH GROUP DEMONSTRATED THE SPECIAL RELATIONSHIP THEY HAVE FORGED WITH THE COMMUNITIES IN WHICH THEY ARE BASED, INJECTING GROWTH, INNOVATION AND EMPLOYMENT.

Owing to its position as leader in the luxury industry, LVMH maintains close relationships with its stakeholders and endeavors to boost local employment opportunities, safeguard unique savoir-faire and support entrepreneurs, while the Maisons forge special relationships with their suppliers.

As a responsible and committed Group present around the world, LVMH strives to have a positive influence on the societies and regions in which it operates, preventing any potential damage its business, as well as that of its suppliers and sub-contractors, may have on its stakeholders or the environment.

SUPPORTING SUPPLIERS AND STIMULATING LOCAL ECONOMIES

LVMH strongly believes that no product can be desirable unless it is environmentally friendly. It therefore endeavors to ensure its products and the way they are made positively impact its entire ecosystem and the regions in which it operates, to actively help bring about a brighter future.

Many of the Group’s companies are established in regions throughout France, boosting local employment and economic development. For example, Hennessy is based in Cognac, Moët & Chandon and Veuve Clicquot in Champagne, Louis Vuitton and its 20 French workshops are spread throughout the country, Parfums Christian Dior is located in Saint-Jean-de-Braye, near Orléans, and Chartres, as is Guerlain. They have developed policies to effectively communicate and collaborate with local authorities, in particular on efforts relating to culture, education and employment.

Throughout the pandemic, the Group’s 75 Maisons took action to support their suppliers and sub-contractors. In the US, the Maison Hennessy has made donations to charities that support people looking to get back into work. The “Unfinished Business” project supports family businesses run by people of African-American, Hispanic and Asian origin that were hit particularly hard by the economic crisis caused by the Covid-19 pandemic. The project has enabled the Maison to provide not only essential financial assistance, but also advice and support to help these businesses through the crisis. In order to reach out to the different minority groups in the most effective way, the Maison worked with local charities that already know and understand these communities well. In France, the Maison protects its regional network by cutting its payment deadlines, confirming orders and actively supporting winegrowers.

Since January 2020, Bvlgari has been involved in the “Flower Gems of India” initiative, developed in collaboration with perfume designer Firmenich and its Indian partner Jasmine Concrete to create a new sustainable jasmine farming model to benefit 100 family-run farms in Tamil Nadu.

ENCOURAGING STARTUPS

The LVMH Group has long sought to encourage and nurture entrepreneurial spirit, which is why it launched La Maison des Startups in early 2018 to combine open innovation, business development and new ways of working. This accelerator program for startups in the luxury industry is located within the world’s largest startup incubator, Station F. In just two years, over 160 collaborative initiatives have been formed, including 60 since the start of the pandemic—for example, cooperation was established between Clos19 and Livstick, Bvlgari and Tapbuy, Kenzo and Faciliti, as well as Sephora and Replika, which gave rise to excellent performance in a very short time. The fourth annual LVMH Innovation Award was presented to the Dutch start-up Crobox for its consumer behavior analysis tool, which has proved all the more essential.
during this period of uncertainty when customer journeys need to be regularly revised. Crobox will benefit from tailored support within La Maison des Startups LVMH.

SUPPORTING FEMALE ENTREPRENEURS

Through its Bold Woman Award and Bold Future Award, Veuve Clicquot has been shining a spotlight on remarkable female entrepreneurs since 1972. The 2020 ceremony—held online for the first time—recognized inspirational women who encourage girls everywhere to be bold. Female students in the US benefit from mentoring through the Women@Dior program implemented by Christian Dior Couture, and Fendi has partnered with the NGO Perspective, which offers individual coaching to female leaders.

With the French economy suffering the full force of the Covid-19 pandemic, most young entrepreneurs find themselves struggling. That is why Veuve Clicquot extended its BOLD program with SISTA x BOLD, to support female entrepreneurs through the economic recovery and safeguard their future success. The Maison teamed up with the collective SISTA to develop a platform to bring together 100 mentors willing to provide female entrepreneurs with 1,000 hours of advice and consultation.

Even in the beauty industry, female entrepreneurs are under-represented. Sephora launched “Sephora Accelerate” in 2016 to support women around the world, especially women of color, who set up their own beauty business. In 2020, 20 entrepreneurs benefited from mentoring, coaching, financial support and opportunities to meet and engage investors.

The Veuve Clicquot Bold Woman Award

On November 9, 2020, Veuve Clicquot presented its Bold Woman Award and Bold Future Award to three especially inspiring entrepreneurs – Juliette Lévy, founder of Oh My Cream!, and Loubna Ksibi and Donia Amamra, co-founders of Meet My Mama – in a digital ceremony hosted by Parisian fashion journalist, author and style icon Sophie Fontanel.
FACILITATING PROFESSIONAL INTEGRATION AND ACCESS TO EDUCATION

THE MAISONS SUPPORT CAUSES THAT ARE IMPORTANT TO THE LVMH GROUP, SUCH AS IMPROVING ACCESS TO EDUCATION FOR YOUNG PEOPLE AND SUPPORTING PEOPLE TRANSITIONING BACK INTO SOCIETY AND WORK AFTER LONG-TERM UNEMPLOYMENT.

LVMH and its Maisons are keenly aware of the way the social fabric differs between regions, enabling them to establish effective partnerships with local NGOs and non-profits.

EMPOWERING WOMEN

The Maisons have put in place a variety of initiatives to shine a spotlight on the contribution women make to society. In Asia, as part of its partnership with “Daughters of Tomorrow”, Guerlain organized four virtual coaching sessions for five vulnerable women looking for jobs in the beauty industry. Sephora’s “Classes for Confidence” are designed to support women living with cancer, struggling with long-term unemployment or who identify as transgender. The Maison offers them a makeover and coaching to teach them different ways to present themselves and build up their self-confidence. Many classes were conducted around the world—in the US, the United Arab Emirates as well as seven countries in Europe (France, Russia, Poland, Spain, Italy, Greece and Portugal). In response to the pandemic, several countries have developed digital versions of the classes. Since the initiative was launched, over 77,000 people have taken part in nearly 2,150 classes. Elsewhere, the Bold is Beautiful project developed in 2015 by Benefit Cosmetics, which champions women’s independence—through education in particular—has raised nearly €20 million from profits made at its eyebrow bars. This charitable community campaign has been rolled out in 21 countries throughout the world, including Malaysia.

CATALYZING POSITIVE CHANGE

Playing a major role in the global economy, LVMH and its Maisons promote the social and professional integration of people struggling with long-term unemployment. To support their transition back into work, LVMH runs coaching sessions where recruiters and beauty advisors from the Maisons give jobseekers guidance and help them gain self-confidence. The people chosen to take part in the program are identified by the Group’s partner organizations working in education, with disabled people, or the long-term unemployed. The Group and certain Maisons, such as Celine, also champion the professional integration of skilled craftspeople who have come to France as refugees, by joining forces in particular with the charity La Fabrique Nomade. LVMH has built bridges with the Institut des Métiers d’Excellence, inviting

Closely supporting students

In the US, the Group has pledged its support to students from disadvantaged areas of New York and Miami, through a program in which young people and Group employees come together to discuss career opportunities. In 2020, more than 2,500 young people took part in 20 sessions, five of which were organized in partnership with the non-profits United Way of NYC and Honey Shine, which support students whose families have been badly affected by the crisis. LVMH also partners with the NYC Career Week, during which 40 students were invited to the Marc Jacobs headquarters where they were welcomed by Sidney Toledano, a member of the Executive Committee.
In September, the second cohort of students started their course on the Clichy-sous-Bois campus in Seine-Saint-Denis, in the suburbs of Paris. The institute was founded in 2019 by Madame Brigitte Macron, with support from the LVMH Group, to help adults over the age of 25 looking to get back into work after dealing with issues in their personal lives or being inactive for more than one year. A total of 80% of graduates from the first intake successfully achieved their goal to find employment or return to training. In 2020, the aim is to open two new institutes in France – one in Valence, southeast France, and the other in Roubaix, northern France.
SUPPORTING VULNERABLE POPULATIONS

THE LVMH GROUP IS COMMITTED TO ASSISTING VULNERABLE PEOPLE AND THOSE IN NEED WITH EMPLOYEE VOLUNTEERS, PRODUCT DONATIONS, FINANCIAL SUPPORT.

The Group continues to support a great many institutions in France and around the world that are renowned for their efforts to protect children, older people and disabled people. It worked alongside them in 2020, implementing or extending a number of wide-ranging initiatives to defend important causes that reduce suffering or isolation.

UPHOLDING A LONG-STANDING TRADITION OF SOLIDARITY

Those involved in upholding the Group’s social responsibility—the Maisons, employees and its charitable partners—came together at the eighth annual Dîner des Maisons engagées, which was organized as a virtual event, dubbed the “Émission Engagée”, and held on December 17, 2020. Despite the pandemic, the Group was keen to maintain the annual event that has celebrated its social engagement since 2011 and brings together all those concerned. During the evening, LVMH and its Maisons confirmed they would provide their financial support to combating sickle cell disease and an initiative known as “À Table Les Soignants!”—an idea put forward by three-Michelin-star chef Arnaud Donckele and supported by several restaurants. It calls on the generosity of restaurant owners to invite every hospital-based healthcare worker and a guest of their choice to enjoy a meal as a way of expressing gratitude for all they have done. During the evening, Group employees commended the initiative, to which the Group donated €20,000.

COMBATING SICKLE CELL DISEASE

Also applauded during the “Émission Engagée” was the Group’s involvement in efforts to combat sickle cell disease. World Sickle Cell Day was first observed in 2008 after the UN recognized the need to increase the awareness about the disorder and its cure among the wider general public. The day offers LVMH the opportunity to celebrate and renew its commitment to the cause. For the past 10 years, LVMH has been involved in the fight against sickle cell disease, providing financial support to the teams at the Robert-Debré hospital.

Inspiring hope among children

Bvlgari has been working alongside Save the Children since 2009. Sales of its customized Save the Children jewelry collection have enabled the Maison to donate nearly $100 million over the course of the partnership, benefiting over 2 million children. Bvlgari primarily wants its considerable financial support to help guarantee children everywhere receive a high-quality education. Also engaged in the fight against poverty, Bvlgari provided emergency aid to children in Beirut, launching the B for Beirut campaign to raise funds to help children affected by the explosions in the Lebanese capital.
9,225 employees involved in partnerships to support vulnerable populations and those in need

€22.3 m invested in partnerships to support vulnerable populations and those in need

To enable them to purchase essential medical equipment and supplies to look after unwell children and invest in research to find a treatment for the disorder, which remains incurable. On World Sickle Cell Day 2020, LVMH donated €223,000 collected by its Maisons, which brings total donations to €1.3 million since 2011. Furthermore, all LVMH Maisons based in the US made a $16,000 donation to the program set up by the American Red Cross to combat sickle cell disease.

PURSUING ICONIC PARTNERSHIPS

Since the collaboration between Louis Vuitton and UNICEF began in 2013 and became one of the Group’s most iconic partnerships, it has raised $13 million for children in need. In 2020, the Maison donated $1 million to the charity as part of efforts to combat Covid-19, as well as another $400,000 to support survivors affected by the explosion at the port in Beirut.

Sephora stepped up its “Sephora Stands” CSR program, which has been deployed in the US, Europe, the Middle East and Asia. Working with 500 local NGOs, the initiative strives to generate positive social and environmental impact for Sephora employees, communities everywhere and the planet at large.

LVMH also supports the Secours Populaire in their work to help women in need, in particular the second edition of the “Une journée pour soi” initiative held on March 6, 2020 at the Palace of Versailles.

Helping communities in need as a result of the pandemic

To support the struggling hospitality sector, LVMH Vins d’Exception put an exceptional case of wine up for sale, including bottles from the Clos des Lambrays, Château d’Yquem and Château Cheval Blanc estates, and distributed the proceeds among three charities – Fondation de France (France), Hospitality Action (UK) and Restaurant Employee Relief Fund (US).

Veuve Clicquot opened a charitable giving fund where it matched donations made by its employees to support the Restos du Coeur de la Marne, a charity distributing food packages in France’s Champagne region, whose services have been greatly needed by many during the pandemic.

Loewe donated a percentage of its revenue to the “Plataforma de Infancia”, a group of Spanish charities that champions the rights of children and teenagers, and develops educational programs to reduce inequality and prevent school dropout.

As no one should be forced to miss a meal, Louis Vuitton began raising funds to supply meals through Feeding America’s food banks, while Patou donated proceeds from the sale of two products available through the Covid-19 Solidarity Response Fund set up by the WHO.

Bvlgari aided hospitals in Neufchâtel and Rome by supplying nearly 350,000 bottles of hand sanitizer produced at its facilities.

As part of the Fresh Cares initiative, Fresh donated 10,000 personal hygiene products to homeless patients suffering from Covid-19, as well as healthcare workers at several hospitals in New York.

Kendo, the LVMH incubator for beauty brands, and Sephora US launched two remote skills sponsorship programs to tackle urgent needs brought about as a result of the pandemic.

LVMH North America teamed up with United Way of New York City to roll out a remote pilot coaching program for students from disadvantaged areas of the city.

In July 2020, the LVMH Group bolstered its partnership with the French Secours Populaire charity, donating 100,000 bottles of hand sanitizer produced by Parfums Christian Dior, Guerlain and LVMH Fragrance brands, which also financed a drive to offer families and people struggling over the last year the opportunity to take a summer vacation.
Committed to positive impact

Part II

Environmental responsibility
COMBINING CIRCULARITY, CREATIVITY AND ETERNITY .70

PROTECTING BIODIVERSITY .80

CONTRIBUTING TO THE FIGHT AGAINST CLIMATE CHANGE .88

MAKING ENVIRONMENTAL EXCELLENCE THE GROUP'S HALLMARK .98
The Covid-19 crisis has made people even more aware of the need to protect the environment, and they expect action. As Christiana Figueres, former Executive Secretary of the United Nations Framework Convention on Climate Change, points out “it is urgent we learn to live in harmony with nature”. The same conclusion was reached by the Future of Luxury Commission—which we set up in July 2020 with academics from different disciplines to consider the impact of the pandemic on our business. Relations between humans and non-humans must change—radically. Respecting the environment was already at the heart of our strategy, and today our Maisons want to spur further progress by forging an alliance of equals between nature on the one hand, and creativity and excellent craftsmanship on the other. The new LIFE 360 initiative does precisely that by positioning the environment at the heart of our approach to creativity.

LIFE 360 was unveiled in April 2021 following extensive preparatory work. First, we reviewed our previous program, LIFE 2020, ascertaining that we had met nearly all our objectives, in particular reducing greenhouse gas emissions generated by site and store energy consumption and controlling the environmental impact of our key supply chains. We also made progress regenerating biodiversity, fostering product circularity, and reducing scope 3 emissions (from transportation and raw materials). We then measured our carbon, water, and biodiversity footprints in 2020 to identify the most important issues. Lastly, we organized enriching discussions with our Maisons, early-career employees, students and the LVMH Science Committee. LIFE 360 builds on this progress, setting new targets for 2023, 2026 and 2030, and engaging all our stakeholders. It charts a course for products that are in harmony with nature, epitomize the Group’s environmental ambition, and protect biodiversity and the climate.
LIFE 360 will act as the Group’s environmental compass for the coming decade, formulating strategic priorities focused around four strategic action plans: creative circularity, traceability, biodiversity and climate.

CREATING PRODUCTS IN HARMONY WITH NATURE

CREATIVE CIRCULARITY
The Group’s quest for excellence in its products includes respect for the environment as a prerequisite, which means preserving natural resources and avoiding waste. LVMH strongly believes one of the principal characteristics of luxury products is that they should last forever. Consequently, sophisticated repair services, upcycling, reuse of precious raw materials, and efforts to find alternative materials all feed into the Group’s circular economy strategy. The strategy offers a new source of inspiration and creativity in an effort to ensure that, by 2030, all new LVMH products will result from ecodesign, so as to present a minimal environmental footprint—from raw material extraction to transformation.

TRACEABILITY
Tracking raw materials such as gold, cotton or leather from their origin to the final product is no easy task. Yet, it is essential to ensure responsible practices, which is why LVMH harnesses a blockchain solutions platform to increase efficiency and make the task easier. The Group will also continue the certification process and apply the strictest standards in its strategic supply chains—all of which will integrate dedicated traceability system by 2030. Moreover, LVMH will strengthen the integration of farming and tanning activities, especially for precious leathers, giving it direct control over responsible practices.

PRESERVING ECOSYSTEMS

Biodiversity
The Group’s activities are intimately linked to nature. They would not be possible without farming, or growing grapes and other plants. The Group intends to take initiatives to restore what it takes from nature. Having calculated the exact measure of its impact, the Group now needs to minimize it. LVMH aims to have zero sourcing in areas where there is a very high risk of deforestation or desertification, and wants 100% of its strategic raw materials certified to the highest standards guaranteeing the preservation of ecosystems. LVMH will support regenerative agriculture as well, targeting the preservation or restoration of 5 million hectares (50,000 sq. km) of habitat for flora and fauna by 2030. As water is essential to biodiversity, LVMH is currently elaborating a specific policy to preserve water resources. Never in its history has the Group been so committed to animal welfare as it continues to apply the measures in the charter published in 2019.

Climate
The aggregate carbon footprint of the LVMH Group amounts to 4.8 million tons of CO₂ equivalent with raw material and packaging procurement, as well as upstream and downstream goods transport, standing out as the most significant sources. The Group’s comparatively small footprint does not relieve it of its duty to set an example in this area. It aims to reduce (and/or avoid) scope 3 greenhouse gas emissions per unit of added value by 55% by 2030, and halve emissions from energy consumption by 2026 (baseline 2019). Having adopted the validation protocol of the Science Based Targets initiative, LVMH is implementing a carbon-reduction pathway in line with the Paris Agreement and working toward the EU target of carbon neutrality by 2050. Objectives have been set, in particular to use only renewable or low-carbon energies at sites and in stores by 2026; roll out a program that fosters green e-commerce; and work with livestock suppliers to reduce methane—a potent greenhouse gas.

ENGAGING STAKEHOLDERS

LVMH wants to multiply its efforts by engaging stakeholders, primarily its employees, who are invited to become changemakers and whose environmental expertise will be enhanced through tailored training courses at the Environment Academy. With regard to suppliers, in addition to audits and remediation actions, LVMH will emphasize a partnership approach to help them elevate their environmental performance. This transparency effort also includes providing an information system for all new products by 2026 in line with customer expectations. Furthermore, the Group plans to roll out a program of sustainable luxury innovations by 2023.
Create products in harmony with nature

**FOR A BOLD NEW VISION OF LUXURY**

**Creative Circularity**

**2023**
New circular services (repairs, upcycling, etc.)

**2026**
Packaging: zero plastic from virgin fossil oil

**2030**
100% of the Group’s new products will result from ecodesign

**Employees**

**2023**
Environmental training program for people in all LVMH businesses

**2026**
Environmental management system in place at 100% of production and logistics sites

**Innovation**

**2023**
Research and innovation program dedicated to sustainable luxury

**Customers**

**2026**
100% of new products come with a customer information system

**Suppliers**

**2030**
Contractual CSR clauses audited for 100% of strategic suppliers by 2030
LIFE 360 IS AN INITIATIVE WITH PRECISE TARGETS AND TIMEFRAMES* DESIGNED TO FORGE A NEW ALLIANCE BETWEEN NATURE AND CREATIVITY: PRODUCTS IN HARMONY WITH NATURE THAT RESPECT AND PRESERVE BIODIVERSITY AND THE CLIMATE, ENGAGING AND MOTIVATING ALL STAKEHOLDERS.

**Preservation of ecosystems**

**2026**
100% of strategic raw materials certified to standards guaranteeing the preservation of ecosystems and water resources

**2030**
5 million hectares (50,000 sq. km.) of flora and fauna habitat restored and/or preserved

**Climate**

**2026**
Reduce greenhouse gases from energy consumption at our sites and stores by 50% (baseline 2019)

100% renewable or low-carbon energy at sites and stores

**2030**
Reduce and/or avoid by 55% GHG emissions linked to scope 3 (raw materials and transport) per unit of added value

* Each target is associated with performance measurements and resources that are shared with the Group's Maisons.
In order to be able to define the specific action needed to meet the LIFE 360 goals, LVMH had to precisely measure the impact of its activities, at all levels (on the climate, water resources and biodiversity) and across its entire value chain. In all three areas, scope 3 impacts stood out as the major issue to resolve, accounting for 94% of the Group’s impact on the climate and biodiversity, and 92% of its impact on water resources. This multi-dimensional footprint, which was calculated using 2019 environmental reporting data, will be updated every two years.

Climate impact is measured using the IPCC 2013 method, which estimates the carbon footprints of a number of categories not included in the previous assessment in 2018, such as employee commuting, consumer use of certain products, point-of-sale advertising, runway shows and end-of-life processes. To calculate the Group’s water footprint, LVMH conducted an in-depth analysis of regional water stress sensitivity for all Maisons using the AWARE method, which assesses the sensitivity of each geographic zone by comparing local water consumption with available water resources. To calculate its impact on biodiversity, LVMH conducted a life cycle analysis of its entire value chain, which looked into 16 impact indicators, 12 of which factored in geographic location—a pioneering method that makes it possible to draw up region-specific action plans.
Footprints at each stage of the life cycle*: the example of four business groups

<table>
<thead>
<tr>
<th>Perfumes &amp; Cosmetics</th>
<th>Watches &amp; Jewelry</th>
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<tbody>
<tr>
<td><strong>Climate</strong></td>
<td><strong>Water</strong></td>
</tr>
<tr>
<td>Raw materials</td>
<td>6%</td>
</tr>
<tr>
<td>Packaging</td>
<td>10%</td>
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<tr>
<td>Transformation and production</td>
<td>12%</td>
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<tr>
<td>Transportation</td>
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<tr>
<td>Retail</td>
<td>9%</td>
</tr>
<tr>
<td>Client</td>
<td>4%</td>
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</tbody>
</table>

*Calculations for scopes 1, 2 and 3, using 2019 environmental reporting data.

Impact indicators:
- Climate: IPCC 2013 method
- Water: AWARE method
- Biodiversity: Impact World + method using 16 impact indicators, 12 of which factored in geographic location
Combining circularity, creativity and eternity

One of the reasons LVMH’s products are so desirable is their high environmental quality. Today, its Maisons are exploring all forms of circularity.
ECODESIGN TO REDUCE ENVIRONMENTAL IMPACT

IN 2020, THE GROUP’S MAISONS ACCELERATED THEIR ECODESIGN AND CIRCULAR ECONOMY PROGRAM. LVMH ULTIMATELY AIMS TO ECODESIGN ALL ITS NEW PRODUCTS.

LVMH has been becoming more deeply involved in the circular economy for several years now. Not only did the health crisis amplify the shift, it also revealed new ways of using the Group’s production lines—Guerlain and Dior, for example, repurposed their perfume production units to manufacture large quantities of hand sanitizer in record time. But the pandemic has also made the Group more aware of the importance of its relationship with nature. More than ever before, all at LVMH want their products to reflect and express respect for the environment.

THE FIRST STEP IS TO MEASURE

LVMH’s environmental footprint cannot be improved unless it is first measured. In 2020, several Maisons continued to develop tools to analyze the life cycles of their materials and products, identify top environmental priorities, guide ecodesign choices, and prepare environmental labeling. The Group plans to equip all its business groups—Wines & Spirits, Fashion & Leather Goods, Perfumes & Cosmetics, and Watches & Jewelry—with these tools by 2023.

Hennessy, for example, now incorporates ecodesign principles at every stage of its new product development process. In 2020, the Maison set up an ecodesign committee, bringing together the Marketing, Purchasing, Packaging Development and Environmental Development departments, in pursuit of an ambitious roadmap, regarding in particular the weight of glass carafes. Loewe has also added a new module to its life cycle management tool, which rates the environmental impact of products based on three factors: the materials used, the manufacturing process and transparency. Products are given individual and overall sustainability scores (for example, they receive a score for their main material and a score for all their materials combined). As well as the scores, the tool provides product sustainability information that can be used by the marketing teams and stores.

The Perfumes and Cosmetics Maisons are also well versed in life cycle assessment. Bvlgari, for example, partnered with a specialized consulting firm to perform a life cycle analysis of Eau de Parfum Bvlgari Man Wood Essence. The aim was to identify environmental, water management and ecotoxicity hotspots all along the value chain. The assessment found

Reinventing runway shows

The Fédération de la Haute Couture et de la Mode (French federation of haute couture and fashion) has developed a tool that assesses the environmental impact and sustainability of fashion shows and presentations, both physical and digital. The Fashion and Leather Goods Maisons are trialing this tool and have pledged to recycle all their runway show props.
areas for improvement, particularly in raw material sourcing, packaging size and manufacturing components. It also highlighted how important it is to work closely with key suppliers. Guerlain also relies on life cycle analyses to choose the most sustainable materials for its products.

Elsewhere, Bvlgari Accessories collaborated with the Sant’Anna School of Advanced Studies in Pisa to conduct a life cycle analysis and measure the full environmental footprint of its bags, from the design process through to marketing.

RE-EXAMINING EACH COMPONENT AND INGREDIENT

Life cycle analyses help LVMH identify how the Group can improve product composition and define ecodesign practices. In 2020, the Group widely adopted these practices, which include regenerative sourcing, natural ingredients and recycled or organically sourced fibers, to design products that aim for environmental excellence and achieve harmony with nature.

All the Group’s businesses are involved in this drive. In Fashion and Leather Goods, Fendi applied an ecodesign policy to its iconic Baguette and Peekaboo bags, which resulted in a Zucca motif fabric woven from recycled polyester and sustainable cotton. Dior, Kenzo, Loewe and Patou are adopting sustainable design practices and promoting the use of responsible materials in their collections, from denim to leather.

The Perfumes and Cosmetics Maisons focus their efforts on sourcing natural ingredients. Colonia Futura, Acqua Di Parma’s first entirely ecodesigned product, is made exclusively from natural ingredients that have received the ISO 16128 organic cosmetics certification. The Maisons use an Index of Eco Formulation built around six criteria, including how natural the components are and to what extent the raw materials are traceable. By taking this proactive, stringent approach to the composition and formulation of its products, the Group fosters the use of alternatives and encourages innovation to eliminate undesirable raw materials and substances.

The Watches and Jewelry Maisons are also implementing ecodesign practices. At its workshop in Valenza, Italy, Bvlgari has made precious stone setting a more environmentally friendly process by replacing a hazardous chemical with an equally effective non-dangerous substance, removing alcohol from the process, and switching to electricity as a heating power source.

INNOVATIVE MATERIALS

Using innovative materials is also a very effective way of improving the environmental footprint of products and packaging. LVMH supports the Maisons by providing ecodesign training courses at its Environment Academy and developing dedicated tools. For example, in 2020, the Group’s online materials library “Matières à Penser” (Food for Thought) listed nearly 500 eco-responsible materials suitable for the luxury sector that can be used in fashion, leather goods, packaging, communication and stores.

In 2020, “Maison/0”, the LVMH and Central Saint Martins incubator, explored new avenues for regenerative design including jewelry lines made from biomaterials derived from yeast and lipsticks made exclusively from recycled algae. LVMH and Central Saint Martins signed another partnership in April 2021 creating a research platform for regenerative luxury.

Some Maisons team up with innovation experts to create new materials. Guerlain, for example, is working with a startup that specializes in creating new materials made from at least 70%
natural products. Stella McCartney has joined forces with the textile innovations company Evrnu, which invented a new type of artificial fiber made from discarded clothing.

SOLUTIONS TO REDUCE WASTE

Ecodesign acts as an elixir of youth—it helps give products a second life by repurposing, reusing, or upcycling (see pages 76-77) and therefore also provides a solution for unsold items.

The Group also avoids producing waste with sustainable inventory management. The business models of LVMH’s Maisons famously employ very tight, skillful inventory planning right from the design stage, making them very far removed from mass production. Patou has even made inventory management one of its corporate purposes—striving to manufacture only what will be sold. That was the reasoning behind “Les Essentiels”, its permanent collection of timeless basics available every season. Group Maisons also have other ways of minimizing the number of unsold items. In 2020, Bvlgari conducted an inventory age-check to ensure that old stock took priority over new and was not destroyed.

Other solutions to avoid waste include donations and recycling. For example, Fendi significantly ramped up its circular economy initiatives in Italy in 2020, donating uniforms, leather and rolls of fabric to non-profits. It also implements a range of other practices, such as reusing packaging and other items (including 10 metric tons of clothes hangers) and recycling metallic components and pieces of wool, silk, cotton and denim ready-to-wear clothing, as well as leather goods items through partnerships with a variety of service providers. In France, Louis Vuitton, the Perfumes and Cosmetics Maisons, and Sephora all work with the Environmental Center for Ecofriendly Packaging Breakdown and Recycling (known by its French acronym CEDRE) to sort, deconstruct and recycle unsold or obsolete goods. CEDRE, which will soon double the size of its processing surface area, also develops new recycling streams—after setting up channels for silk and Surlyn in 2019, it created a channel for textiles, to transform polyester and polyamide into felt in 2020.

POINT-OF-SALE ADVERTISING

The Group’s Maisons also endeavor to limit the environmental impact of their point-of-sale (PoS) advertising, store furniture and window displays.

Parfums Bvlgari has worked hard to minimize the environmental footprint of its products. By adapting their design, it successfully delivered 87% of the PoS props used to launch Bvlgari Man Glacial Essence and communicate about the Omnilandia program in flat-packs as well as eliminating plastic from transport packaging. For its part, Louis Vuitton focuses on upcycling and recycling in its stores. For example, in the Netherlands, its Rotterdam store features six facade panels made from textile scraps and two tables made from plastic waste. Louis Vuitton is also committed to reducing the environmental impact of its window displays and uses recycled, recyclable and repurposed materials.

Kenzo trialing new ideas with the non-profit Tissons la solidarité

Tissons la solidarité is a French non-profit that works with women in need to help them get back into long-term employment in sewing and textiles retailing, in particular by providing vocational training. Kenzo donated several hundred sweaters to the non-profit, which the seamstresses transformed before they were sold in the Maison’s network of stores, proving an outstanding success. The collaboration will be extended to include more items in 2021.
LVMH to eodesign all new products by 2030

In 2020, LVMH united all its Maisons around the issue of the circular economy so they could share best practices. As part of the LIFE 360 program, the Group intends to apply eodesign principles to all its new products by 2030. The goal is to ensure that the practices adopted have a positive impact at certain strategic stages in a product’s life cycle.

PRODUCTS AND PACKAGING IN HARMONY WITH NATURE

BORN-AGAIN
A second life for materials and products
Repurpose, reuse, recycle, upcycle

INVENTIVE
Eodesign by selecting certain raw materials and harnessing innovation
Recycled materials, bio-based materials, certified materials and/or materials from regenerative agriculture, and new innovative materials

FRUGAL
Processing and manufacturing techniques
Innovative processes that reduce environmental impacts (on climate, water and biodiversity)

ETERNAL
Product longevity
High-quality products, repair and patina, refills and filling systems, makeovers and revamps, and new services
The circular economy is becoming ever-more sophisticated, consistently reaching new heights. Circularity nourishes creativity, as the designers from the Group’s Maisons demonstrated during LVMH Climate Week in December 2020. Kim Jones (Fendi), Jonathan Anderson (Loewe), Stella McCartney and Felipe Oliveira Baptista (Kenzo) each found their own way to make sustainability the focus of their creations. Particularly popular, upcycling refers to the process of transforming an item to give it a new lease of life.

For some of the items in its 2020-21 collections, Fendi used previous collection samples, dormant stock and archive pieces.

Louis Vuitton’s men’s Spring/Summer 2021 collection designed by Virgil Abloh features items created using pieces from previous collections and surplus materials. For example, the Maison’s designers created the new LV Trainer by upcycling an existing model.

Louis Vuitton already has a head start where circularity is concerned. Its Be Mindful collection, which was launched in 2019 and was in its fourth season in October 2020, features accessories (fashion jewelry and shawls made from unsold silk scarves) that are upcycled in a virtuous circle of creativity, sustainability and expertise. The Maison has a long-term approach to the circular economy. Indeed, “committing to circular creativity” forms part of Louis Vuitton’s new sustainable development roadmap, unveiled in September 2020. The Maison strives to apply ecodesign principles to all its product categories by 2025 as well as recover or recycle all the materials it uses for events and window displays.

In 2020, Group Maisons also conducted several trials in the early stages of product design—often teaming up with environmentally minded partners—to ensure that more categories of materials and objects could be repurposed or reused. For example, Celine launched a recycling scheme for its leather scraps and Fendi is now working with Progetto Quid, an ethical fashion brand, to give a second life to discontinued fabrics. In 2020, Loewe started to collect used bags, hangers and dust covers from stores and send them to Afanias, a social and solidarity economy organization that employs disabled people to sort and recondition these items.

KIM JONES
Artistic Director of Dior Men and Artistic Director of Womenswear at Fendi

“Luxury is the most sustainable segment in the fashion industry. We make clothes that last a very long time and ensure that our permanent collection pieces are made from recyclable fabrics.”

JONATHAN ANDERSON
Creative Director at Loewe

“I think we are in an unprecedented moment where design has to be a mirror to the world, but for it to be a mirror it has to reflect the concerns of the world.”

IN 2020, THE CIRCULAR ECONOMY MODEL WON HEARTS AND MINDS ACROSS THE BOARD. ADOPTED BY DESIGNERS, IT IS CLEARLY THE MOST EFFECTIVE WAY OF PRESERVING RARE AND PRECIOUS MATERIALS.
before returning them to manufacturers for reuse. Harnessing the exceptional creativity of its expert fur artisans, Fendi has pledged to put recycled fur pieces center stage in its ranges, doing so in its Fall/Winter 2020-21 collection. Moreover, each year around 50 pieces made from fur are remodeled and redesigned, as part of the Maison’s efforts to pass on savoir-faire from generation to generation while also making the wishes of Fendi customers come true.

NEW CIRCULAR ECONOMY SERVICES

LVMH’s 75 Maisons represent an incredible playing field through which to explore new avenues for circularity between its businesses, which forms one of the lines of action of the LIFE 360 program. For instance, Berluti’s scrap leather is reused by artist Jorge Penadés to make furniture for the Maison’s boutiques and also for Belmond hotels. Developed as part of the LVMH DARE intrapreneurship program, Nona Source is a virtual sales platform where the Group’s Fashion and Leather Goods Maisons sell their unused, “dormant” fabrics and leather. It is used by the Group’s other Maisons and also by young designers who can find exceptional fabrics at competitive prices. This project is a concrete illustration of a sustainable fashion initiative that merges design with environmental concerns.

Several of the Group’s Maisons also offer specific after-sales services that enhance the use-value of their products. Berluti, for example, maintains and repairs half the leather goods it sells. Its patina care ritual allows customers to change the color and burnish of their shoes, bags and belts, making them uniquely personal as a result. For several years now, TAG Heuer offers its customers a first-class repair service to ensure products remain in good working order for as long as possible. The LIFE 360 program strives to harness this expertise in order to develop new services.
REVOLUTIONIZING PACKAGING

Although the pandemic was partly responsible for the 22% reduction in packaging achieved in 2020, the Group’s Maisons continued to step up their efforts to reduce packaging weight and volume.

As with its products, LVMH also intends to apply ecodesign principles to all packaging. Each business group will have a packaging environmental performance assessment and monitoring tool. The Perfumes and Cosmetics Maisons, for example, already use a tool called EDIBOX that calculates both the packaging’s Environmental Performance Index and the carbon footprint of the materials it is made from. Each packaging design receives a rating based on its weight, volume and composition. As part of the LIFE 360 program, EDIBOX will be updated so the new objectives (such as recycled content and recyclability) can be tracked.

In accordance with its efforts to scale up ecodesign, the Group aims to make all its packaging recyclable and use over 70% recycled materials (plastic, glass, paper and card) by 2030. Furthermore, all Maisons are striving to achieve the goal to develop packaging that does not include any virgin plastic as well as earn Forest Stewardship Council (FSC) certification for paper and card packaging over the same period.

Reducing packaging weight and volume is key to improving the environmental performance of LVMH products. The idea is to reinvent what luxury means, and the weight of the packaging increasingly bears no reflection on the quality of the product. For example, the new foundation Guerlain will launch in 2022 features less container material and more content in a jar of comparable size. Parfums Bvlgari is launching schemes to reduce packaging sizes for several products in its Eau de Parfum Man Wood Essence range. For several years now, Sephora has applied the four “R” principles (reduce, reuse, recycle and rethink) to its packaging designs. In 2020, it removed the plastic sheets used to unfold its sheet face masks. It also introduced lightweight plastic for its lipsticks and lip balms and removed aluminum from the cylinder.

The Group improves its packaging’s environmental performance by systematically replacing traditional packaging materials with recycled or innovative alternatives.

Porcelain manufacturer Bernardaud created a new pot for Guerlain’s ultra-luxury cream, Orchidée Impériale Black

Guerlain wanted an endlessly reusable, environmentally friendly container that was also a piece of fine craftsmanship. The pot is made from Limoges porcelain, an inert material that, once it has been fired, can be recycled for use in the construction industry, for example. Its manufacturing process does not generate any waste and it is made in France, in Limoges itself.
ECODESIGN PACKAGING

Louis Vuitton has launched “LV Pack in Green” to improve the sustainability of the packaging used by its suppliers to transport and market its products. The objective of this scheme is three-fold: to reduce the volume and environmental impact of the materials, use recycled materials, and eliminate single-use plastics. The Group intends to apply the scheme to all its own packaging by 2025. In a shining example of the circular economy coming to life, 10% of the Maison’s SEVA glass bottles come from recycling bottles from its luxury perfume collections.

Acqua Di Parma, has chosen an entirely recyclable FSC-certified paper box for its fragrance Colonia Futura. The stopper is made from recycled materials and the bottle is one of the lightest 10% on the market. Bvlgari also strives to use recycled materials in all its businesses. For example, it replaced virgin plastic with recycled plastic in the containers for its hotel range, Omnia and Allegra fragrances, and Spring 2021 promotional box sets. It has also reduced the environmental footprint of its Accessories range by using compostable packaging and packaging made from leather scraps.

Since it launched the Abeille Royale creams in 2019, Guerlain has included a percentage of recycled glass in its glass jars and bottles, as it seeks to incorporate recycled glass in all its new bottles and containers by 2022. All Guerlain gift sets and makeup bags are now transported in recycled polybags and the Maison also uses recycled plastics for its makeup palettes and skincare containers. Artist William Amor created an upcycled floral decoration specially for the Mon Guerlain Bloom of Rose crystal bottle. His ecodesigned flowers are all crafted from discarded plastic bags and fishnets collected on beaches.

Sephora is rolling out a new environmentally friendly packaging policy and designing all its packaging to be lighter, contain less materials, and be made from recycled plastic and metal, or paper and cardboard from sustainably managed forests. This policy has been applied to the Good Skincare collection and the benefits are already becoming apparent. Sephora also involves its customers in recycling its packaging. Since 2014, they can return their empty perfume bottles to the stores for recycling (see CEDRE page 74), which has helped to recycle around 5 million bottles since the pioneering initiative was introduced. In 2020, Sephora took its efforts to another level, enabling customers in its European stores to return empty beauty product containers for recycling. Empty makeup containers can also be returned to the stores for use in waste-to-energy schemes.

Parfums Christian Dior designed a refill for Sauvage

The ecodesigned, recyclable Sauvage refill prolongs the bottle’s life and reflects the Group’s vision of a luxury industry that is more responsible and respectful of natural resources. It reduces the environmental footprint with its simplified recyclable aluminum design that cuts energy and water consumption by 60% and 35%, respectively, and greenhouse gas emissions by 56%. The innovative auto-stop system means filling stops automatically when the bottle is full.

Results of LIFE 2020

The Perfumes and Cosmetics Maisons and Hennessy improved their Environmental Performance Index (EPI) score for their packaging by at least 10% in 2020.

<table>
<thead>
<tr>
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<th>PACKAGING EPI SCORES IN 2020</th>
<th>LIFE 2020 TARGET</th>
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<tbody>
<tr>
<td>Perfumes and Cosmetics</td>
<td>+10%</td>
<td></td>
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<tr>
<td>Champagnes</td>
<td>+0.5%</td>
<td>+10%</td>
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<tr>
<td>Cognac</td>
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</table>
Protecting biodiversity

Nature is the ultimate source of LVMH’s products, from inspiration to composition. The Group calculated its biodiversity footprint in 2020, so as to be in a position to make a positive net contribution to natural ecosystems by 2030.
TAking Care of Ecosystems

Crops and livestock are required to create many LVMH products. The group’s interdependence with the living world compels all its maisons to avoid and reduce their environmental impact.

Measuring to Reduce Impact

Before the Group is able to take action, it must first measure its impact as it stands today. However, when it comes to biodiversity, there is no one single indicator, as there is with carbon and the climate. The Group engages in furthering research into ways of calculating its biodiversity footprint. For example, it is currently trialing the Global Biodiversity Score, a tool to assess the biodiversity footprint of businesses and financial assets, as well as the direct pressure they exert on ecosystems. Moreover, in 2020, LVMH conducted a life cycle analysis of its entire value chain, which looked into 16 impact indicators, 12 of which factored in geographic location—a pioneering method that makes it possible to draw up region-specific action plans.

Indeed, depending on their geographic origin, certain sourcing channels will have a greater impact on biodiversity than others. LVMH intends to stop sourcing raw materials from regions at the greatest risk of deforestation and desertification. Similarly, the Group has joined forces with Canopy to develop responsible sourcing of wood and wood derivatives used in packaging or to produce viscose.

Recognizing the Importance of Certified Channels

It is essential to work within certified sourcing channels where standards take into account the need to preserve biodiversity. For example, the Responsible Jewellery Council (RJC) Code of Practices requires members to “implement action plans to deliver measurable biodiversity benefits that are at least commensurate with the level of adverse impacts and ideally provide a net gain.” As part of their efforts to achieve the LIFE 2020 objectives, the Maisons looked to this certification to expand their responsible sourcing of gold (79% certified) and diamonds (99%). Bvlgari became the first company in the industry to obtain Chain of Custody (CoC) certification for its jewelry after it led the way by exclusively sourcing RJC CoC-certified gold in 2015, guaranteeing traceability across the entire supply chain. The Maison went further in 2020, leveraging recycled sources to meet over 97% of its materials needs, in accordance with the RJC Code of Practices.

The Leather Working Group (LWG) certification provides another effective endorsement of biodiversity-friendly practices. The proportion of leather sourced by the Group from.

A reserve to save the vicuña in South America

Loro Piana has greatly contributed to saving the vicuña, a small camelid that lives in the high alpine areas of the Andes. Just 25 years ago, this species was listed as endangered and added to Appendix I of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). In partnership with public authorities and livestock farmers in Peru, the Maison set up the first protected area for the vicuña. The herd is now made up of around 400,000 animals.
LWG-certified tanneries soared from 25% in 2013 to 74% in 2020, exceeding the LIFE 2020 objective. This figure rises to 79% for Berluti’s approved calf skins and 78% for Celine. The use of sustainable cotton also increased considerably over the same period, from 2% in 2013 to 51% in 2020, which nevertheless fell short of the 70% set in the LIFE 2020 objectives.

Furthermore, the special palm oil initiative brought the proportion of palm oil and palm oil derivatives certified by the Roundtable on Sustainable Palm Oil to 91% of the Group’s procurement, substantially exceeding the LIFE 2020 objective of 70%.

PROTECTING AND NURTURING PLANT LIFE

The Perfumes and Cosmetics Maisons endeavor to protect biodiversity, as it represents such a crucial component of their success. That is why they strive to obtain Union for Ethical BioTrade (UEBT) certification, which guarantees all ingredients are sourced in a way that ensures transparency and respects the local environment as well as the people who call it home. Several Maisons, such as Guerlain and Fresh, have started to certify certain ingredients, and LVMH intends to roll out these certifications for all key ingredients used across the Group. The Maisons work closely with the central Research and Development Department to explore the potential of ethno-botany. Together, they identify plants with properties that could be used in cosmetic products while also collaborating with people locally to ensure their protection. Each partnership differs from the next and could involve financial investment, technical and scientific support or skill sponsorships. As a prominent champion for the planet’s natural treasures, Guerlain has established a number of partnerships to protect orchids in China, the vetiver grass in India, honey from Ushant Island, sandalwood from Asia and lavender from the South of France.

Furthermore, LVMH has joined the Responsible Mica Initiative, which deploys best labor practice in the mica supply chain in India, supports local communities to reduce their dependence on this revenue stream and encourage the development of stringent regulations.

CONTINUOUSLY IMPROVING LIVESTOCK FARMING PRACTICES

In its LIFE 360 roadmap, the Group reiterated its commitment to animal welfare, which it initially set out in 2019 in the Animal-Based Raw Materials Sourcing Charter. This document considers in detail the supply of fur, leather, exotic leather, wool and feathers. It takes a comprehensive approach that harnesses tangible measures and long-term commitments, which are split into three main categories—traceability of sourcing channels, animal husbandry and trapping, as well as ensuring respect for people, and protecting the environment and biodiversity.

In 2020, LVMH made considerable progress regarding the visibility of the animal’s country of origin with respect to purchasing fur, leather and exotic leather raw materials (see pages 100-101). At the same time, the Group also engages in programs to raise awareness and train animal farmers through alliances such as the Southeast Asian Reptile Conservation Alliance (SARCA). The Group also joined the Responsible Leather Round Table program, developed by the Textile Exchange, which focuses on increasing knowledge regarding animal welfare. It intends to design a system to assess the leather supply chain and ensure traceability from the farm to the tannery in order to create a specific standard for bovine leather.
REPLENISHING THE RESOURCES WE BORROW FROM NATURE

THE GROUP’S MAISONS EXPLORE REGENERATIVE AGRICULTURE PRACTICES TO PRESERVE SOIL HEALTH. THROUGH THEIR LIVING SOILS PROGRAM, THE WINES AND SPIRITS MAISONS MOBILIZE THE ENTIRE SUPPLY CHAIN.

CAPITALIZING ON THE PROMISE OF REGENERATIVE AGRICULTURE

LVMH seeks to make a net positive contribution to biodiversity, limiting the impact of its operations on natural ecosystems and rehabilitating 5 million hectares of wildlife habitats by 2030. In particular, it will look to regenerative agriculture, which can be defined as a system of farming principles and practices that help to restore soil health and ecosystem services (including biodiversity and the water cycle) while offering socioeconomic stability for the farmers and communities involved, as well as producing high-quality raw materials. It takes a bespoke approach to farming that is tailored to the land being worked, a vision that has already been implemented by certain Maisons.

In the foothills of the Himalayas, Ao Yun has been growing vines here in high altitude since 2013, in harmony with the land, biodiversity and local communities. The grapes are harvested by hand, by the families who also practice agroforestry on the estate for subsistence agriculture. Bodega Numanthia in Spain analyzes bacterial and fungal communities in the soil of its land to ensure it is in proper health and to safeguard the excellence of its products for years to come. This understanding of the soil and biodiversity helps the Maison orient its agronomic decisions about how it grows its vines.

LIFE 360 pledges to roll out regenerative agriculture for its most strategic farming products by 2030. Last year, the Maisons launched a number of new initiatives to achieve this goal, which will ultimately mobilize all LVMH business groups. For example, Bulgari announced that it would partner with Flower Gems of India, an initiative developed in collaboration with perfume designer Firmenich and its Indian partner Jasmine Concrete. Over a three-year period, this pilot project seeks to create a new sustainable jasmine-farming model, inspired by the principles of permaculture, in 100 family-run farms located in two floricultural regions of India’s Tamil Nadu state. Stella McCartney, whose eponymous brand works primarily with organic cotton, encourages farmers in Turkey to produce cotton without pesticides, using instead a bio-organic fertilizer that enriches the soil and enhances its ability to sequester carbon.

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Château d’Yquem synonymous with environmental excellence

2020 was the year Château d’Yquem became a certified organic winegrower, which applies to all its land as well as its large-scale biodynamic agriculture trials. The Maison was already applying almost all the principles of organic winegrowing, but by extending full copper treatments to the entire estate to eliminate chemical fertilizers, the Maison was able to shift to organic winegrowing, despite the real risk of lower harvests. Château d’Yquem will take advantage of the three-year transition period to organic practices to assess and test the principles of biodynamic agriculture in liquors as part of a large-scale trial from the vineyard to the cellar.
THE COMMITMENT TO LIVING SOILS

In 2020, Moët Hennessy formalized its commitment to living soils in a manifesto setting out its ambition: to protect, regenerate and pass on living soils, which are at the heart of the Maisons’ heritage, and to limit the climate impact of activities throughout the value chain. Since the end of 2020, Moët Hennessy has no longer used herbicides in its own vineyards in Champagne; Hennessy will follow in 2021 for its own vineyards and 2028 for those of its winegrowing partners.

Hennessy is also limiting the use of insecticides and is using winter cover crops in the inter-rows on 151 hectares. On its sites, the Cognac Maison is reintroducing biodiversity by cultivating bee pastures in areas left to lie fallow and conducting ecological assessments.

The Maisons undertake initiatives individually or in partnership—for example, Veuve Clicquot Ponsardin joined forces with a French water agency to improve management of green spaces or set up conservation grazing. Indeed, the area on which Veuve Clicquot Ponsardin and Krug apply this technique rose from 15 to 60 hectares by the end of 2020.

In Champagne, Ruinart is launching a vineyard reforestation project, planting more than 14,000 trees and shrubs with Reforest’Action. The objective: to promote biodiversity and fight global warming. As its President Frédéric Dufour points out, “It’s a total turnaround in mentalities. Saying that we are going to remove vines to plant lime or beech trees may shock, but it is essential to meet the climate challenge.”

In Argentina, after studying biological communities in its soils and their interactions with vines, Chandon turned to natural means to regulate the insects in its soils—bringing in insect-eating species of birds.

The Living Soils program involves all partners, including grape suppliers. In 2020, Hennessy organized 25 training days on the Viticulture Durable Cognac environmental certification and trained winegrower partners with the Chamber of Agriculture. In a similar vein, Hennessy created “30,000 Farms: Toward Zero Herbicides”, a group uniting 16 winegrowers to accelerate the transition to wholly natural farming that will ultimately be rolled out to all Hennessy winegrowers.

“Luxury is about capturing eternity. We need to look after our living soils, as without them we wouldn’t be able to produce such high-quality wines, champagnes and spirits.”

PHILIPPE SCHAUS
Chairman and Chief Executive Officer of Moët Hennessy

A nature reserve at the Château du Galoupet

In 2019, the Group acquired Château du Galoupet, the rosé wine estate in Provence located on the southern tip of south-east France. It has since converted to organic winemaking and biodynamic agriculture practices.

In addition to the vineyard, the estate covers a further 100 hectares that are not cultivated. LVMH is keen to preserve this natural land, working in partnership with the regional natural conservation agency to manage and protect the species in the area. Two hundred beehives were installed to pollinate the land and further enrich biodiversity.
ADOPTING A SCIENTIFIC, PARTNERSHIP-ORIENTED APPROACH

LVMH draws on science to develop its actions to protect biodiversity, which it generally rolls out through partnerships.

MAKING A LONG-TERM COMMITMENT TO BIODIVERSITY

For over 10 years, LVMH has been collaborating with a great many partners to preserve biodiversity. It was the first private Group to join the eight public research bodies that make up the Board of Directors of the French Foundation for Biodiversity Research.

In 2019, LVMH stepped up its commitment by signing a five-year partnership with UNESCO to support its intergovernmental scientific program “Man and the Biosphere” (MAB). This vector for international cooperation is designed to improve the protection of biodiversity around the world. The two partners will be side by side at international events. The Group’s Maisons are able to harness UNESCO’s scientific expertise and its network of 686 biosphere reserves to develop their sustainable sourcing policies. Guerlain launched a five-year program to train and support beekeepers while also ensuring their knowledge and savoir-faire is passed on to future generations.

Through the partnership, LVMH will also invest €5 million over a five-year period in a project in the Amazon that covers eight biosphere reserves in four countries. The Amazon is home to the largest tropical rainforests in the world and abounds with a wealth of unique biodiversity. It therefore plays an important role regulating rainfall in South America and represents an essential carbon sink for the planet to mitigate the impact of climate change. Over the last 50 years, the forests and water of the Amazon have suffered from increasing pressure from human activity. Deforestation, wildfires and water pollution in this region have many causes, including the expansion of agriculture and cattle farming, illegal wood cutting, mining, the development of road infrastructure, ports and hydroelectric facilities as well as the growth of urban centers. The UNESCO-LVMH project seeks to make progress on two major fronts: reforest and rehabilitate the land by better preventing and tackling wildfires in the biosphere reserves; and create long-term jobs along with alternative revenue streams by providing the local population with a source of income that does not revolve around deforestation. On the

Kenzo committed to protecting tigers in the wild

A powerful symbol and Kenzo’s brand signature, the tiger is currently threatened with extinction. To reverse the trend and help protect this majestic animal, the Maison has teamed up with the WWF to develop a collection of ready-to-wear clothing in support of the “Tx2” initiative. For each item sold, Kenzo will donate $10 to the initiative, which aims to double the world’s wild tigers by 2022.
ground, the Group transforms these objectives into action by mapping high-risk regions, identifying expertise, knowledge and best practices to spread them widely, as well as launching agroforestry projects.

In 2020, LVMH renewed its commitment to Act4Nature through its involvement with Act4Nature International and also signed up to the Science Based Targets for Nature program.

**TAKING ACTION THROUGH MEANINGFUL SPONSORSHIPS**

In all the countries in which they operate, the Group’s Maisons endeavor to work in harmony with biodiversity. For example, Belvedere cofounded the Foundation for Local Environmental Protection in Zyrardów, Poland, while Parfums Bvlgari has partnered with the non-profit Anaïk, which supports initiatives to mitigate pollution in rivers and oceans. As part of its commitment to regenerate forest land, Hennessy set up a sponsorship arrangement with the French National Forests Office in the Braconne forest in western France. Over a five-year period, 27,055 oak trees will be planted over seven different areas that offer considerable potential and span a total 22.81 hectares. Moreover, the Maison launched a number of agroforestry initiatives at its La Bataille site to restore biodiversity corridors. It also signed a partnership with Resforest’Action to regenerate forests locally, nationally and internationally—with one project in particular in Kenya.

Loewe continues to support the annual Knot On My Planet campaign, which is designed to raise awareness about the plight of elephants in the wild and boasts Doutzen Kroes as Global Ambassador. The Maison donates a percentage of the proceeds from sales of the limited edition elephant-shaped mini-bag collection to The Elephant Crisis Fund to help end the ivory poaching crisis.

In 2020, having set the bar regarding its action to protect bees, Guerlain inaugurated its partnership with the GoodPlanet foundation, set up in 2005 by Yann Arthus-Bertrand to raise awareness among young people about the importance of bees. The Maison also established another partnership to protect bees last year, joining forces with the ELYX foundation, co-created by the artist Yacine Aït Kaci. The foundation advocates its cause among a vast range of local, national and international institutions, develops communication campaigns for the general public and publishes educational resources about environmental issues. Also involved in protecting bee populations, Bvlgari contributes to national efforts in Ireland to increase the number of bees in the country. The Maison joined the Bumblebee Monitoring Scheme and installed two beehives on the roof of its Horizon Logistics Park.

Partner of the UNESCO MAB program, which celebrates its 50th anniversary this year, LVMH unveiled its new biodiversity strategy at the “Our Planet, Our Future” forum organized by UNESCO in March 2021.
Contributing to the fight against climate change
2020 was one of the three warmest years on record. With grape harvest season coming around earlier and earlier each year, the Group very clearly and tangibly feels the direct impact of climate change. LVMH strives to bolster its adaptation strategy and step up its contribution to the fight against climate change by further raising its carbon emissions targets.
STORES AND FACILITIES THAT STAND OUT AS BEACONS FOR A LOW-CARBON MODEL

By 2019, LVMH had already reached the three climate targets it had set back in 2016. By making stores more efficient and increasing the proportion of renewable energy in its mix, the Group was able to reduce the emissions generated from energy consumption by 36.5% by the end of 2020.

Between 2019 and 2020, the Group continued to cut its emissions arising from energy consumption. Emission levels ended last year 36.5% lower than in 2015, reflecting the Group’s sustained efforts, in particular in its stores, even though this figure was helped by the imposed temporary closure of a number of its points of sale due to the pandemic.

CONTINUOUSLY IMPROVING THE ENVIRONMENTAL PROFILE OF STORES

As the Group’s physical connection with its customers, stores need to set the standard. They represent the Group’s largest consumer of energy, which is why LVMH stores have controlled their environmental footprints by widely switching to LED lighting as well as pursuing an innovation policy and implementing steering systems.

When building or renovating their stores, the Maisons apply the Group’s LIFE in Stores scoring matrix, which was developed in 2015 in accordance with leading international standards (such as LEED®, BREEAM®, Greenstar, HQE, Well and Beam). It assesses the six areas with the greatest impact on the store’s environmental performance, including lighting, insulation, air conditioning and heating. The fourth version of the matrix was released in 2020 after input was received from the Scientific and Technical Center for Building (CSTB), the leading French public body for innovation in construction. The matrix served as the basis to assess the most environmentally friendly stores in the running for the LIFE in Stores Awards (see pages 104-105).

WORKING TOWARD 100% RENEWABLE ENERGY

The proportion of renewable energy used by LVMH surged from 1% in 2013 to 39% at the end of 2020, well above the LIFE 2020 objective of 30%. This shift has spurred all Group stores and facilities to work toward consuming energy exclusively from renewable or low-carbon sources by 2026, a pledge set out in the new LIFE 360 program. To further drive progress, the Group signs framework agreements to ensure it is supplied with green energy. Such contracts have been in place in France since 2015, in Italy since 2016 and are currently being discussed in Spain. Moreover, since 2019, all Sephora facilities in the US are powered by green electricity. As another way to improve its environmental profile, LVMH also intends to take greater advantage of biogas, which it either purchases or produces from production waste (Glenmorangie since 2017). Since October 2020, Hennessy has been sourcing biomethane from local farms for its three distilleries.

Belvedere has continued work to build a biomass plant at its distillery in Zyrardów, Poland, that will use wood pellets and maceration waste to produce steam for its industrial processes and electricity to light its facilities, thereby cutting energy consumption by 20% and greenhouse gas emissions by 80%.

The Champagne Maisons will also continue to increase the proportion of green energy they use. For example, Ruinart finalized the installation of a solar power plant at its facility in 2020.

HARNESSING INNOVATION AT ITS EXCEPTIONAL FACILITIES

Following the program to share low-carbon technology with the Solar Impulse Foundation, the Group selected a number of new energy solutions that were unveiled at the LVMH Climate Week in December 2020. Supplementing those developed through the LVMH Carbon Fund, they include Smart X, a new-generation power meter that measures a building’s
consumption by end use, and Eficia Smart Building, a three-in-one solution including software, hardware and a team of energy managers, brought together to provide maximum energy savings, support and comfort at all times.

All design or renovation projects involving the Group’s facilities are structured around environmental performance as the central focus. Late 2020, after Celine installed a manufacturing facility in central Chianti, Italy, and Louis Vuitton opened a new BREEAM®-certified leather goods workshop in Beaulieu-sur-Layon, Fendi laid the first brick of the Fendi Factory in Tuscany. The new, reconverted glass facility located in the heart of the Tuscan countryside aims to earn LEED® Platinum certification.

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**The Internal Carbon Fund**

A tool used by the Maisons since 2015 to invest in low-carbon equipment that expands the production of renewable energies, it places a value of €30 on each metric ton of CO₂ emitted. Over the last five years:

- 12,800 metric tons of CO₂ equivalent emissions have been avoided through 361 projects
- €44 m has been invested

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**Bvlgari setting an example in energy consumption**

42% reduction in emissions between 2013 and 2020

- **Ireland, Macken House headquarters**
  LED lighting equipped with motion sensors, fully powered by renewable energy, air con/heating system, ISO 50001 certification.

- **Switzerland**
  All production facilities are powered by electricity exclusively generated from renewable sources.

- **Italy, manufacturing facility in Valenza**
  Heat recovery (30,227 m³ less gas in 2020) and hybrid or electric corporate vehicle fleet. Ongoing – LEED® certification with geothermal energy and heat pumps.

- **Hong Kong and Macao**
  Installation of LED lighting and timers, adjustments to temperature and air conditioning in stores, automatic standby mode on photocopiers in offices.

- **Italy and France**
  LED lighting, increased proportion of renewables in the energy mix, and use of energy meters to monitor and reduce consumption.

- **Japan**
  Increased use of solar power in the energy mix. The chosen supplier has pledged to increase production capacity to 850 MW by investing in solar, wind and biomass power plants.
In 2020, the Group fine-tuned and enhanced the way it calculates its carbon footprint. Generating 4.8 million metric tons of CO₂ equivalent, LVMH accounts for just 0.4% of the global textile industry’s footprint. Nevertheless, the Group strives to set an example in terms of environmental responsibility.

Based on the method set out in the GHG Protocol, the Group’s life cycle analysis measures the climate impact of its operations, from the production of the raw materials (including growing crops, raising livestock and extracting materials) through to the way in which the products are used and disposed of at the end of their life cycle. The way this footprint is calculated was updated in 2020 to include every stage of the Group’s value chain. Scope 3, which accounts for 94% of the Group’s footprint, primarily relates to the raw materials purchased to create its products and packaging, as well as downstream transportation of finished products.

A CARBON PATHWAY IN LINE WITH THE PARIS AGREEMENT

Invited to open the LVMH Climate Week, which was held to mark the fifth anniversary of the Paris Agreement, President of COP21 Laurent Fabius and Valérie Masson-Delmotte, co-Chair of the Intergovernmental Panel on Climate Change, pointed out that states around the world had not yet managed to reduce annual greenhouse gas emissions to the required annual rate in order to contain temperature rise to below 1.5°C by the end of the century. All must now acknowledge the urgency of the situation and step up efforts if we are to succeed. As a leader in its industry, the Group has the power to catalyze change, which is why it must set an example, even though its carbon footprint is minimal in comparison with that of other industries. Having updated its carbon footprint calculation, the Group is now able to define its emission-reduction targets across all scopes by 2030. Within LIFE 360, LVMH has set itself the objective to reduce (and/or avoid) by 55% scope 3 greenhouse gas emissions per unit of added value by 2030, as well as 50% of greenhouse gas emissions related to energy consumption by 2026 (baseline 2019). The Group adopts a recognized approach approved by an independent third party in accordance with the Science Based Target initiative (SBTi) protocol.

Once the Group had set these ambitious reduction objectives, it worked with the Maisons to develop specific action plans for each major area of improvement and consider the relevance of certain solutions, especially offsetting. Indeed, in order to maximize the impact of its reduction efforts, LVMH had until now avoided resorting to widespread carbon offsetting programs, such as buying carbon credits to fund avoidance projects or carbon capture to reduce the amount of emissions the Group released into the atmosphere. However, if the Group is to reach the global target of net zero emissions by 2050, it is perhaps time to reconsider using carbon credits. To help the Group define its position, it organized a conference entitled “Carbon offsetting: real change or greenwashing?” during the LVMH Climate Week, involving Muriel Barnéoud (Groupe La Poste), César Dugast (Carbone 4), Arnaud Leroy (ADEME), Benoît Leguet (I4CE) and Marie-Thérèse Bonneau (France Carbone Agri). Discussions at the event helped identify a diverse range of effective and certified offsetting programs that relate to the Group’s business lines and are run in countries where the Group sources raw materials or manufactures its products.

LOWERING THE PRODUCT FOOTPRINT

To reduce scope 3 emissions, it is essential for the Group to lower the footprint of its end products, primarily by cutting emissions in relation to raw materials. Fundamental to achieving this goal, partnerships with suppliers drive innovation in the matter. In particular, LVMH takes concerted action in association with livestock farmers on animal feeding trials. Indeed, Marie-Thérèse Bonneau, President of the France Carbon Agri Association, believes farmers “hold the key to the solution, as our meadows and forests represent the most effective carbon sinks”.

A sourcing channel certification policy and standards that factor in carbon reduction efforts are equally important. Maisons working with cotton, leather, silk or gold adopt
strict certification policies that will be furthered as part of LIFE 360. Reducing the carbon footprint of grape farming primarily involves limiting the use of chemical substances, the production of which generates high levels of emissions. The Group reached a number of major milestones in 2020—with, for example, its Champagne Maisons eliminating the use of all herbicides.

In addition, LVMH strives to avoid generating a considerable quantity of carbon emissions by championing ecodesign, recycled fibers and high-quality materials to improve the longevity of its products. Further boosted by the new LIFE 360 objective to pursue an ecodesign approach with respect to all new products, this avoidance strategy involves all the Maisons throughout the Group: Kenzo uses recycled cashmere in a number of its creations, while Louis Vuitton worked with Responsible Wool Standard-certified yarn for the first time in its Fall/Winter 2020 collection.

Marketing certain products with refillable packaging, such as Christian Dior’s Sauvage Eau de Parfum, also helps to cut greenhouse gas emissions. Several other Maisons do the same, including Guerlain (perfume, Rouge G), Givenchy (Le Rouge) and Louis Vuitton (perfume). Greenhouse gas emissions are further reduced by minimizing the amount of packaging used in general.

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### LVMH carbon accounting by business group

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<tr>
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<th>SCOPES 1 &amp; 2*</th>
<th>SCOPE 3**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BASE: 100% OF SCOPES 1 &amp; 2</td>
<td>BASE: 100% OF SCOPE 3</td>
</tr>
<tr>
<td>Wines &amp; Spirits</td>
<td>11%</td>
<td>18%</td>
</tr>
<tr>
<td>Fashion &amp; Leather Goods</td>
<td>48%</td>
<td>53%</td>
</tr>
<tr>
<td>Perfumes &amp; Cosmetics</td>
<td>6%</td>
<td>12%</td>
</tr>
<tr>
<td>Watches &amp; Jewelry</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Selective Retailing</td>
<td>30%</td>
<td>7%</td>
</tr>
<tr>
<td>Other activities</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>TOTAL EMISSIONS</strong></td>
<td><strong>304,330 t. CO₂eq.</strong></td>
<td><strong>4,451,210 t. CO₂eq.</strong></td>
</tr>
</tbody>
</table>

* Greenhouse gas emissions in 2020 related to actual and estimated energy consumption data calculated as part of the environmental reporting process (see p. 86 of the Universal Registration Document).

** Greenhouse gas emissions arising from procurement, transportation as well as product end of life and use. These figures are calculated on the basis of the carbon footprint derived from 2019 data (see *).

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50% reduction in GHG emissions generated by LVMH through energy consumption by 2026, as pledged in LIFE 360.
PRIORITIZING LOW-CARBON TRANSPORTATION

Transportation represents another major focus area. Hennessy leads the field in such matters, where sustainable transportation accounted for 94.5% of its needs in 2020. The Maison has joined forces with the shipping company Neoline to launch a transatlantic wind-powered cargo ship that consumes 90% less fuel than a conventional ship of the same size. This ship will serve to transport 4 million bottles of Hennessy cognacs between France and the US each year from 2023 onward.

The Fashion and Leather Goods Maisons are also making similar moves. Celine decided to switch from air freight to sea or land freight to transport up to 2,500 m³ of goods annually and cut the amount of packaging (by 15% for leather goods in particular), which will directly reduce the amount of CO₂ emissions generated transporting goods to stores. Louis Vuitton is stepping up its efforts to minimize the environmental impact caused by transportation and logistics. In 2020, in addition to renewing the ISO 14001 certification of its Green Supply Chain, the Maison defined a comprehensive transportation policy it shared with all its distribution partners covering the full spectrum from international long-distance freight to movements between the central warehouse and the workshops.

To improve last mile logistics, Acqua di Parma began to operate a bicycle delivery service seven days a week that guarantees customers receive their order within four hours. Riders use standard bikes for all parcels weighing up to 5 kg and cargo bikes for deliveries of up to 100 kg to offer a rapid carbon-free service that avoids aggravating congestion. Furthermore, the Group works within alliances that promote sustainable transport, in particular the Sustainable Air Freight Alliance, which strives to reduce CO₂ emissions from air freight.

INTEGRATING CLIMATE CONSIDERATIONS INTO EMPLOYEE PAY

The Group integrates criteria related to climate change mitigation into the way it calculates remuneration entitlements with respect to its incentive plan—the employee savings scheme tied to company results and performance. For example, in 2020, the Hennessy incentive plan integrated the targets to cut energy consumption and organic waste by 10% each year, which were given the same weighting as operating profit, productivity and occupational safety.

In addition, all employees of Sephora Collection, the Sephora Europe subsidiary tasked with designing and producing own-brand products, benefit from an incentive plan that is calculated based on reducing the total greenhouse gas emissions generated per volume of product.

*** Based on the GHG protocol, the analysis is based upon 2019 data (actual and estimated) calculated as part of the LVMH annual environmental reporting process and audited by an independent third party. The new categories included in the footprint calculation (commuting, use of certain products, point-of-sale (PoS) advertising, runway shows, end of life treatment for products by customers and business travel) were estimated according to the number/type of products, PoS advertising, runway shows and the number of employees per region.
Deeply committed Maisons

Wines & Spirits

At the beginning of 2020, Hennessy and its subsidiaries finished fully calculating their carbon impact. They will strive to drastically cut their footprint by 2030, as will all the other Wines and Spirits Maisons, including Moët & Chandon, Belvedere and Glenmorangie.

In accordance with the trial agreement signed with Enedis in 2019, the Champagne Maisons have begun rolling out the Smart Charging project, which harnesses their electric vehicle fleets to store and act as a source of green energy when they are not being used.

Fashion & Leather Goods

In early September 2020, the commitment set out by Louis Vuitton in its new carbon pathway was approved to be in line with the SBTi, a coalition of 1,300 partner companies that have pledged to reduce emissions in line with the Paris Agreement goals.

One kilogram of GOTS-certified cotton (Berluti, Christian Dior Couture, Fendi, Givenchy, Kenzo and Louis Vuitton) creates a carbon footprint that is 8% lower than that created by producing one kilogram of standard cotton. One kilogram of recycled precious wool (Kenzo) creates a carbon footprint that is 455% lower than that left by producing one kilogram of virgin wool.

Perfumes & Cosmetics

The Christian Dior Sauvage Eau de Parfum refillable bottle reduces greenhouse gas emissions by 56% and water consumption by 35% by decreasing the amount of glass used.

The packaging for the mask in Sephora’s Good for Skin.you.all range decreased 76% in weight after being developed as a sugarcane-based bioplastic, thereby cutting greenhouse gas emissions by 89% compared with the former packaging.
Enacting change in its wine-growing practices represents an important component of the Group’s adaptation strategy, as the effects of climate change are already being felt in certain vineyards. In Champagne, the date of the grape harvest has come forward two weeks in the past 20 years.

Vineyards in Europe can explore a range of options, such as adapting the way vines grow—widening rows, increasing the size of rootstock, and irrigating in certain countries—and trialing new grape varieties. Chandon estates are also looking to grow other plants in and around the vines to create vegetation cover that improves humidity and regulates the temperature of the soil. Water supply represents the most pressing concern facing vineyards in Argentina and California, where winegrowers leverage weather forecasts, drip irrigation and rainwater harvesting. More generally, innovation remains a central focus of the climate mitigation policy. The Group seeks to reduce its exposure to the effects of climate change, in particular by implementing regenerative agricultural practices (see page 84) and harnessing new biotech materials (see pages 73-74).

SAVING WATER

In its directly owned operations, LVMH consumes 3.3 million m$^3$ of water for process purposes and 6.9 million m$^3$ for agricultural purposes. In 2020, LVMH applied the AWARE method to calculate its water footprint across its entire value chain. Based on an assessment of the sensitivity of the geographic region, this method compares the difference between water removed and water returned (net consumption) in relation to the water available. Three Chandon vineyards are located in regions where water stress is close to 100%—the Chandon Argentina estate (which accounts for 76% of the water used by the Group for agricultural purposes), and the Chandon estates in California and Newton. They have implemented specially developed water consumption management policies, which involve paying close attention to weather forecasts, applying reduced deficit irrigation strategies that limit water use or the size of the vines and concentrate flavors and colors, as well as harvesting rainwater.

The Group also assessed its scope 3 water consumption, identifying that over 95% of water serves to produce raw materials, primarily precious wool—such as cashmere, mohair and vicuña wool—cotton, grapes and grape-based alcohols. Sourcing certified raw materials (such as LWG leather and GOTS cotton, see pages 82-83) represents the most effective way to reduce the Group’s footprint in this area. LVMH is drawing up an action plan to become water-neutral in its sourcing channels, in particular by eliminating raw materials from regions at the greatest risk of desertification and deforestation.

PREVENTING POLLUTION

The Maisons have deployed technology to treat effluents, primarily in Wines and Spirits (distilleries), Fashion and Leather Goods (tanneries and crocodile farms), and Perfumes and Cosmetics (production workshops). Overall, organic pollution decreased 8% in 2020. 2020 was the first full calendar year operating the anaerobic digestion facility designed to process effluent from the Glenmorangie distillery in Scotland. Producing biogas in this way has reduced the amount of organic effluent by 35% and CO$_2$ emissions by 40%.

LVMH pays particular attention to the impact of wastewater discharge released by its leather and textile suppliers. Having signed up to the Zero Discharge of Hazardous Chemicals (ZDHC) commitment, the Group intends to roll the program out to all its strategic suppliers. This is already the case for LWG-certified tanneries, which accounted for 74% of the Group’s supply in 2020, as the standard integrates ZDHC requirements in its certification.
Vineyards on the front line

First day of harvest in Champagne

Average annual temperature in Champagne (°C): 1.1°C increase in 30 years

Newton Vineyards

During the night of September 27 into September 28, 2020, the wildfire that had swept through California’s Napa Valley destroyed the Newton Vineyards estate, acquired by LVMH in 2001. The Spring Mountain Vineyard, which makes up nearly half of the estate’s supply, as well as the buildings, gardens and the 2020 harvest were devastated. Further evidence of the threat of climate change and the fragility of ecosystems, the fire serves as another reminder of the need to adapt methods of production. Newton – a unique estate located within the Napa Valley mountains – will be rebuilt to the highest environmental standards. Already a certified organic wine producer, the restored vineyard will collect rainwater, harness vegetation as a way to reduce water consumption, reuse water from the winery for irrigation, rebuild its structures with sustainable materials and install floating solar panels on the lakes surrounding the estate.
Making environmental excellence our hallmark

All LVMH employees strive for environmental excellence, ensuring the impact of their efforts is plain to see. Expressed using environmental performance indicators, environmental excellence cannot be achieved without first ensuring accurate traceability throughout sourcing channels.
GUARANTEEING ACCURATE TRACEABILITY

TO ENSURE THE MATERIALS AND SUBSTANCES THAT GO INTO CREATING LVMH PRODUCTS ARE BOTH TRACEABLE AND COMPLIANT, THE GROUP HARNESS A WIDE RANGE OF SOLUTIONS AND WORKS IN CLOSE COLLABORATION WITH SUPPLIERS AND SUB-CONTRACTORS.

ACHIEVING TRACEABILITY FROM THE FIELD TO THE END PRODUCT

In order to guarantee accurate traceability, the Group must demonstrate in-depth understanding of all its supply chains, from end to end. Without this understanding, it would be almost impossible to ensure responsible practices.

The Animal-Based Raw Materials Sourcing Charter published in 2019 was designed to establish tailored traceability for all animal-based materials from 2025 onward. The LIFE 360 program extended this target to all the Group’s strategic materials, to be achieved by 2026.

To ensure the entire supply chain applies responsible practices, the push for greater traceability is brought to life in a variety of ways. First and foremost, the Maisons require suppliers to sign up to the Supplier Code of Conduct as well as share information about the country of origin of their material and their certified sourcing channels. Therefore, in 2020, after making a determined and concerted effort with their partner suppliers, the Maisons achieved 97% visibility on country of origin with respect to fur, 78% for exotic leather and 72% for wool. They also rely on certification, which guarantees proper ethical, environmental and social standards are upheld at each stage the material is transformed. That is why LVMH deploys the Global Organic Textile Standard (GOTS) and Responsible Wool Standard certification for cotton and merino wool, as well as Responsible Jewellery Council Chain of Custody (RJC CoC) for precious metals such as gold. As another way to strengthen traceability within the supply chain, the Group also seeks to enter certain channels, such as livestock farming and precious leather tanning through LVMH Métiers d’Art. Consequently, the Group can now have a direct influence on championing more responsible practices and guarantee materials come from sustainable supply chains, as it enjoys full and comprehensive visibility.

LVMH had pledged to earn third-party certification for all its crocodile farms by 2020, however this objective was pushed back to summer 2021 due to the pandemic.

Furthermore, last year the Group launched two new projects to identify the most effective tools to improve traceability. The first project involves the Group developing a single system to map all its sourced materials, despite each Maison having its own decentralized procurement procedure. For the second, LVMH launched an ambitious program to identify and implement ways of further enhancing traceability, as well as an integrated blockchain platform that establishes downstream traceability in the luxury industry, while also working on upstream traceability.

INTRODUCING MULTI-PARTITE INITIATIVES TO SUPPORT SUPPLIERS

LVMH conducts compliance audits to ensure sustainable practices are adopted on the ground. In 2020, 1,325 social and/or environmental audits were conducted throughout the Group across 1,071 suppliers in all industries. Although the pandemic did disrupt the audit schedule, many Maisons continued their efforts to carry out audits as planned.

As part of its sustainable procurement policy, Hennessy assessed 26 suppliers of dry materials according to a number of environmental criteria. Acqua di Parma planned 22 environmental audits of its suppliers in 2020, compared with 15 the previous year. To ensure these efforts have the greatest possible impact, the Maisons pool their audits and share their findings on an internal collaborative platform. Although audits represent an effective tool to assess suppliers, they offer much more than a mere means of control. By highlighting examples of non-compliance, LVMH helps suppliers identify areas for improvement and implement corrective action where necessary. Furthermore, the Group engages
with multi-partite initiatives to optimize the way in which it
assesses and supports suppliers to refine visibility through-
out supply chains. For example, the Perfumes and Cosmetics
Maisons joined the Responsible Beauty Initiative set up by
EcoVadis to draw up action plans that meet the challenges
they face in their business in collaboration with other major
names in the industry.

Moreover, in 2020, the Coloured Gemstones Working
Group—an alliance through which LVMH stands alongside
other luxury brands and mining companies—launched the
Gemstones and Jewellery Community Platform to provide
the industry with free resources and tools. The four Watches
and Jewelry Maisons took advantage of these tools to assess
around 100 colored gemstone suppliers.

GUARANTEEING PRODUCT SAFETY

The Group’s experts regularly take part in working groups
set up by authorities at national and European level, as well
as playing a highly active role in professional bodies. These
organizations monitor progress in scientific understanding
and regulations, which leads LVMH to regularly reconsider
its use of certain substances, sometimes removing them
altogether and reformulating products. The Group’s
Perfumes and Cosmetics Maisons comply with the strictest
international safety legislation, including the EU Cosmetics
Regulation. Their products must meet very stringent internal
development, quality, traceability and safety standards.

The Fashion and Leather Goods and Watches and Jewelry
Maisons have agreed to uphold an internal standard that
forbids or restricts the presence of certain substances, as
well as their use by suppliers, in the products they market.
The LVMH Restricted Substances List goes over and above
global regulatory requirements. Furthermore, the LVMH
Testing Program bolsters the control systems in place in
Fashion and Leather Goods Maisons by testing high-risk
substances in nine partner laboratories. Having joined the
Zero Discharge of Hazardous Chemicals (ZDHC) program
in 2019, LVMH began implementing the protocol in 2020,
especially within the Group’s tanneries. The Fashion and
Leather Goods Maisons will roll out the ZDHC protocol on
a wide scale and conduct checks by analyzing effluent and
focusing in particular on suppliers involved in wet processes.
RESPONDING TO EMERGING EXPECTATIONS

CUSTOMER EXPECTATIONS IN TERMS OF ENVIRONMENTAL, ETHICAL AND SOCIETAL RESPONSIBILITY CONTINUE TO RISE ALL THE TIME. BY INFORMING CUSTOMERS ABOUT THE ENVIRONMENTAL PERFORMANCE OF ITS PRODUCTS, LVMH ENABLES THEM TO SATISFY THEIR DESIRES WITHOUT COMPROMISING THEIR VALUES.

STRIVING TO ACHIEVE TOP QUALITY ENVIRONMENTAL LABELING

It has become a Group requirement to inform customers about the environmental performance of its products. Indeed, the aim is to establish an information system for each product by 2030. To this end, LVMH engages in ongoing efforts in France and Europe to develop environmental labeling, in particular with respect to fashion products, where quality and longevity are the most fundamental characteristics. Over the next three years, each business group will adopt tools to generate the environmental indicators they share with their customers.

In early 2020, Moët Hennessy became a founding partner of Note Globale, the first comprehensive rating to reflect the social performance of products that integrate components from the living world. Throughout the year, certain Maisons developed new tools to share environmental or social data about their products. For example, Fendi created a new sustainable development section on its website that includes the full list of its suppliers, while Loewe enriched its website with product sustainability indicators. In addition, Patou shares environmental information relating to the certification or origin of materials, which can be found on its online retailing website as well as via QR codes printed on each product. In 2020, Guerlain added perfumes to Bee Respect, the first digital platform that offers product traceability throughout full product life cycles. Available in English and French with other language versions scheduled for the coming year, the platform will be extended to cover the Maison’s entire catalogue in 2021. Sephora has developed a GOOD FOR range that reflects key words associated with certain products. Pursuing far more than SEO principles, the initiative strives to orient customers in their search for products that are good for the planet as well as being good for their bodies.

CHAMPIONING ENVIRONMENTAL COMMUNICATION

In 2020, the Maisons stepped up their internal and external communication campaigns with respect to the environment.

Sephora develops a new GOOD FOR range around four key words related to its products

GOOD FOR YOU products are made with natural formulas that use a minimum of 90% ingredients from natural origin. GOOD FOR A BETTER PLANET products come in ecodesigned packaging or are made using sustainable raw materials. GOOD FOR VEGAN products are free from animal-derived ingredients. GOOD FOR RECYCLING includes perfumes and their bottles, along with skin care and makeup products for which Sephora collects packaging in store to be recycled or reused. These specific labels already apply to over 1,000 products that are available to buy both in store and online.
Celine formulated an environmental strategy with its teams that will be unveiled in 2021. In September 2020, Dior launched Dream in Green, a digital event showcasing interviews discussing CSR and the Maison’s environmental strategy. The journey continued with the Dream in Green Project, a call for proposals open to employees throughout the world that attracted 64 ideas for environmentally responsible projects from 23 countries, three of which were chosen to be implemented in 2021. To spread the word about its new commitment to sustainable development, Louis Vuitton developed a process entitled “Our Committed Journey”, supplemented by its own Manifesto and a charter signed by the Executive Committee.

“For the third consecutive year, the Maison took part in Go For Good, the responsible fashion movement kick started by Galeries Lafayette, involving four product ranges, including leather goods, accessories and perfumes.

**MOVING TOWARD NEW ECOLOGICAL ACCOUNTING**

To obtain high-quality environmental information, accounting methods that factor in natural capital need to be developed. That is why LVMH supports the Ecological Accounting Partnership Chair held by the AgroParisTech Foundation. The chair intends to develop, model, promote and trial strong sustainability accounting methods to leverage them in a way that helps bring about the environmental transition. One of the theses studies how the CARE (Comprehensive Accounting in Respect of Ecology) model of accounting can apply to Veuve Clicquot’s winegrowing operations so as to integrate the notion of “soil capital” into its balance sheet and income statement.

**“Our committed journey”, the Louis Vuitton sustainability manifesto**

“At Louis Vuitton, we believe that sustainability is a journey that takes long-term commitment and humility. The humility to pay as much attention to what we have already achieved, as to what remains to be done. A journey made possible by engaging everyone. A journey that requires all of us to question everything we do and how we do it, to constantly improve and go further. That’s the journey we are on.”
TRANSFORMING EVERY EMPLOYEE INTO AN AGENT OF CHANGE

IRRESPECTIVE OF THEIR INDIVIDUAL POSITIONS, EVERYONE AT LVMH HAS STARTED TO CONSIDER THEIR OWN ENVIRONMENTAL IMPACT. THAT IS WHY THE LVMH CLIMATE WEEK, WHICH TOOK PLACE FROM DECEMBER 8 THROUGH 11, 2020, SOUGHT TO ENCOURAGE GROUP EMPLOYEES TO TAKE ACTION AND RALLY AROUND THE SLOGAN “BE THE CHANGE”.

FOSTERING CONSTRUCTIVE DIALOGUE AT THE CLIMATE WEEK

Five years after the Paris Agreement, the LVMH Climate Week offered a constructive forum in which the Group worked together to build the LIFE 360 program, the guiding star for its environmental action for the next three, six and 10 years. It also represented an opportunity to encourage everyone to become an agent of change. In addition to Antoine Arnault and Hélène Valade, Environment Development Group Director, the opening ceremony included leading figures such as President of COP 21 Laurent Fabius, Valérie Masson-Delmotte, Co-Chair of the Intergovernmental Panel on Climate Change, and Bertrand Piccard, founder of the Solar Impulse Foundation. A number of younger employees, compelled by their legitimate concerns over the future, were also invited to lead and contribute to the debate. Through a schedule of 12 online conferences, the event was brought to life with animated debates between many speakers, including Felipe Oliveira Baptista, Creative Director at Kenzo; Kim Jones, Artistic Director at Dior Homme and Artistic Director of Women’s Collections at Fendi; Jonathan Anderson, Artistic Director at Loewe; and Stella McCartney, Creative Director of her eponymous brand; as well as a number of executives and employees from the Maisons. Many practical solutions were identified to enable everyone throughout the Group to become a vector for sustainable luxury.

The discussions sought to fulfill three main aims. First, to put challenging questions to the experts in order to fine-tune the Group’s climate strategy, questions such as whether or not carbon offsetting is actually effective, whether fashion really can become sustainable, and what the connection is between the climate and biodiversity. Second, to call upon everyone to reconsider their behavior, and to challenge how the Group can revise practices to reduce its environmental impact. Finally, to identify innovative technological solutions with respect to lighting, air quality, insulation, renewable energy, bio-based and ecodesigned materials, and transportation.

The conclusion that emerged was unequivocal—the Covid-19 pandemic further amplified the urgency of environmental concerns and heightened expectations with respect to ethical conduct, meaning and sustainability. The Maison—

Recognizing the most environmentally friendly stores

LVMH created the LIFE in Stores Awards to recognize, each year, the solutions implemented by the Group’s Maisons to reduce the environmental footprint of their stores. The prizes were awarded to the five winners for 2020 at the end of the LVMH Climate Week. They included Louis Vuitton Florence for Envelope Design (insulation) and Energy Management (geothermal energy); Bulgari Milan Montenapoleone for Lighting (19 W/m²) and Interior Design (material traceability); Loro Piana Munich for Interior Air Quality; Berluti Paris Saint-Honoré for Maintenance; and Christian Dior for Progression (special category) after it halved lighting power density in just one year.
Presidents, their younger employees and their creative directors all agreed the Group’s products must, now more than ever, embody that wonderful, creative alchemy between beauty, integrity and nature. Nevertheless, it is this kind of considerable challenge that truly fuels the Group’s creativity.

The LVMH Climate Week concluded by shining a spotlight on the solutions already implemented by the Group’s Maisons to improve their environmental performance in stores.

ENCOURAGING PEOPLE TO SHARE BEST PRACTICES

Beyond this showcase event, the Environment Department endeavors to raise awareness, inform and train employees about climate change and the compelling need to protect natural resources and biodiversity. Since 2016, this responsibility has been entrusted to the Group Environment Academy. In 2020, it provided training in applying ecodesign principles to products and stores as well as courses on biodiversity.

Each Maison informs and raises awareness among its employees to ensure they fully adopt an environmentally friendly mindset. In 2020, Hennessy integrated two new environmental indicators into the way in which it calculates employee incentive payments to encourage them to make minor changes to their behavior and play their part in the Maison’s efforts (see page 96). Certain Maisons also develop initiatives to champion ecodesign. For example, the film produced by Belvedere to educate its employees about recycling supplemented ongoing projects, while Parfums Bvlgari communicated an Ecodesign Charter setting out the top 10 best practices to adopt.

At its two locations in Ireland, Macken House and Horizon Logistics Park, Bvlgari launched the Good Save project, which gives employees access to an internal platform to share their suggestions about how to become more environmentally friendly and save energy at work. With January being Earth Month in Ireland, Bvlgari chose this time to hold a series of internal conferences on topics such as beekeeping, recycling waste and riding a bike to work.

Forty-nine innovative solutions to reduce the Maisons’ carbon footprint presented at the LVMH Climate Week

At the LVMH Climate Week, the Group presented 49 solutions identified through working with its partners, such as Desserto, finalist of the LVMH Innovation Award 2020, which has developed a plant-based vegan-leather made from cactus, grown and produced in Mexico, which can be used to produce leather goods or packaging. Another firm, Secante, makes custom LED lighting, while Celsius has developed a geothermal energy solution to heat and cool buildings, ensuring low-carbon comfort for occupants all year round.
In finer detail
LVMH GROUP BUSINESS GROUPS AND KEY FIGURES  
.108

SOCIAL AND ENVIRONMENTAL GOVERNANCE  
.110

A CERTIFIED AND RECOGNIZED STRATEGY  
.113

WORKING HAND IN HAND WITH STAKEHOLDERS  
.114

THE RESPONSIBLE PURCHASING POLICY  
.119

2020 SOCIAL INDICATORS AND METHODOLOGY  
.122

REVIEW OF LIFE 2020  
.126

2020 ENVIRONMENTAL INDICATORS AND METHODOLOGY  
.128
## Wines & Spirits

Moët & Chandon, Dom Perignon, Krug, Veuve Clicquot, Hennessy, Château d’Yquem, Cheval Blanc, Clos des Lambrays, the origins of all these world-famous estates are inextricably linked to the appellations and terroirs of the world’s most prestigious wines and spirits. Whether they are in Champagne, Bordeaux, or other famed wine regions, these Maisons, many of which date back more than a century, all share a powerful culture of excellence.

## Watches & Jewelry

The LVMH Watches & Jewelry Maisons are some of the most emblematic brands in the industry. They operate in jewelry and watches with Bvlgari, Chaumet, Fred, TAG Heuer, Hublot and Zenith. These Maisons are guided by a daily quest for excellence, creativity and innovation. 2021 will see the arrival within the Group of the prestigious American jewelry house Tiffany.

## Fashion & Leather Goods

The Fashion & Leather Goods business group comprises Louis Vuitton, Christian Dior Couture, Celine, Loewe, Kenzo, Givenchy, Fendi, Emilio Pucci, Marc Jacobs, Berluti, Loro Piana, RIMOWA and Patou. While respecting the identity and autonomous management of these brands, LVMH supports their growth by providing them with shared resources.

## Perfumes & Cosmetics

LVMH is a key player in the perfume, makeup and skincare sector, with a portfolio of world-famous French brands: Christian Dior, Guerlain, Givenchy and Kenzo. The Group also owns other beauty brands: Benefit, Fresh, Acqua di Parma, Perfumes Loewe, Make Up For Ever, Maison Francis Kurkdjian, Fenty Beauty by Rihanna, KVD Vegan Beauty and Marc Jacobs Beauty.

## Selective Retailing

The Selective Retailing business group comprises Sephora, the world’s leading selective beauty retailer; Le Bon Marché, a Paris department store with a unique atmosphere; and travel retailers DFS and Starboard Cruise Services.

## Other activities

Other activities include Groupe Les Echos, which comprises leading French business and cultural news publications, Royal Van Lent, the builder of high-end yachts marketed under the brand name Feadship, Cheval Blanc and Belmond, which are developing a collection of exceptional hotels.
€ 44.7 bn
Revenue
-17%

€ 8.3 bn
Profit from recurring operations
-28%

€ 4.7 bn
Net profit Group share
-34%

80
countries

5,003
stores

150,479
employees

75
Maisons

2020 revenue by region (in %)

11% Other markets
34% Asia (excl. Japan)
7% Japan
8% France
16% Europe (excl. France)
24% United States

2020 revenue by business group (in %)

23% Selective Retailing and Other activities
7% Watches & Jewelry
12% Perfumes & Cosmetics
47% Fashion & Leather Goods
11% Wines & Spirits

Geographic footprint (as of December 31, 2020)

United States
Revenue: €10,647 m
866 stores
24,749 employees

France
Revenue: €3,333 m
512 stores
32,813 employees

Europe (excl. France)
Revenue: €7,337 m
1,175 stores
37,693 employees

Japan
Revenue: €3,164 m
428 stores
7,012 employees

Other markets
Revenue: €4,804 m
508 stores
12,830 employees

Asia (excl. Japan)
Revenue: €15,366 m
1,514 stores
35,382 employees
SOcial and environmental governance

While the Group’s development is anchored in shared social responsibility principles, methods and action plans, each Maison applies its CSR strategy locally in order to suit its specific social context. The Group’s international reporting system helps it monitor and report on this strategy.

Supervision et coordination

The Board of Directors’ Ethics & Sustainable Development Committee—the majority of whose members are independent directors—ensures compliance with the individual and shared values on which the Group bases its actions. The Committee provides leadership on matters of ethics as well as environmental, workforce related and social responsibility.

The Group’s Executive Management coordinates the efforts of LVMH’s Audit & Internal Control, Operations, Purchasing, Environmental Development, Social Development, Ethics & Compliance and Financial Communications departments, which work together to raise awareness and help the Maisons make progress—especially in the areas of risk management and supplier relations—with regard to environmental, social and integrity issues.

This governance structure is also supported by:

- The network of CSR Officers at Maison level, who help organize the measures to be implemented and facilitate their application within the Maisons, which will then make the necessary adjustments in line with their own values, their environment, and the expectations of their employees and customers. These officers are supported by a network of CSR Officers in major geographic areas.

- The Environment Committee, which brings together a network of Environment Officers from the Maisons. This body provides a forum for discussion about major objectives (LIFE program), environmental challenges and opportunities.

- Maison representatives in charge of purchasing, certain supply chains and supplier relations, who come together at the Responsible Purchasing seminar to review priority issues, launch new initiatives and share best practices within the Group.

Leadership and implementing social responsibility

On the Executive Committee, Chantal Gaemperle, Group Executive Vice President, Human Resources & Synergies, oversees the Group’s social responsibility, in collaboration with the Diversity and Inclusion Department set up in 2019. The Maisons initiate and develop a wide variety of initiatives under her leadership.

The LVMH social responsibility strategy is split across three levels:

- General procedures and commitments that ensure the issues and objectives related to each strategic priority are addressed
LEADERSHIP AND IMPLEMENTING ENVIRONMENTAL RESPONSIBILITY

Reporting directly to Antoine Arnault, who sits on the LVMH Board of Directors, the 10 member Environmental Development Department pursues the following objectives:

- Roll out the LIFE (LVMH Initiatives for the Environment) program at Maison level.
- Guide Group companies’ environmental policies, in compliance with the LVMH Environmental Charter.
- Conduct internal audits to assess the environmental performance of each Maison.
- Monitor regulatory and technical developments.
- Promote innovation and create management tools that address issues such as packaging design, supplier relations and regulatory monitoring.
- Help Group companies safeguard against risks.
- Train employees and raise environmental awareness at every level of the organization.
- Define and consolidate environmental indicators through dedicated reporting.

Internal standards

The Group has also set up its own internal standards, of which:

- Environmental Charter (adopted in 2001, boosted by the strategic LIFE program, launched in 2011)
- The Charter on Working Relations with Fashion Models and their Well-being (in 2017)
- Recruitment Code of Conduct (in 2009, being updated in 2021)
- Animal-Based Raw Materials Sourcing Charter (in 2019)
The Group Environmental Development Department acts as an intermediary between the Executive Committee and the Maison’s senior management on environmental issues. Each Maison also draws on 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 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 Environmental Development Department therefore 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.

Five years on from the Paris Agreement, the Group held LVMH Climate Week from December 8 to 11, 2020 to instil 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.

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**International instruments**

For many years now, the LVMH Group has demonstrated its desire to act as a responsible corporate citizen and align its operations and strategy to support various internationally recognized benchmarks, including the following:

- The United Nations Global Compact, to which the Group signed up in 2003, as well as the Caring for Climate initiative
- The Universal Declaration of Human Rights
- OECD Guidelines
- The International Labour Organization’s Fundamental Conventions
- The 17 Sustainable Development Goals
drawn up and developed by the United Nations
- The French Diversity Charter, signed by the Group in 2007
- The United Nations Women’s Empowerment Principles, signed by the Group in 2013
- France’s national biodiversity protection strategy
- The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- UNESCO’s intergovernmental scientific program, “Man and the Biosphere” (MAB), aimed at protecting global biodiversity
- The United Nations’ Standards of Conduct for Business on Tackling Discrimination
- The International Labour Organization (ILO) Global Business and Disability Network
A CERTIFIED AND RECOGNIZED STRATEGY

As a signatory of the UN Global Compact, LVMH submitted its Communication on Progress (CoP) in November 2019 for the GC advanced level. The next CoP will be published during the first half of 2021.

Indices and Sustainability rankings

LVMH was included in the CAC 40 ESG when it launched on March 22, 2021.
In May 2020, LVMH ranked in the TOP 5 for the Luxury Goods & Cosmetics segment, with a rating of 53/100.
LVMH has been included in the Euronext Vigeo Eurozone 120 index, updated on December 2nd, 2020, since it was launched in June 2013.

In January 2021, FTSE Russell gave LVMH a rating of 4.4/5.
In January 2021, LVMH was confirmed as a member of the FTSE4Good Global 100.

In December 2020, LVMH was rated A (on a scale from AAA to CCC) for the Textiles, Apparel & Luxury Goods segment.
At the end of 2020, LVMH was once again included in the MSCI World, Europe, Euro and France indices.
* Read the MSCI disclaimer: www.msci.com

In March 2021, Sustainalytics considered LVMH presented the lowest risk of major financial impact from ESG matters and gave the Group a rating of 69/100.

In February 2021, S&P Global published the 2021 edition of its Sustainability Yearbook, including for the first time the “S&P Global Sustainability Awards”, which recognized LVMH as Industry Mover 2021.

In January 2021, LVMH was ranked 2nd by the CDP with respect to Climate Change 2020, Forests 2020 and Water Security 2020, respectively.

LVMH was confirmed as a member of the Ethibel® Sustainability Index EXCELLENCE Europe, updated on October 1st, 2019.
The Ethibel EXCELLENCE Label is awarded to the companies that demonstrate the highest level of commitment to CSR matters and are likely to be listed in the Socially Responsible Investment Register.

In December 2020, LVMH ranked 3rd in a list of 568 companies analyzed by Open Corporation, with a score of 81.5/100.

Employer rankings

For the 16th consecutive year, LVMH topped the Universum France ranking of most attractive employers among students from business schools, published in April 2021.
In 2020, for the 2nd consecutive year, LVMH headed the Universum France ranking for experienced managers who graduated from business schools. LVMH also ranked 3rd among experienced managers who graduated from top engineering schools.
* The 2021 rankings concerning experienced managers who graduated from business and engineering schools were not published at the time the present report went to print.

In 2020, LVMH ranked 2nd for the Textiles & Apparel segment by the Refinitiv Diversity & Inclusion Index that ranks the top 100 organizations with the most diverse and inclusive workplaces.
LVMH maintains and develops constant dialogue and communication with its stakeholders, responding to their questions and providing them with information about its labor, societal and environmental practices. These interactions vary based on the challenges facing the Group, its business groups, Maisons and geographic locations.

It is impossible for one business alone to solve problems that are so often systemic and global, which is why collective dialogue is invaluable to LVMH. As part of a continuous improvement process, the Group achieves progress through collective action, regularly establishing new project partnerships, collaborating with several dozen charities, foundations, schools and universities, as well as numerous states and local authorities.

As a leading company in the luxury industry, LVMH helps steer its markets and industry toward social and environmental excellence, and strives to encourage entrepreneurial spirit to stimulate innovation.
The Group’s mainstakeholders at each stage of the value chain

Long-term relationships

- Creativity and innovation
- Raw materials and transformation
- Craft and production
- Retail and customer experience
- Use and services
- Recycling and recovery
- Contribution to social issues

Federations and professional associations
Foundations and NGOs
Schools and academies
Partners for innovation
International institutions, states and regional authorities
Local communities
Industry and certification bodies
Non-financial rating agencies
Suppliers, sub-contractors and recycling service providers
Clients
Employees
In 2020, more than 300 organizations received support, of which 100 were actively engaged in the fight against Covid-19 and its effects.
Schools and academies

Académie de l'art des métiers (Loro Piana)**
Academy of savoir-faire (Berluti/Centoform)**
Accademia dei Mestieri Loro Piana***
AFPA
AgroParisTech and fondation ParisTech
Arts et Métiers ParisTech
Asian University for Women (AUW)
Avize Viti Campus***
Bocconi Milan
British School of Watchmaking
Budapest Corvinus University
Campus d'excellence des métiers d’art et du design de Paris
Central Saint Martins College of Arts & Design
CEPROC***
Chandon Argentina University (Estate & Wines)**
Compagnons du Devoir***
CPRO Stephenson***
Diadema Academy
École 42
École Boucicaut (Le Bon Marché)**
École Centrale Paris
‘École des Savoirs’ project in Épernay (Moët & Chandon/Ruinart)**
École Duperré Paris***
École Ferrières
École Hôtelière de Lausanne
École Internationale de Marketing de Luxe Paris (EIML)
École Internationale Tunon de Genève
École Normale Supérieure de Paris
École Polytechnique Fédérale de Lausanne
École Supérieure Européenne de Packaging
École Thermale du Stress
EDHEC
EIML Paris***
EM Lyon
EMA SUP***
Ensaama (École nationale supérieure des arts appliqués et des métiers d’art)
ENSAM
ESCP
ESSEC
EXCELlhanCE
Fashion Institute of Technology
Fine watchmaking workshop (Bvlgari)**
Florida International University
Fondazione Mani Intelligenti
Fondazione Setificio***
Fondazione Mani Intelligenti
For.AI***
Fudan University School of Management
Galdus Formazione (Milan)
Grenoble École de Management
GRETA
Haute Ecole de Joaillerie***
HBCUs (Historically black colleges and universities)
HEC Lausanne
HEC Paris
Hong Kong Art Center
Hublot watchmaking school**
IAE Gustave Eiffel
IcamiIMD Business School
Inescop
In-house technical training academy (Rossimoda)**
Institut Français de la Mode***
Institut Marangoni
Institut Supérieur Technique
International Reference Center for Life Cycle of Products, Services and Systems (CIRAIG)
ISEM Fashion Business School (Universidad de Navarra) in Spain
ISIPCA***
Istituto Tecnico Superiore Tessile Abbigliamento Moda
IUav University of Venice
IUT d’Orléans***
La Chance pour la diversité dans les médias
La Fabrique
La Sorbonne Nouvelle - Paris 3***
Les Roches International School of Hotel Management
LIVE - L’institut des Vocations pour l’Emploi
London Business School
LUISS Rome - MINES ParisTech
LVMH Institut des Métiers d’Excellence*
LVMH watchmaking school (TAG Heuer and Zenith)**
Lycée professionnel Madeleine Vionnet
Massoli Academy (Fendi)**
Metal hardware maker Renato Menegatti
NEOMA Business School
New Designers
Parson Paris
Parsons New School for Design New York
Pasticceria Cova (Milan)
Polimoda***
Politecnico Calzaturiero***
Politecnico di Milano
Politecnico di Torino
Raffles Design Institute Riyadh
Rigides (Louis Vuitton)**
Royal College of Art London
Runway of Dreams
Saint Anna School of Advanced Studies
School of Leather Craft (Loewe)**
School of leather goods and the School of Savoir-Faire specializing in the creation of trunks**
Sephora University**
Sichuan International Studies University
Singapore Management University
Thurgood Marshall College Fund (TMCF)
Università Cattolica del Sacro Cuore, Milan
Università di Bologna
Università Ca’ Foscari Venezia***
Université de Paris Dauphine
Université de Saint-Gall
University of Alabama
University of Columbia
University of Fudan
University of Miami
Vienna University of Economics and Business

* The main schools and training academies belonging to the LVMH Group
** The main schools and training academies belonging to the Maisons
*** The main partners of the LVMH Institut des Métiers d’Excellence and the Maisons for apprenticeships
Partners for innovation

Association Orée
Business for Social Responsibility (BSR)
CEEBIOS
Coloured Gemstones Working Group (CGWG)
Comité interprofessionnel du vin de Champagne (CIVC)
Cosmetic Valley
Enedis
European Brands Association AIM
Entreprises engagées pour la nature – act4nature France
Fédération des Entreprises de la Beauté (FEBEA)
Flower Gems of India
Fondation Solar Impulse
Institut de liaisons des entreprises de consommation (ILEC)
Leather Working Group (LWG)
LinkedIn
LMVH & Central Saint Martins | Sustainability & Innovation in Luxury | Fostering Creativity
Responsible Jewellery Council (RJC)
Roundtable on Sustainable Palm Oil (RSPO)
Southeast Asian Reptile Conservation Alliance (SARCA)
Station F et Maison des Startups
Sustainable Fibre Alliance (SFA)
Textile Exchange
Union française de la bijouterie, joaillerie, orfèvrerie, des pierres et des perles (UFBJOP)
Zero Discharge of Hazardous Chemicals (ZDHC)

Industry and certification bodies

Competent authorities in the various regions

Suppliers, sub-contractors and recycling service providers

Farmers
Livestock farmers
Companies in the sheltered employment sector
Packaging industry
Textile industry
Mining industry
Grape suppliers
CEDRE platform
Tanners

Non-financial rating

Investors and asset management:
Non-financial rating agencies and SRI index managers
CDP
FTSE4Good (FTSE Russell)
ISS
MSCI
Open Corporation
SAM S&P Global
Solactive
Sustainalytics
Vigeo Eiris (Moody’s)
Supplier assessment:
EcoVadis
Sedex (Supplier Ethical Data Exchange)

International institutions, states and regional authorities

UN (signatory of the Global Compact)
Paris Action Climat
French national emergency aid package for the Amazon
Regions: Tuscany and Veneto
UNESCO
UNICEF
European Union
Parisian suburbs: Clichy-sous-Bois and Montfermeil

Local communities

Beekeepers
Comité de Viticulture (Cognac region)
Floriculture production companies in Tamil Nadu (India)
Farmers and shepherds in Mongolia (cashmere)
Farmers and local communities in Peru for the protection of vicunas
Farmers in Africa (crocodiles)
Miners in the regions concerned
THE RESPONSIBLE PURCHASING POLICY

THE LVMH GROUP CONSIDERS IT VERY IMPORTANT THAT THE MAISONS AND THE GROUP’S PARTNERS ABIDE BY A SHARED BODY OF RULES, PRACTICES AND PRINCIPLES IN RELATION TO ETHICS, CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL PROTECTION.

SUPPLIER ASSESSMENT AND SUPPORT

The complexity of global supply chains means there is a risk of exposure to practices that run counter to these rules and values. The Group’s responsible supply chain management approach therefore aims to motivate suppliers and every link in the supply chains involved to meet ethical, social and environmental requirements.

Supporting suppliers has long been a strategic focus for LVMH, with a view to maintaining sustainable relationships based on a shared desire for excellence. The Group pursues an overarching approach aimed at ensuring its partners adopt practices that are environmentally friendly and respect human rights. This approach is based on a combination of the following:

- Identifying priority areas, informed in particular by the non-financial risk mapping exercise covering the activities of the Group and its direct suppliers by type of activity.
- Conducting site audits of our suppliers (Tier 1 and higher) to check that the Group’s requirements are met on the ground, and implementation of corrective action programs in the event of compliance failures.
- Providing suppliers with support and training.
- Actively participating in cross sector initiatives covering high risk areas.

IDENTIFYING PRIORITY AREAS

The Group continued to expand its use of the EcoVadis platform in 2020. This allows for the assessment of their ethical, social and environmental performance through the collection of documentary data, external intelligence and online research. More than 1,400 suppliers were invited to join the platform in 2020. In all, 86% of suppliers improved their score upon reassessment.

LVMH is unique in that it undertakes much of its own manufacturing in house, with sub-contracting accounting for only a small proportion of the cost of sales. The Group is therefore able to directly ensure that working conditions are safe and human rights respected across a significant part of its production.

The Maisons apply reasonable due diligence measures and audit their suppliers—and, above Tier 1, their sub-contractors—to ensure they meet the requirements laid down in the LVMH Supplier Code of Conduct.

The Group uses specialist independent firms to conduct these audits. In 2020, 1,325 audits (not including EcoVadis assessments) were undertaken at 1,071 suppliers and sub-contractors. Compared with 2019, when 1,589 audits were
conducted, and despite the exceptional public health situation beginning in early 2020, a high number of audits at Group supplier production sites were still carried out during the year. Of all the audits undertaken, 44% covered both workforce related aspects (health and safety, forced labor, child labor, decent pay, working hours, discrimination, freedom of association and collective bargaining, the right to strike, etc.) and environmental aspects (environmental management system, water usage and pollution, gas emissions and air pollution, management of chemicals, waste management, types of raw materials used, etc.). A total of 45% of audits covered only workforce related aspects, and 11% only environmental aspects.

Some Maisons have supplemented their audits using measures to directly ask their suppliers’ employees about their working conditions. These surveys help gain a clearer vision of working conditions at the sites concerned and check for problems such as forced labor or harassment, which may not be detected during audits. These fully anonymous, confidential surveys are offered through a mobile instant messaging application. In 2020, Sephora once again teamed up with audit firm Elevate to conduct surveys of this type during site audits. Moët Hennessy has launched a similar approach in collaboration with Fairmakers.

SUPPLIER TRAINING

For several years, LVMH has taken part in Utthan, an embroidery industry initiative bringing together major luxury brands. This initiative aims to empower artisans in Mumbai’s hand embroidery cluster, where many of the embroiderers partnering with the Maisons are based, and help them gain recognition for their skills. The initiative also includes an on site training program for embroiderers. In light of the exceptional circumstances relating to the public health crisis, the Group provided direct financial assistance to the employees of sub-contractors of its Mumbai based suppliers. In keeping with its aim of providing support and fostering continuous improvement, the Group regularly offers its suppliers training opportunities, even in 2020 a year so disrupted:

- Continuing with an approach adopted in 2019, Sephora has reinforced its HERproject initiative (pursued in collaboration with BSR), which aims to help low income women working for certain suppliers, adding two new Chinese factories to the program during the year.
- In February, LVMH Italia’s held its fifth sustainable development coordination seminar at Celine’s new production facility in Radda in Chianti, Italy. The theme for the first day was the circular economy. The 46 attendees

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**Buyer training**

To continuously improve its practices and offer its teams the resources they need to develop their skills, the Group ensures its buyers receive training in issues relating to responsible purchasing. The Maisons supplement this training effort; for example, in 2020, Loewe brought together all its buyers to raise their awareness of key issues and check compliance among all their suppliers. Bulgari held a training session on the Supplier Code of Conduct and the Kimberley Process (specific to diamonds) for its buyers. Around 150 people took part in the annual full day Responsible Purchasing seminar held remotely in November by the Group Purchasing Department, in cooperation with the Environmental Development and Ethics & Compliance departments.
from Maisons based in Italy met representatives from three Italian companies working in this area: a social enterprise specialized in recovering fabric trimmings, a company offering a new process to reuse leather offcuts, and another with its own integrated, transparent and traceable supply chain to transform scraps into thread and fabric as well as destroy unsold products.

- In October, Louis Vuitton held a one day, in person training course focusing on anti corruption compliance issues for 16 companies representing its main global suppliers in the field of supply chain logistics.

**MOBILIZATION AND INITIATIVES IMPLEMENTED BY THE MAISONS**

In addition to its action aimed at direct suppliers, LVMH takes part in initiatives intended to improve visibility along supply chains and throughout sub-contractor networks to ensure that it can best assess and support all stakeholders.

Working groups have been put in place and targeted programs rolled out to address issues specific to each of the industry sectors in which the Group operates. To maximize efficiency and optimize influence over sub-contractor practices, preference is generally given to sector specific initiatives covering multiple purchasing entities.

For Maisons in the Watches and Jewelry business group, the mining sector, which is highly fragmented and relies substantially on the informal economy, carries significant risks to human rights. As such, the Maisons have formally committed under the LIFE 2020 program to ensuring that all gold supplies are certified by the Responsible Jewellery Council (RJC). Alongside suppliers and other pioneering competitors, LVMH also participates in the Coloured Gemstones Working Group (CGWG) run by sustainable development consultancy The Dragonfly Initiative, aimed at optimizing oversight of supply arrangements for colored gemstones. In 2020, a shared platform for the CGWG’s member companies was created and made available to the Maisons.

Maisons in the Perfumes and Cosmetics business group have signed up for the Responsible Beauty Initiative run by EcoVadis, working with major sector players to develop action plans in response to business specific issues. The business group is also involved in the Responsible Mica Initiative, which aims to pool sector stakeholders’ resources to ensure acceptable working conditions in the sector by 2022. Work to map Indian mica supply chains began in 2015, followed by a program of audits down to the individual mine level. Over 80% of the supply chain has been covered to date. The business group also joined Action for Sustainable Derivatives (ASD), a collaborative initiative jointly managed and overseen by BSR and Transitions. ASD brings together large companies in the cosmetics sector and the oleochemical industry to achieve their shared goal of improving traceability, working conditions and practices throughout the entire palm derivatives supply chain. For Maisons in the Fashion and Leather Goods business group, specific traceability requirements applicable to the leather and cotton sectors have been incorporated into the LIFE 2020 program. Leather traceability is taken into account via the score resulting from audits of the Leather Working Group standard. Targets for the certification of raw materials like cotton and leather were set as part of the LIFE 2020 program.

As part of a project focusing on living wages, initial contacts were made in 2020 with various structures and bodies, notably in Italy with Camera della Moda and with Fair Wage. This initiative will be continued in 2021.

For all Maisons, particular attention is paid to purchases of packaging materials due to fragmentation of production processes in this sector. Specific tools are used to assess and improve the environmental performance of packaging.

LVMH has also implemented many tools to improve and monitor the use of chemicals in products as part of a constant effort to maintain the highest quality as well as the safety of its employees and partners involved in these activities.
## 2020 Social Indicators

<table>
<thead>
<tr>
<th>Section</th>
<th>Group</th>
<th>Wines &amp; Spirits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Respecting Each One’s Dignity and Individuality</strong></td>
<td></td>
<td></td>
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<tr>
<td>People involved in recruitment trained or made aware of the importance of eliminating discrimination</td>
<td>64%</td>
<td>80%</td>
</tr>
<tr>
<td>Maisons that have implemented initiatives to promote equality, recruitment, retention and career development of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>women</td>
<td>62%</td>
<td>71%</td>
</tr>
<tr>
<td>people with disabilities</td>
<td>73%</td>
<td>71%</td>
</tr>
<tr>
<td>people from the LGBTI community</td>
<td>48%</td>
<td>50%</td>
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<tr>
<td>Employees able to take advantage of longer leave than minimum legal entitlements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>maternity leave</td>
<td>52%</td>
<td>57%</td>
</tr>
<tr>
<td>paternity leave</td>
<td>47%</td>
<td>38%</td>
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<tr>
<td>adoption leave</td>
<td>35%</td>
<td>33%</td>
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<tr>
<td><strong>Supporting the Safety and Well-being of Employees</strong></td>
<td></td>
<td></td>
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<tr>
<td>Maisons that have introduced key measures to ensure the health and safety of their most at-risk employees (workshops, retail, etc.)</td>
<td>90%</td>
<td>100%</td>
</tr>
<tr>
<td>Maisons that have introduced flexible working hours (part-time working, remote working, returning to work part-time, etc.)</td>
<td>95%</td>
<td>100%</td>
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<tr>
<td>Employees able to take advantage of adaptations and special measures to better promote work-life balance</td>
<td>89%</td>
<td>96%</td>
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<tr>
<td><strong>Transmitting Our World Heritage’s Savoir-Faire</strong></td>
<td></td>
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<tr>
<td>Maisons that have implemented a structured policy to safeguard and pass on key skills</td>
<td>78%</td>
<td>93%</td>
</tr>
<tr>
<td>Maisons that have set up original learning initiatives to develop skills (in-house coaching, mentoring, job prospects, training, etc.)</td>
<td>88%</td>
<td>100%</td>
</tr>
<tr>
<td>Maisons that have developed a structured training policy to meet future needs (digitalization, artificial intelligence, innovation, collective intelligence, etc.)</td>
<td>65%</td>
<td>71%</td>
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<tr>
<td><strong>Committing to a Better Society</strong></td>
<td></td>
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<tr>
<td>Maisons that have developed partnerships to help jobseekers find work</td>
<td>55%</td>
<td>57%</td>
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<tr>
<td>Maisons that have developed partnerships to empower women and help them find work</td>
<td>35%</td>
<td>43%</td>
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<tr>
<td>Maisons that have developed partnerships to promote equal opportunities and access to education</td>
<td>40%</td>
<td>43%</td>
</tr>
<tr>
<td>Maisons that have developed partnerships to support vulnerable people (following natural catastrophes or struggling in their personal lives) and people in need</td>
<td>63%</td>
<td>71%</td>
</tr>
</tbody>
</table>
IN 2020, AS LVMH IS KEEN TO BE TRANSPARENT ABOUT ITS PERFORMANCE, IT PRODUCED A COMPREHENSIVE RANGE OF INDICATORS RELATED TO ITS CORPORATE SOCIAL RESPONSIBILITY STRATEGY, SPLIT INTO FOUR MAIN PILLARS ACROSS THE SIX LVMH BUSINESS GROUPS.

<table>
<thead>
<tr>
<th>Fashion &amp; Leather Goods</th>
<th>Perfumes &amp; Cosmetics</th>
<th>Watches &amp; Jewelry</th>
<th>Selective Retailing</th>
<th>Other activities</th>
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<tbody>
<tr>
<td>47%</td>
<td>68%</td>
<td>72%</td>
<td>57%</td>
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<td>53%</td>
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</tbody>
</table>
The LVMH Group has been consolidating its labor indicators since 2001, covering areas such as employment, remuneration, hygiene, occupational safety, training and professional relations. These indicators are published in the chapter on workforce-related information in the Universal Registration Document, in accordance with regulatory requirements, including in particular article 116 of France’s “New Economic Regulations” of May 15, 2001, which calls for listed companies to communicate the environmental and social impact of their operations, and the Grenelle II Law, along with the Decree of April 24, 2012.

They are also published in the present Group Corporate Social and Environmental Responsibility Report. These indicators are verified by one of our statutory auditors, an independent third party, to provide a reasonable level of assurance. The opinion expressed by the independent verifier is published in the Universal Registration Document.

**PROTOCOL**

All the principles regarding the calculation and consolidation of quantitative and qualitative data are defined in the LVMH workforce-related reporting protocols, which are updated annually by the Talent Management and Social Responsibility divisions within the Human Resources Department.

**SCOPE**

The reporting scope covered by this process is based on the financial consolidation scope provided by the Group Finance Department. Reporting on the labor indicators covered the following scope in 2020:

<table>
<thead>
<tr>
<th>Maisons</th>
<th>Countries</th>
<th>Entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>75</td>
<td>80</td>
<td>894</td>
</tr>
</tbody>
</table>

There are two conditions Maisons must meet in order to be included within the scope of the social report: they must have produced at least 12 monthly reports and employ more than two people.

**GROUP WORKFORCE**

The employee numbers published below cover all entities consolidated on December 31, 2020, including the Group’s share in joint ventures, with the exception of certain companies that joined the Group within the last 12 months. The other labor indicators are calculated across a scope of 894 organizational entities covering more than 99% of the global workforce and integrating people employed by the Group during the last financial year, including in joint ventures.

**REPORTING TOOL AND METHODOLOGY**

The quantitative report is prepared using a web-based tool consisting of two kinds of questionnaire:
- A monthly workforce questionnaire
- An annual questionnaire in English and French consolidating all reporting data

The data are then checked and automatically consolidated by a system that has many control and warning mechanisms (consistency problems, alerts, abnormal data and unit issues, etc.).
Qualitative reporting is prepared on the basis of a questionnaire sent to the Maisons’ Human Resources departments.

**INTERNAL AND EXTERNAL ASSESSMENTS**

For the 2020 social report, the LVMH Group tasked an independent third party to audit a selection of the indicators published in the Universal Registration Document, as part of the standard statutory auditing process.

The aim is to:
- Ensure the reporting framework (including the procedure and instructions provided at Group and subsidiary level) complies with international standards for assurance over non-financial information (ISAE 3000).
- Assess the way in which Group- and subsidiary-level procedures and instructions are deployed and applied by those involved to organize the social information reports.
- Test certain social data across a representative sample of entities and ensure they correctly feed into the system in place to consolidate subsidiary data at Group level. The list of companies audited as well as the audit schedule is communicated at a later date by the statutory auditors.
- Provide an independent opinion on the LVMH Group scope.
- Offer observations (areas of improvement or progress) and recommendations to improve the reporting process.

**WORKFORCE-RELATED INFORMATION CONSIDERED TO BE THE MOST IMPORTANT**

**Employment**: breakdown of total workforce by type of contract, job category, turnover, absenteeism and outsourcing.

**Compensation**: personnel costs and their year-on-year changes, wage scale.

**Occupational health and safety**: workplace accidents, occupational illnesses, investment to improve safety and working conditions.

**Training**: training budget and the balanced allocation by job category, business segment and region.

**Business relations**: review of collective bargaining agreements.
The Maisons have incorporated LIFE into their strategic plans since 2014. Implemented by a Steering Committee at each Maison, the LIFE program is based on nine key aspects of environmental performance:

- Environmental design
- Secure access to strategic raw materials and supply chains
- Material traceability and compliance
- Supplier environmental and social responsibility
- Preservation of critical skills
- Reduction of greenhouse gas emissions
- Environmental excellence of manufacturing processes
- Product life span and repairability
- Information provided to customers and other stakeholders

In 2016, the LIFE program set four objectives for all Maisons to work toward for 2020 (using 2013 as the base year), the majority of which were achieved, as shown in the results set out opposite.

**Products**
The Perfumes and Cosmetics and Wines and Spirits Maisons sought to improve the Environmental Performance Index (EPI) of their packaging by 10%, which the Perfumes and Cosmetics Maisons and Hennessy achieved. In 2020, the Champagne Maisons developed 84% of their products with a score of over 14, yet did not reach the target set.

**Sourcing**
The Maisons were tasked with applying the highest standards across 70% of the supply chain by 2020. However, the pandemic disrupted the audit schedule, and impacted the LIFE 2020 review of the sourcing target. The objective was achieved in certain channels—the percentage of leather sourced from LWG-certified tanneries soared from 25% in 2013 to 74% in 2020, sustainable viticulture certification reached 100% for LVMH-owned vineyards in France and rose from 58% to 90% between 2019 and 2020 for the Group’s vineyards outside France. The Group’s Maisons now purchase 91% of their palm oil and derivatives from sources certified by the Roundtable on Sustainable Palm Oil. Lastly, although the use of sustainable cotton also increased considerably over the same period, from 2% in 2013 to 51% in 2020, it nevertheless fell short of the 70% target.

**Reduction in CO₂ emissions**
LIFE 2020 set out to achieve a 25% reduction in CO₂ emissions generated from energy consumption by increasing the proportion of renewables to 30% of the Group’s energy mix, improving energy efficiency in stores by 15%, and ensuring that new stores achieve a minimum performance of 50% according to the LVMH Store Guidelines score chart. All these targets were already met in 2019.

**Sites**
The Maisons undertake to reduce either water consumption, energy consumption or waste production by 10% at each of their sites, as well as deploy an environmental management system to effectively strive for continuous improvement. Sites managed to cut their process water consumption by 11.6%, but did not fulfill the target with respect to waste production, achieving only a 4.4% reduction (compared with an 8.7% rise in 2019), and energy consumption (which rose 0.5%, compared with a 6.5% rise in 2019). The objective for all manufacturing and logistics sites to earn ISO 14001 certification was not achieved, yet the drop in certifications this year compared with 2019 (down from 71% to 69%) came as a result of a number of audits being pushed back to 2021 due to the pandemic.
**RESULTS OF LIFE 2020**

**Product Objective**

Environmental Performance Index (EPI) for Wines and Spirits and Perfumes and Cosmetics

<table>
<thead>
<tr>
<th>WINES &amp; SPIRITS CHAMPAGNE</th>
<th>+0.5%</th>
<th>2020 Obj. +10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>WINES &amp; SPIRITS COGNAC</td>
<td>+31%</td>
<td>2020 Obj. +10%</td>
</tr>
<tr>
<td>PERFUMES &amp; COSMETICS</td>
<td>+10%</td>
<td>2020 Obj. +10%</td>
</tr>
</tbody>
</table>

*The Fashion and Leather Goods and Watches and Jewelry Maisons do not use the EPI to assess the environmental performance of their packaging, but do work to improve these elements, in particular by reducing the weight and volume of cardboard packaging, which is the material that is most used by its Maisons, as well as using certified paper fibers.*

**Sourcing Objective**

Apply the highest standards in 70% of sourcing channels

<table>
<thead>
<tr>
<th>SUSTAINABLE VITICULTURE CERTIFICATION (LVMH-OWNED VINEYARDS IN FRANCE)</th>
<th>100%</th>
<th>2020 Obj. 100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUSTAINABLE VITICULTURE CERTIFICATION (LVMH-OWNED VINEYARDS AROUND THE WORLD)</td>
<td>90%</td>
<td>2020 Obj. 100%</td>
</tr>
<tr>
<td>LWG TANNERIES CERTIFICATION</td>
<td>74%</td>
<td>2020 Obj. 70%</td>
</tr>
<tr>
<td>GOTS AND BCI CERTIFIED COTTON</td>
<td>51%</td>
<td>2020 Obj. 70%</td>
</tr>
<tr>
<td>LVMH CROCODILE CERTIFICATION (SKINS)</td>
<td>64%</td>
<td>2020 Obj. 100%</td>
</tr>
<tr>
<td>LVMH CROCODILE CERTIFICATION (FARMS)</td>
<td>56%</td>
<td>2020 Obj. 100%</td>
</tr>
<tr>
<td>RSPO SUSTAINABLE PALM OIL CERTIFICATION</td>
<td>91%</td>
<td>2020 Obj. 70%</td>
</tr>
<tr>
<td>RJC COP DIAMOND CERTIFICATION</td>
<td>99%</td>
<td>2020 Obj. 100%</td>
</tr>
<tr>
<td>RJC COP GOLD CERTIFICATION</td>
<td>79%</td>
<td>2020 Obj. 100%</td>
</tr>
</tbody>
</table>

**CO₂ Objective**

Reduce CO₂ emissions related to energy consumption by 28%

<table>
<thead>
<tr>
<th>-36.5%</th>
<th>2020 Obj. -25%</th>
</tr>
</thead>
</table>

Increase the use of green energy

<table>
<thead>
<tr>
<th>39%</th>
<th>2020 Obj. 30%</th>
</tr>
</thead>
</table>

Reduce the energy consumption of stores

<table>
<thead>
<tr>
<th>-31%</th>
<th>2020 Obj. -30%</th>
</tr>
</thead>
</table>

Install LED lighting

<table>
<thead>
<tr>
<th>67%</th>
<th>2020 Obj. 100%</th>
</tr>
</thead>
</table>

Ramp up the pace of innovation through the internal carbon fund

| 23 projects launched | €3.8 million in carbon | 892 metric tons of carbon equivalent CO₂ emissions avoided |

**Site Objective**

Improve sites’ key environmental efficiency indicators by at least 10%

<table>
<thead>
<tr>
<th>WATER CONSUMPTION</th>
<th>ENERGY CONSUMPTION</th>
<th>WASTE PRODUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>-11.6%*</td>
<td>2020 Obj. -10%</td>
<td>+0.5%</td>
</tr>
</tbody>
</table>

*Change related to lower business levels

Reduction in process water and energy consumed and in waste produced by production, logistics and administrative sites between 2013 and the reporting year, for sites included in the Group reporting scope in 2013.

Recover waste

<table>
<thead>
<tr>
<th>93%</th>
<th>2020 Obj. 100%</th>
</tr>
</thead>
</table>

Deploy environmental management systems at industrial facilities

<table>
<thead>
<tr>
<th>69%</th>
<th>2020 Obj. 100%</th>
</tr>
</thead>
</table>
## 2020 Environmental Indicators

### Energy

#### Energy consumption (in MWh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Consumption</th>
<th>Estimated*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,277,080</td>
<td>180,320</td>
</tr>
<tr>
<td>2019</td>
<td>1,278,600</td>
<td>218,700</td>
</tr>
<tr>
<td>2020</td>
<td>1,149,660</td>
<td>150,840</td>
</tr>
</tbody>
</table>

*27% of retail space is not included in the consolidated figures for energy consumption indicators. To include this space, an estimate is made on the basis of the actual data for the 73% of total retail space covered.

#### Change in energy consumption by business group (in MWh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Wines &amp; Spirits</th>
<th>Fashion &amp; Leather Goods</th>
<th>Perfumes &amp; Cosmetics</th>
<th>Watches &amp; Jewelry</th>
<th>Selective Retailing</th>
<th>Other activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>220,450</td>
<td>223,400</td>
<td>97,920</td>
<td>49,930</td>
<td>22,010</td>
<td>22,010</td>
</tr>
<tr>
<td>2019</td>
<td>214,230</td>
<td>217,230</td>
<td>100,100</td>
<td>50,440</td>
<td>21,380</td>
<td>21,380</td>
</tr>
<tr>
<td>2020</td>
<td>210,450</td>
<td>213,400</td>
<td>96,720</td>
<td>45,280</td>
<td>21,260</td>
<td>34,770</td>
</tr>
</tbody>
</table>

*of which estimated*
Energy consumption by business group and by source (in MWh)

- Wines & Spirits: 296,620 Electricity, 238,160 Natural gas, 45,480 Fuel oil, 7,190 Butane Propane, 8,320 Steam, 13,450 Chilled water, 391,580 Renewable energy, 150,840 Estimated electricity*
- Fashion & Leather Goods: 214,230 Electricity, 96,720 Natural gas, 447,470 Fuel oil, 311,260 Butane Propane, 45,280 Steam, 34,710 Chilled water, 34,710 Renewable energy, 34,710 Estimated electricity*
- Perfumes & Cosmetics: 96,720 Electricity, 45,280 Natural gas, 311,260 Fuel oil, 214,230 Butane Propane, 34,710 Steam, 34,710 Chilled water, 34,710 Renewable energy, 34,710 Estimated electricity*
- Watches & Jewelry: 34,710 Electricity, 34,710 Natural gas, 34,710 Fuel oil, 34,710 Butane Propane, 34,710 Steam, 34,710 Chilled water, 34,710 Renewable energy, 34,710 Estimated electricity*
- Selective Retailing: 34,710 Electricity, 34,710 Natural gas, 34,710 Fuel oil, 34,710 Butane Propane, 34,710 Steam, 34,710 Chilled water, 34,710 Renewable energy, 34,710 Estimated electricity*
- Other activities: 34,710 Electricity, 34,710 Natural gas, 34,710 Fuel oil, 34,710 Butane Propane, 34,710 Steam, 34,710 Chilled water, 34,710 Renewable energy, 34,710 Estimated electricity*
**Water**

**Group water consumption for “process” purpose (in m³)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption (m³)</th>
<th>Estimated (m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>5,087,090</td>
<td>1,102,020</td>
</tr>
<tr>
<td>2019</td>
<td>5,119,110</td>
<td>1,049,030</td>
</tr>
<tr>
<td>2020</td>
<td>4,359,930</td>
<td>1,192,080</td>
</tr>
</tbody>
</table>

*80% of retail space is not included in the consolidated figures for the water consumption indicator. To include this space, an estimate is made on the basis of the actual data for the 20% of total retail space covered (some DFS stores and Le Bon Marché).*

**Change in water consumption by business group for “process” purpose (in m³)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Wines &amp; Spirits</th>
<th>Fashion &amp; Leather Goods</th>
<th>Perfumes &amp; Cosmetics</th>
<th>Watches &amp; Jewelry</th>
<th>Selective Retailing</th>
<th>Other activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,068,160</td>
<td>1,247,670</td>
<td>867,730</td>
<td>110,900</td>
<td>230,910</td>
<td>2018</td>
</tr>
<tr>
<td>2019</td>
<td>1,974,140</td>
<td>2,30,910</td>
<td>2,487,860</td>
<td>123,030</td>
<td>123,210</td>
<td>2019</td>
</tr>
<tr>
<td>2020</td>
<td>1,247,670</td>
<td>1,974,140</td>
<td>867,730</td>
<td>281,220</td>
<td>230,130</td>
<td>2020</td>
</tr>
</tbody>
</table>

**Chemical oxygen demand after treatment (in metric tons per year)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Wines &amp; Spirits</th>
<th>Fashion &amp; Leather Goods</th>
<th>Perfumes &amp; Cosmetics</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,070</td>
<td>60</td>
<td>970</td>
</tr>
<tr>
<td>2019</td>
<td>970</td>
<td>40</td>
<td>920</td>
</tr>
<tr>
<td>2020</td>
<td>920</td>
<td>20</td>
<td>20</td>
</tr>
</tbody>
</table>
Change in greenhouse gas emissions (scopes 1 & 2, in metric tons of CO₂ equivalent)

- **2018**: 384,120 metric tons of CO₂ equivalent
  - 40,850 metric tons of CO₂ equivalent from Wines & Spirits
  - 153,960 metric tons of CO₂ equivalent from Fashion & Leather Goods
  - 15,090 metric tons of CO₂ equivalent from Perfumes & Cosmetics
  - 11,780 metric tons of CO₂ equivalent from Watches & Jewelry
  - 159,130 metric tons of CO₂ equivalent from Selective Retailing
  - 3,320 metric tons of CO₂ equivalent from Other activities
- **2019**: 363,960 metric tons of CO₂ equivalent
  - 40,890 metric tons of CO₂ equivalent from Wines & Spirits
  - 156,830 metric tons of CO₂ equivalent from Fashion & Leather Goods
  - 16,760 metric tons of CO₂ equivalent from Perfumes & Cosmetics
  - 11,910 metric tons of CO₂ equivalent from Watches & Jewelry
  - 134,230 metric tons of CO₂ equivalent from Selective Retailing
  - 3,340 metric tons of CO₂ equivalent from Other activities
- **2020**: 304,330 metric tons of CO₂ equivalent
  - 33,800 metric tons of CO₂ equivalent from Wines & Spirits
  - 146,180 metric tons of CO₂ equivalent from Fashion & Leather Goods
  - 17,030 metric tons of CO₂ equivalent from Perfumes & Cosmetics
  - 10,690 metric tons of CO₂ equivalent from Watches & Jewelry
  - 90,480 metric tons of CO₂ equivalent from Selective Retailing
  - 6,150 metric tons of CO₂ equivalent from Other activities

*27% of retail space is not included in the consolidated figures for energy consumption indicators. To include this space, an estimate is made on the basis of the actual data for the 73% of total retail space covered.
Transportation

Breakdown of greenhouse gas emissions generated by upstream transportation in 2019 (in metric tons of CO₂ equivalent)

- **Wines & Spirits**: 21,880
- **Fashion & Leather Goods**: 17,730
- **Perfumes & Cosmetics**: 36,090
- **Watches & Jewelry**: 1,850

Breakdown of greenhouse gas emissions generated by downstream transportation in 2019 (in metric tons of CO₂ equivalent)

- **Wines & Spirits**: 26,802
- **Fashion & Leather Goods**: 509,070
- **Perfumes & Cosmetics**: 18,867
- **Watches & Jewelry**: 15
- **Selective Retailing**: 68
- **Liquefied natural gas**: 270
Packaging

Quantity of packaging by type of materials in 2020 (in metric tons)

- Glass: 138,340 tons
- Plastic: 9,160 tons
- Paper/cardboard: 31,140 tons
- Metal: 3,180 tons
- Textile: 1,800 tons
- Other packaging materials: 1,660 tons

TOTAL: 185,290 tons

Packaging given to customers (in metric tons)

Wines & Spirits
- 2018: 159,840
- 2019: 141,220
- 2020: 133,380

Fashion & Leather Goods
- 2018: 11,060
- 2019: 13,090
- 2020: 13,380

Perfumes & Cosmetics
- 2018: 29,170
- 2019: 31,120
- 2020: 31,120

Watches & Jewelry
- 2018: 4,830
- 2019: 4,420
- 2020: 3,270

Selective Retailing
- 2018: 4,650
- 2019: 6,380
- 2020: 4,540

Other activities
- 2018: 1
- 2019: 1
- 2020: 1
Waste

Group waste production (in metric tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Wines &amp; Spirits</th>
<th>Fashion &amp; Leather Goods</th>
<th>Perfumes &amp; Cosmetics</th>
<th>Watches &amp; Jewelry</th>
<th>Selective Retailing</th>
<th>Other activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>65,420</td>
<td>15,890</td>
<td>16,330</td>
<td>8,760</td>
<td>4,890</td>
<td>2,230</td>
</tr>
<tr>
<td>2019</td>
<td>62,670</td>
<td>16,330</td>
<td>16,330</td>
<td>10,190</td>
<td>4,810</td>
<td>2,040</td>
</tr>
<tr>
<td>2020</td>
<td>52,260</td>
<td>15,890</td>
<td>15,900</td>
<td>9,110</td>
<td>3,140</td>
<td>1,580</td>
</tr>
</tbody>
</table>

Change in waste produced by business group (in metric tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Wines &amp; Spirits</th>
<th>Fashion &amp; Leather Goods</th>
<th>Perfumes &amp; Cosmetics</th>
<th>Watches &amp; Jewelry</th>
<th>Selective Retailing</th>
<th>Other activities</th>
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<tr>
<td>2018</td>
<td>65,420</td>
<td>15,890</td>
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<td>4,810</td>
<td>2,040</td>
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<tr>
<td>2020</td>
<td>52,260</td>
<td>15,890</td>
<td>15,900</td>
<td>9,110</td>
<td>3,140</td>
<td>1,580</td>
</tr>
</tbody>
</table>
Change in hazardous waste produced by business group (in metric tons)

Wines & Spirits | Fashion & Leather Goods | Perfumes & Cosmetics | Watches & Jewelry | Selective Retailing | Other activities

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wines &amp; Spirits</td>
<td>650</td>
<td>500</td>
<td>370</td>
</tr>
<tr>
<td>Fashion &amp; Leather Goods</td>
<td>2,420</td>
<td>2,350</td>
<td>2,100</td>
</tr>
<tr>
<td>Perfumes &amp; Cosmetics</td>
<td>3,150</td>
<td>2,420</td>
<td>1,620</td>
</tr>
<tr>
<td>Watches &amp; Jewelry</td>
<td>1,600</td>
<td>1,100</td>
<td>60</td>
</tr>
<tr>
<td>Selective Retailing</td>
<td>10</td>
<td>130</td>
<td>60</td>
</tr>
<tr>
<td>Other activities</td>
<td>3</td>
<td>9</td>
<td>3</td>
</tr>
</tbody>
</table>

Percentage of waste recovered

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Wines &amp; Spirits</td>
<td>65%</td>
<td>66%</td>
<td>95%</td>
<td>94%</td>
<td>92%</td>
<td>92%</td>
<td>89%</td>
<td>88%</td>
<td>85%</td>
<td>86%</td>
<td>86%</td>
<td>93%</td>
<td>92%</td>
<td>92%</td>
<td>91%</td>
<td>91%</td>
<td>93%</td>
</tr>
<tr>
<td>Fashion &amp; Leather Goods</td>
<td>65%</td>
<td>66%</td>
<td>95%</td>
<td>94%</td>
<td>92%</td>
<td>92%</td>
<td>89%</td>
<td>88%</td>
<td>85%</td>
<td>86%</td>
<td>86%</td>
<td>93%</td>
<td>92%</td>
<td>92%</td>
<td>91%</td>
<td>91%</td>
<td>93%</td>
</tr>
<tr>
<td>Perfumes &amp; Cosmetics</td>
<td>65%</td>
<td>66%</td>
<td>95%</td>
<td>94%</td>
<td>92%</td>
<td>92%</td>
<td>89%</td>
<td>88%</td>
<td>85%</td>
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<td>86%</td>
<td>93%</td>
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<td>91%</td>
<td>93%</td>
</tr>
<tr>
<td>Watches &amp; Jewelry</td>
<td>65%</td>
<td>66%</td>
<td>95%</td>
<td>94%</td>
<td>92%</td>
<td>92%</td>
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<td>91%</td>
<td>91%</td>
<td>93%</td>
</tr>
<tr>
<td>Selective Retailing</td>
<td>65%</td>
<td>66%</td>
<td>95%</td>
<td>94%</td>
<td>92%</td>
<td>92%</td>
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<td>91%</td>
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</tr>
<tr>
<td>Other activities</td>
<td>65%</td>
<td>66%</td>
<td>95%</td>
<td>94%</td>
<td>92%</td>
<td>92%</td>
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</tbody>
</table>
METHODOLOGY

The LVMH Group consolidates its environmental indicators, publishing them since 2001 in the Universal Registration Document and the present Group Corporate Social Responsibility Report. Since 2002, these indicators have been verified by one of our statutory auditors, an independent third party, to provide a reasonable level of assurance. The opinion expressed by the independent verifier is published in the Universal Registration Document.

PROTOCOL

All consolidation and calculation rules are defined in the LVMH environmental reporting protocol, which is updated annually and published by the Environmental Development Department. Requests to consult the document may be sent to the following address: contact_environment@lvmh.fr.

SCOPE

Reporting on the environmental indicators covered the following scope in 2020:

Production, warehouse and administrative sites (number)

<table>
<thead>
<tr>
<th>Covered sites(a)</th>
<th>Total number of sites</th>
<th>Sites not covered(b)(c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>271</td>
<td>445</td>
<td>174</td>
</tr>
</tbody>
</table>

The calculations for energy consumption and greenhouse gas emissions also include certain stores from Maisons within the Fashion & Leather Goods, Perfumes & Cosmetics, Watches & Jewelry, and Selective Retailing business groups. Sephora China, Rimowa, Cha Ling, Francis Kurkdjian and Parfums Givenchy stores are excluded.

Waste production and water consumption only factor in certain DFS stores and stores from Le Bon Marché group.

TOTAL RETAIL SPACE COVERED BY THE SCOPE, PER INDICATOR

The retail space used to calculate energy consumption and greenhouse gas emissions are as follows, presented as a percentage of the Group’s total retail space:

<table>
<thead>
<tr>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>73%</td>
<td>65%</td>
</tr>
</tbody>
</table>

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.

(a) Integration on new sites operated by Belmond and Louis Vuitton; removal of Pink Shirtmaker.
(b) Of which, mainly: certain regional administrative sites operated by Louis Vuitton and Moët Hennessy, as well as administrative sites with fewer than 20 employees.
(c) The Belmond Group has been integrated into the environmental reporting scope, with three hotels included in certain indicators.

(d) The reporting scope does not include franchise stores operated by the Fashion & Leather Goods, Perfumes & Cosmetics, and Watches & Jewelry business groups.
REPORTING TOOL AND METHODOLOGY

The environmental report is prepared using an in-house web-based tool consisting of three kinds of questionnaire:
- A questionnaire compiling corporate data: training, packaging, etc.
- A raw materials questionnaire
- One or more questionnaires compiling data specific to the manufacturing sites: water and energy consumption, waste production (quantity and type), and waste processing, etc.

In total, each Maison collects data for around 100 categories. The data are then checked and automatically consolidated in a central file, which has many control and warning mechanisms (abnormal data and consistency problems, etc.).

INTERNAL AND EXTERNAL ASSESSMENTS

Consistency checks are performed by the sites (comparison with Y-1), and when data are consolidated by the LVMH Environmental Development Department. The key qualitative and quantitative information set out in the following list has been audited to obtain reasonable and limited assurance of its fair presentation (marked by an asterisk) by EY & Associates as part of its statement of non-financial performance.

ENVIRONMENTAL INFORMATION CONSIDERED TO BE THE MOST IMPORTANT

Quantitative information (including key performance indicators):
- Percentage of industrial sites with ISO 14001 certification
- Total energy consumption (MWh)
- Greenhouse gas emissions due to energy use – scopes 1 and 2 (metric tons of CO₂ equivalent)*
- Breakdown of greenhouse gas emissions generated by downstream transportation – scope 3 (in metric tons of CO₂ equivalent)*
- Total water consumption for process purposes (m³)
- Total water consumption for agricultural purposes (m³)
- Total waste production (metric tons)
- Total hazardous waste production (metric tons)
- Percentage of waste recovery
- Total packaging sent to customers (metric tons)*
- Environmental performance index (EPI) of packaging (value)
- Greenhouse gas emissions avoided per year by projects carried out under the carbon fund (metric tons of CO₂ equivalent avoided)

Qualitative information (action or results):
- Organization of the environmental initiative, in particular governance and commitments, including the LIFE program
- Environmental impact of packaging and monitoring the LIFE “Product” objective
- Environmental standards taken into account in sourcing and monitoring the LIFE “Sourcing” objective
- The fight against climate change and monitoring the LIFE “Climate change” objective
- Environmental management of sites and monitoring the LIFE “Sites” objective

SOCIAL INFORMATION

Quantitative information (including key performance indicators):
- Proportion of grapes (in kg) from its own vineyards or purchased, certified as sustainable viticulture (%)*
- Proportion of palm oil, palm kernels and palm oil derivatives (in kg) purchased from certified RSPO Mass Balance or Segregated suppliers (%)*
- Proportion of leather (in m³) purchased from LWG-certified tanneries (excluding exotic leathers) (%)*
- Proportion of gold (in kg) purchased that is RJC CoC certified*
- Proportion of gold (in kg) purchased from suppliers that are RJC COP certified*
- Proportion of diamonds (in carats) purchased from suppliers that are RJC COP certified*
- Proportion of cotton (in metric tons) certified (%)*
- Number of social and/or environmental audits conducted on suppliers and sub-contractors

Qualitative information (action or results):
- Implementation of the Charter on Working Relations with
Fashion Models and Their Well-Being
- Procedure to assess and provide support to suppliers
- Management of personal data
- Procedure guaranteeing ethical business conduct

**SELECTION AND SUITABILITY OF INDICATORS**

The environmental indicators published seek to report on the Group’s annual environmental results. They feed into the environmental themes and data in accordance with the provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

**RAW MATERIALS**

A set of indicators is applied to measure the quantity (in metric tons) of raw materials used to manufacture products:
- Wines & Spirits: grapes
- Fashion & Leather Goods: leather, wool, cotton, viscose, etc.
- Watches & Jewelry: gold, diamonds, colored stones, metals, etc.
- Perfumes & Cosmetics: palm oil derivatives, etc.

**WATER CONSUMPTION**

Water consumption is expressed in m³. This indicator enables the amount of water consumed to be assessed by distinguishing between the following two requirements:
- Agricultural requirement: measurement of the amount of water used for irrigation (banned in France), and sprinkling vines (to prevent frost, etc.). The water volumes used are either measured directly or, more usually, estimated.
- Processing requirement: measurement of all non-agricultural requirements (industrial and sanitary processes or cleaning).

**WATER POLLUTION**

Water pollution is expressed in metric tons of chemical oxygen demand. This indicator reflects the total annual flow discharged into the natural environment by sites, after treatment either on site or at a downstream facility. It applies to Wines & Spirits, Fashion & Leather Goods and Perfumes & Cosmetics only, where discharges of organic matter and other pollution from effluents are material and directly related to operations.

**WASTE PRODUCTION**

All the waste produced is measured in metric tons. Waste taken into account includes hazardous and non-hazardous waste produced by the sites during the reporting period. The method to process the different categories of waste is also identified so as to calculate a recovery ratio.

The various channels for recycling waste include:
- Reuse: using the waste for the same purpose as the one for which the product was initially intended.
- Recovery, which involves:
  - Recycling: waste is directly reintroduced into the production cycle from which it came, in order to partially or completely replace a virgin raw material.
  - Organic recovery: composting and controlled spreading of organic waste in order to fertilize soil.
  - Energy recovery: incinerating the waste and recovering the energy generated by burning waste in the form of electricity or heat.

**ENERGY CONSUMPTION**

Energy consumption is expressed in MWh, and represents all the types of energy used by sites (electricity, natural gas, fuel oil, heavy fuel oil, steam, chilled water, butane-propane, and renewable energy) and company cars.

**GREENHOUSE GAS EMISSIONS**

This indicator is expressed in metric tons of CO₂ equivalent and corresponds to the greenhouse gas emissions due to the energy used by the sites. It covers direct and indirect greenhouse gas emissions. As part of LIFE 2020, the Group is aiming to reduce its greenhouse gas emissions across scopes 1 and 2 by 25% in absolute terms between 2013 (base year) and 2020. Site performance (production, logistics and administrative sites) is calculated by comparing data by site from 2013 and the reporting year. Store CO₂ performance is...
determined by multiplying the CO₂ efficiency of the reporting year (in metric tons of CO₂ eq./m²) with the reference surface area (total retail space in 2013).

UPSTREAM AND DOWNSTREAM TRANSPORTATION

This indicator is expressed in metric tons per kilometer and in metric tons of CO₂ equivalent. A distinction is made between upstream and downstream transportation:
- Upstream transportation: the number of kilometers traveled by raw materials and components from the direct supplier site to the first delivery site. At the very least, the assessment is performed on the main components and products:
  - Wines & Spirits: bottles, cases and caps, etc.
  - Fashion & Leather Goods: leathers, metal parts, packaging and ready-to-wear clothing, etc.
  - Perfumes & Cosmetics: bottles and pouches, etc.
  - Watches & Jewelry: pouches, boxes, and cases, etc.
  - Selective Retailing: store bags, envelopes and boxes, etc.
- Downstream transportation: the number of kilometers traveled by all finished products from the manufacturing site to the first platform belonging to the wholesale customer or stores (for selective retailing businesses and brands that own boutiques).

PACKAGING GIVEN TO CUSTOMERS

This indicator is expressed in metric tons of packing materials. It includes the primary and secondary packaging given to customers by all Group Maisons. Packaging used for shipment during transportation is excluded from this indicator.

TRAINING AND AWARENESS SESSIONS

This indicator is expressed in hours. It includes training and awareness sessions fully or partly focused on the environment, specifically:
- Training employees in order to reduce their impact on the environment (energy consumption, handling of hazardous products, training on environmental regulations, training for health, safety and environment officers, training on environmental audits, water management, waste management, and sustainable viticulture, etc.).
- Training and awareness sessions on the environment (the major considerations include greenhouse gases, biodiversity, and raising awareness among grape harvest workers, etc.) and environmental management systems (ISO 14001, etc.).
- Corporate training (onboarding seminar for new managers, attendance at the Environmental Commission, and involvement of the LVMH Environmental Development Department in Executive Committee meetings or other meetings, etc.).
- The hours spent by in-house environmental trainers (Sustainable Development Week, World Water Day, and health, safety and environment officers who conduct training/awareness sessions, etc.).

EXPENDITURE INCURRED AND INVESTMENTS MADE TO MITIGATE THE IMPACT OF BUSINESS ACTIVITY ON THE ENVIRONMENT

This indicator is expressed in thousands of euros. It includes the following expenditure incurred and investments made to mitigate the impact of business activity on the environment:
- Protect ambient air and the climate
- Manage wastewater
- Manage waste
- Protect and rehabilitate soils
- Prevent noise and vibrations
- Protect biodiversity and conduct other environmental protection activities
- Conduct research and development.