



# ESG RATINGS COMPARISON –

LVMH MOËT HENNESSY LOUIS VUITTON SE

## ABSTRACT:

This paper evaluates the ESG performance of LVMH Moët Hennessy Louis Vuitton SE through the lens of three leading rating agencies: Sustainalytics, S&P Global, and CDP. Each offers a distinct methodology ranging from financial risk to disclosure transparency and environmental ambition. While LVMH demonstrates leadership in climate governance and social initiatives, significant gaps remain in Scope 3 emissions reporting. The analysis underscores the importance of understanding ESG ratings in context and highlights how even top-performing firms face growing pressure to meet evolving sustainability expectations with consistency, depth, and accountability.

By Christopher Sanchez  
Sustainability Reporting & Finance

## **Introduction Overview of ESG Performance**

It has become evident that corporations pose an effect on the environment and our social wellbeing in some way. Environmental, Social, and Governance (ESG) is a framework in accounting used to measure company's effects in these areas.

*Environmental*, focuses on how a company impacts the natural environment, *Social* examines how a company manages its relationships with stakeholders, and *Governance* deals more with the internals of the company like leadership, executive pay, and shareholder rights among others. This kind of quantifiable reporting is something companies must actively address, not just for moral or ethical reasons, but to maintain their reputation and credibility with stakeholders. The United States Security & Exchange Commission does not require companies to report anything on ESG. Stakeholders ultimately want to know whether companies are taking these concerns seriously, which is where ESG ratings and ranking agencies come in. These tools help screen for greenwashing and hold companies accountable. It also gives investors the information needed to be able to analyze and manage risk when it comes to exposure to environmental, social, and governance issues. As future business professionals, it's important not only to understand these agencies but also to recognize the differences in how they evaluate and rank ESG performance. These considerations are increasingly critical for global luxury brands like LVMH. Consumers today increasingly associate brand value and ethical practices with sustainability and transparency. This summary evaluates LVMH's ESG standing using three leading ESG rating agencies: Sustainalytics, S&P Global, and CDP. Each provides their own lens into LVMH's ESG practices and performance.

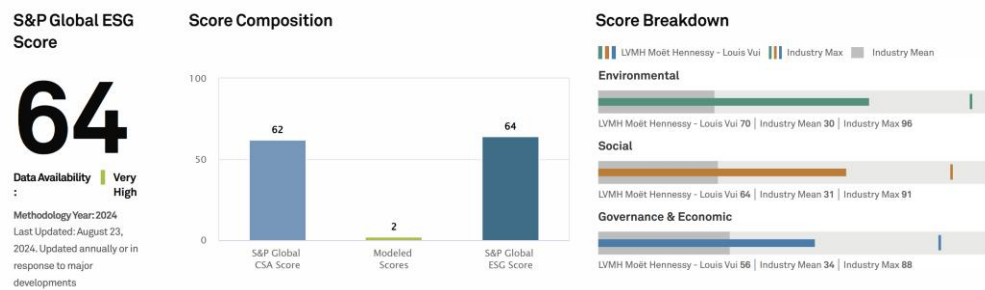
Rating Agency Comparisons

Sustainalytics



Sustainalytics uses financial materiality lens to evaluate ESG risk exposure. LVMH received a score of 13.9, placing it in the 'Low Risk' category. This reflects effective management of supply chain practices, labor relations, and digital responsibility. Digital responsibility is a crucial one for a luxury brand operating globally who may have higher risks to cyber-attacks. Overall, their Sustainalytics report shows them to be a stable company and low-risk investment but there is some room for improvement. Social initiatives while mentioned in discussions about things like training programs, community outreach and investment, but there weren't any measurable KPI's that I could find reflecting progress in these efforts.

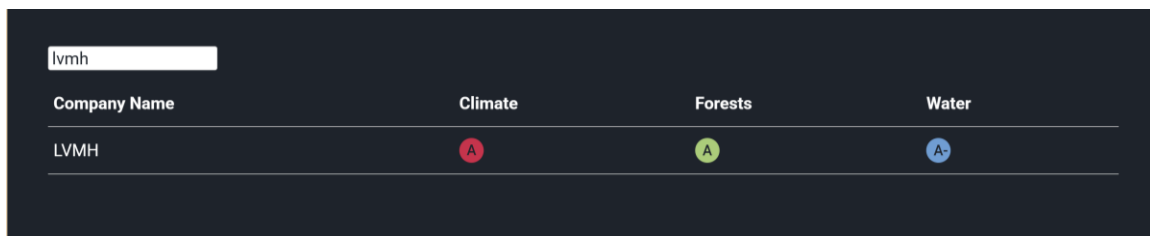
S&P Global



S&P Global provides a disclosure-focused ESG score. They use publicly available data, corporate policies, and the engagement from stakeholders to score company's. LVMH earned 64 out of 100, and well above the industry mean across all ESG

components. In this specific report, their score is composed of a 62-point Corporate Sustainability Assessment (CSA) and shows that their ratings are based on direct disclosures rather than estimations. A closer look reveals that they performed particularly well in the environmental and social categories. Their score of 70 in environmental is reflective of their Scope 1 and Scope 2 disclosures, which are well reported within their disclosures. Socially they scored a 64 which again is almost double the industry average, indicating they have strong labor practices and policies tailored towards employee well-being like the LVMH Heart Fund, offering confidential support to all LVMH employees facing personal or professional challenges.

#### CDP



lvmh			
Company Name	Climate	Forests	Water
LVMH	A	A	A-

CDP evaluates company actions and disclosure related to climate change, forests, and water security. LVMH received the grade of an 'A' for Climate and Forests, and the grade 'A-' for Water. These scores place LVMH in CDP's leadership category, signaling high ambition and alignment with science-based targets. This is among the highest scores you can receive within the rating system of the CDP and establishes LVMH as leaders across all themes. According to the CDP report LVMH is taking a comprehensive approach towards environmental risk management and disclosing those efforts and advances or lack thereof clearly. LVMH got top marks for its governance of climate related issues within board level oversight and the integration of climate risks into their long-term strategy. They have also committed to science-based targets and have publicly published plans to transition its sites to 100% renewable electricity by 2026, and this includes decarbonization within their supply chain. Particularly for LVMH, their score of "A" in the Forests and Water rankings when they are a brand that relies heavily on raw materials is impressive.

LVMH's score under the CDP reflects real action and validated disclosures. Their membership within the A-List of companies within the CDP shows that they are not just trying to stay compliant as a company but putting a conscious effort into staying ahead and around for a very long time.

### **Why some Ratings Differ**

While all three of these ratings reflect LVMH as a strong performer in ESG standards, these fluctuations within these assessments can be for a few reasons. Differences in ratings stem primarily from each agency's methodology. Sustainalytics focuses on financial risk, and not so much on transparency or ambitions for the company. They are more concerned about whether the company is adequately managing risks exposures related to ESG. In this measure LVMH is ranked well because they have policies and controls in place for key risks like labor rights or supply chain ethics. If a company keeps risk low and has systems in place to do that then they should be able to receive a relatively good score with Sustainalytics. S&P Global on the other hand assesses disclosure completeness. It scores companies based in how much they are willing to publish and how closely these publishing's align with the best practices. Here we also saw a strong score from LVMH because again within their disclosures they disclose a wide range of governance, environmental, and social metrics. Their only hangup here is that some disclosures like the Scope 3 emissions are incomplete and this limits them from achieving a higher score. It is safe to say that it is no accident considering for a company like LVMH, Scope 3 would account for most emissions due to their global nature, logistics, and retail operations. Scope 3 captures indirect emissions associated with supply chain, product use, and transportation. CDP emphasizes environmental transparency and behavior. CDP collects their data directly from companies through questionnaires and scores them against sector benchmarks. CDP offers a bit of let's say flexibility here since it can reflect the ambition of a company's strategy. Here we saw those consistent grades of "A" for LVMH because they are taking aggressive action toward energy transition, emissions reduction, and ethical sourcing. Ambition at this level when you are in a sector that relies heavily on raw

materials sets them apart. All these reports are tailored for specific eyes, and it is important to keep this in mind when researching and reading them.

### **Recommendations for Improvement**

LVMH currently discloses Scope 1 and Scope 2 emissions in a fairly comprehensive way, but their Scope 3 leaves something to be desired. Given that these emissions represent key areas like raw material sourcing, transportation, and supplier activity, it is important for LVMH to consider reporting on these measures. Under reporting them leaves a major blind spot for stakeholders and LVMH should begin to work closely with suppliers to try and collect more granular emissions data. Doing so would improve their credibility and enhance public trust in the brand.

### **Tying It All Together**

This assignment wasn't just about comparing ESG scores but about learning to read between the lines of sustainability reporting. Companies always want to show us their best face, and it is our job to sift through the noise and find the crucial elements. Not for the mere purpose of scrutinizing but for the purpose of comprehending and assessing risk. Through the lens of these rating agencies, I was able to examine LVMH's ESG performance not only as a case study of strong reporting but also what may be missing when it all looks good. Each rating agency offers its own purpose, audience, data collection methods and scoring logic. Through their perspectives we saw how information can fluctuate. As companies all get on the same page it will hopefully give regulators the push needed to develop one standard across the board, eliminating the need for so many rating agencies. From a business perspective, ESG is no longer optional but a reality. Regulations from the EU, states like California, and the push from stakeholders will make all companies meet the standard eventually.

### **Sources**

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