



LVMH

2019
Environmental
Responsibility
Report

CHAIRMAN'S MESSAGE

BERNARD ARNAULT,
CHAIRMAN AND CHIEF EXECUTIVE OFFICER



The start of 2020 was hit by an unprecedented health crisis that swept throughout the globe and also sparked a severe economic crisis. I am confident in our ability to come through this challenge, and I remain determined that this year we should further extend our position as a leading producer of high quality and environmentally friendly goods.

This clear determination is made even stronger as it builds on a foundation of unwavering values that are shared throughout our community, such as our creativity and drive for innovation—which enabled us to adapt very quickly during the crisis—our quest for excellence in everything we do and our entrepreneurial spirit, which motivates us to systematically surpass ourselves. I would also add a fourth value to this list—that of commitment, to inclusion, solidarity and the environment. Since becoming one of the first major corporations to implement an environmental strategy back in 1992, we have persistently intensified our efforts to reduce the impact of our business. In 2019, our Group and Maisons continued to deliver tangible proof of impressive environmental performance. For example, Louis Vuitton overhauled its logistics operations to increase efficiency, Guerlain inaugurated Bee Respect, the first digital platform to monitor traceability throughout the entire product lifecycle, Veuve Clicquot explored new ways of packaging products, and all the Maisons worked to make their products more sustainable. LVMH makes products that last. That means we minimize the number of objects that become obsolete

or are thrown away, which is the surest way to reduce the environmental footprint of our production activities.

We are ahead of schedule in terms of the ambitious road map set out under the LIFE program, which is why we expanded our commitments last fall, in particular to protect biodiversity and improve animal welfare. We also established a very exciting partnership with Stella McCartney, making a long-lasting commitment to promote sustainable and ethical luxury fashion that echoes our values and projects. As expertise has a decisive role to play in this environmental and energy transition that is so essential for the economy, we have continued to bolster our environmental understanding by appointing Yann Arthus-Bertrand to our Board of Directors. We are motivated by a strong desire to achieve continuous improvement at every level of our Group, especially because all our employees are particularly passionate about protecting the environment, encouraging them to transform our Maisons and make progress.

Our unity and determination will enable us to continue to raise the bar and maintain our position as a leading global champion of environmental considerations. LVMH takes good care of its Maisons, in every way it can, as its responsibility is indivisible. We want each and every one of them to enjoy a future as long as their illustrious past. And that's saying something as the oldest of our Maisons dates back to the 12th century!

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WE DON'T HAVE THE LUXURY OF TIME

In today's world, the challenge to protect the planet and biodiversity as well as combat climate change and rising sea levels is of such crucial importance it needs to be tackled effectively and seriously. In 2019, our employees from each Maison maintained an unwavering focus on environmental issues, which led to tangible action, continuous progress and a constant quest for improvement.

This year, we have asked for input into this report from three of our partners who were involved in key moments for the Group in 2019 and contributed through scientific research to finding the answers to the major environmental challenges we face.

LIFE / LVMH





INNOVATIVE SOLUTIONS

“The Solar Impulse Foundation launched a challenge to select 1,000 solutions that can protect the environment in a profitable way. I am delighted to have signed this partnership with LVMH, which is designed to accelerate our shared ability to find innovative and effective solutions to bring about the environmental transition. Because in the 21st century, we’re facing a challenge to protect our quality of life through qualitative economic growth that creates jobs and improves social well-being.”

BERTRAND PICCARD
EXPLORER AND MEDICAL DOCTOR

On September 25th, 2019, Bertrand Piccard (right) took part in the “Future LIFE” event in Paris, during which the Group set out an assessment of its operations, invited the press (center) and announced the partnership with the Solar Impulse Foundation.



Organisation
des Nations Unies
pour l'éducation,
la science et la culture

LV

*Signature du
partenariat*

LVMH - UNESCO
Programme « Man and Biosphere »



Programme « Man
and Biosphere »
Signature du partenariat

13 mai

LVMH

O
here »

and Biosphere »
at LVMH - UNESCO

2019

LVMH



A SHARED SCIENTIFIC BASE

“Since May 2019, LVMH has been supporting our ‘Man and the Biosphere’ (MAB) Program. We look forward to this partnership with LVMH to preserve biodiversity and our environmental heritage, and we are extremely pleased to receive support on this essential issue from a Group with a powerful international footprint. We have the expertise, knowledge and commitment to slow the erosion of biodiversity, and together we must take action for our planet and for future generations.”

AUDREY AZOULAY
DIRECTOR-GENERAL OF UNESCO

On May 13th, 2019, Antoine Arnault and Audrey Azoulay signed a partnership between LVMH and UNESCO to support its “Man and the Biosphere” program.





A NEW WAY OF COUNTING

“Proudhon used to say that ‘the accountant is the true economist whose title was stolen by a faction of so-called men of letters’. Maybe this is a bit excessive, but he was right about one thing—it is only by replacing traditional financial accounting with a new kind of environmental accounting that we can achieve a new environmentally friendly economy. LVMH has started along this journey in one of its units with the CARE model. I’m excited to see the fruit of this important and brave initiative.”

JACQUES RICHARD

PROFESSOR EMERITUS AT PARIS DAUPHINE UNIVERSITY
AND CHARTERED ACCOUNTANT, FORMER MEMBER OF
THE FRENCH ACCOUNTING STANDARDS AUTHORITY (ANC)

On September 3rd, 2019, the Chair of Environmental Accounting, set up in partnership with AgroParisTech and supported by LVMH, was officially launched at UNESCO’s headquarters in Paris.

OUR ENVIRONMENTAL RESPONSIBILITY

ENVIRONMENTAL EXCELLENCE A RENEWED COMMITMENT

*Harnessing environmental challenges
to stimulate bold creativity*

I am delighted to assume the mantle of the Group's environmental ambitions, taking over from Toni Belloni. As the world's leading luxury Group, we have a responsibility to spearhead environmental responsibility and design products that blend ingenuity and respect for natural resources.

The recent health crisis has increased expectations around this issue. We need to more tightly integrate the environment into the Group's top line strategy. We are looking to deploy a framework of excellence for the decade by setting objectives that accurately reflect clear priorities and the emergency the planet is facing. A strong focus will be placed on protecting biodiversity, as we announced in September 2019 at the launch of the animal welfare charter.

At the heart of the Group's environmental ambition lies the bold undertaking to continue to transform, invent a new model to rewrite the conventions of the luxury industry and reaffirm creativity as one of LVMH's core values. Creativity is essential and endlessly stimulating as it empowers us to imagine a better future that respects living things.

*The exciting challenge of building
the next step for LIFE 2020*

The next level for LIFE 2020 (LVMH Initiatives for the Environment) will be built on solid foundations to respond to the questions raised by the environmental emergency, such as how do we further reduce the environmental footprint of our activities? How can we better protect biodiversity, a rich source of inspiration for our products? How can the circular economy fuel creativity? How do we integrate environmental traceability into the customer experience?

I am proud to tackle these challenges head on, following in the footsteps of Sylvie Bénard, who pioneered the integration of environmental considerations within LVMH. She leaves behind a legacy of solidity and ambition. The LIFE program of commitments represents a very powerful tool that has more closely integrated environmental concerns into the strategy and managerial processes of the Group and its Maisons.

The dialogue maintained with the Maisons, which are more focused than ever on this matter, and the Group's stakeholders is essential in enhancing LVMH's non-financial performance and enabling it to set the bar in terms of environmental responsibility in the luxury industry.



ANTOINE ARNAULT,
DIRECTOR OF IMAGE, COMMUNICATION AND
THE ENVIRONMENT



HÉLÈNE VALADE,
ENVIRONMENTAL DEVELOPMENT DIRECTOR

KEY DATES OF THE LVMH ENVIRONMENTAL POLICY

1992

LVMH set up a pioneering body, the Environment Department. The same year, Hennessy launched the first analysis of a product's lifecycle.

1995

The Perfumes & Cosmetics Maisons set up an ethno-botany department to protect species of plants used in cosmetics.

1998

Hennessy was the first Maison in the Group, and the first wine and spirits producer in the world, to obtain ISO 14001 environmental certification. LVMH also deployed Cascade, a tool to assess the environmental footprint of the Maisons and prioritize action.

2001

LVMH blazed a trail in the luxury goods industry by producing the first ever environmental report. Bernard Arnault went one step further by signing an Environmental Charter on behalf of all Group employees, underpinning the Group's ecological goals.

2002

While the French environment and energy management agency (Ademe) was still reviewing carbon accounting, which measures CO₂ emissions, most of the LVMH Maisons had already begun trialing the new process.

2004

Two tools were developed to help the Group's Maisons codesign outstanding products: an "environmental trend handbook", and an online "materials library" that lists environmentally-friendly components and materials.

2003

LVMH joined the Global Compact, a United Nations initiative that aims to encourage companies to adopt a socially responsible attitude.

2005

At the Aichi World Expo in Japan, Louis Vuitton demonstrated its environmental commitment and its drive to reduce greenhouse gas emissions by creating a house built entirely of salt, a natural and high-quality material. After the event, the temporary structure was dissolved and the salt was thrown into the sea.

2006

In Cergy-Pontoise, northwest of Paris, Louis Vuitton inaugurated Eole, the first warehouse in France built in accordance with the High Environmental Quality (HQE®) approach.

2008

LVMH drew up a Code of Conduct for its suppliers in order to extend the commitments made in its Environmental Charter. The following year, this Code was supplemented by a Code of Conduct for employees.

2009

In Pithiviers, north-central France, the Environmental Center for Eco-friendly Packaging Breakdown and Recycling (CEDRE) began to process tons of waste generated by the Group's Maisons.

2010

LVMH published "Matières à Penser" (Food for Thought), a tool to inspire the Maisons' creative designers to select new sustainable materials.

2012

LVMH signed up to the French National Strategy for Biodiversity. The Group boosted its environmental policy by launching the LIFE (LVMH Initiatives For the Environment) Program.

2015

To mark COP21 in Paris, LVMH set up an internal carbon fund, a pioneering initiative in the luxury goods industry, to finance programs launched by its Maisons that help combat the climate crisis.

2017

LVMH celebrated the 25th anniversary of its Environment Department and introduced its LIFE 2020 program to pursue its long-standing commitment to the environment. LVMH established a partnership with Central Saint Martins in London to promote creative design as a catalyst for sustainable innovation.

2016

In order to encourage and support environmental best practice in retail spaces, the Group launched the "LVMH LIFE in Stores" program and set up the Environment Academy.

2018

LVMH doubled its internal carbon fund, allocating €11.3 million to 112 projects launched by 28 Maisons to reduce their greenhouse gas emissions.

2019

LVMH unveiled its Animal-Based Raw Materials Sourcing Charter and signed a five-year partnership with UNESCO to support its "Man and the Biosphere" program to protect biodiversity.

A FRAMEWORK FOR ACTION TO ACHIEVE ENVIRONMENTAL EXCELLENCE – THE LIFE PROGRAM

The normative framework

The LVMH Group sets itself apart through its continuous quest for excellence. These efforts involve setting the benchmark in ethical conduct, social responsibility and environmental friendliness. Over recent years, the Group has supported or signed up to a number of international standards, including the United Nations Global Compact (joined in 2003) and its Caring for Climate initiative, the Universal Declaration of Human Rights, the guidelines of the OECD, the Fundamental Conventions of the International Labor Organization, the Diversity Charter, the 17 Sustainable Development Goals identified and pursued by the United Nations, the French National Biodiversity Strategy and the Act4Nature charter of commitment launched in 2018 by the non-profit Entreprises pour l'Environnement, the Kimberley Process, which is the international certification scheme for rough diamonds, the CITES Convention on International Trade in Endangered Species of Wild Fauna and Flora, and UNESCO's intergovernmental scientific program "Man and the Biosphere".

The Group has also set up its own internal standards, such as the Environmental Charter adopted in 2001, which is boosted by the LIFE strategic program launched in 2011, the Code of Conduct adopted in 2009 and revised in 2017, the Supplier Code of Conduct drawn up in 2008 and revised in 2017, both of which are translated into more than 10 languages, and the Animal-Based Raw Materials Sourcing Charter introduced in 2019 (see p. 52 to 54 of the 2019 Universal Registration Document).

The LIFE program

The LVMH approach to environmental responsibility is structured by the LIFE (LVMH Initiatives For the Environment) program, which identifies the nine core elements of the Group's environmental performance, including product design, customer experience, traceability of sourcing channels and the preservation of

critical skills. It also set quantitative targets for 2020 to improve the environmental performance across all products, deploy sustainable sourcing channels, cut greenhouse gas emissions and reduce the environmental footprint of sites.

Since 2014, with the support of the Environment Department, all the Maisons have incorporated LIFE into the strategic plan they present every year to the Group Executive Committee. This is their opportunity to set out their action plan to achieve the four LIFE 2020 goals. Progress is monitored based on a set of indicators, some of which are applied across the Group, such as the Environmental Performance Index (EPI), which calculates the environmental performance of packaging (see p. 50). Others are specific, enabling the Maisons to take their individual operating methods into account.

LIFE forms the backbone of the LVMH environmental policy. The program has structured the Group's action around a unified vision, a collective commitment and priorities shared by the Maisons with a long-term perspective. As a result, the Maisons have been able to more effectively integrate environmental considerations into their strategy and managerial processes.

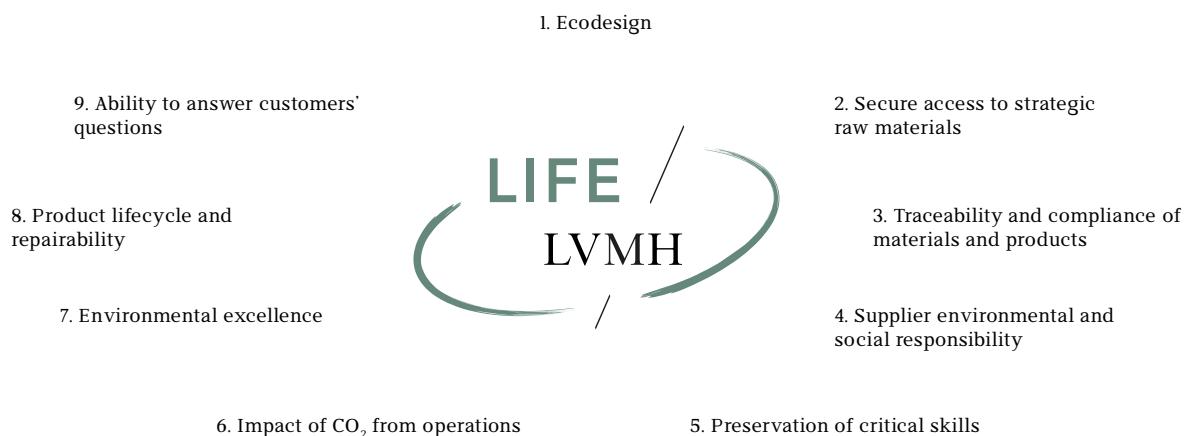
LIFE structures the action that feeds into the Group's four environmental ambitions to protect biodiversity, contribute to the fight against climate change, make our products more sustainable and step up environmental information and transparency.

In 2019, the Group organized two Future LIFE events in Paris and New York, where it communicated on the progress made toward the LIFE 2020 objectives and connect with specialists to start work to prepare LIFE 2030.

LIFE program framework

The nine core elements of the Group's environmental performance

In 2014, all the Maisons incorporated LIFE into their strategic plans. A source of innovation and creativity, it sets out a common language that recognizes and encourages excellence. All action is consolidated by the Group and supported by LVMH's Environment Department, which itself is backed by environment correspondents in the Maisons.



LIFE 2016-2020 objectives



Product objective

Improve the environmental performance of all products



Sector objective

Apply the highest standards in 70% of sourcing channels, before reaching 100% by 2025



CO₂ objective

Reduce CO₂ emissions related to energy consumption by 25% on 2013 levels



Site objective

Improve sites' key environmental efficiency indicators (water consumption, energy consumption and waste production) by at least 10%

PRODUCT OBJECTIVE

Improve the environmental performance of all products

2019 LIFE Results

Perfumes & Cosmetics

Wines & Spirits

Fashion & Leather Goods

90%
2019
100%
2020 Obj.

90%
2019
100%
2020 Obj.

66%
2019
100%
2020 Obj.

Improve the Environmental Performance Index (EPI) for
Perfumes & Cosmetics and *Wines & Spirits* packaging by 10%

EPI Packaging Perfumes & Cosmetics

★
+12%
2019
+10%
2020 Obj.

EPI Packaging Wines & Spirits

Champagne
+5%
2019
+10%
2020 Obj.

Cognac
★
+19%
2019
+10%
2020 Obj.

The Fashion & Leather Goods and Watches & 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.

Ecodesign and innovation to boost creativity

Loewe

The ecodesigned Eye/Loewe/Nature collection is made using environmentally friendly materials through certified suppliers and ensures transparency of information

Louis Vuitton

The Be Mindful collection upcycles silk scarves

★ Objective achieved or exceeded

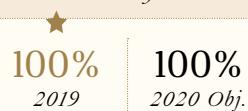
SECTOR OBJECTIVE

Apply the highest standards in 70% of sourcing channels

2019 LIFE Results

Advocate certified sourcing

*Sustainable viticulture certification
(LVMH-owned vineyards in France)*



*Sustainable viticulture certification
(LVMH-owned vineyards around the world)*



RJC COP diamond certification



RJC COP gold certification



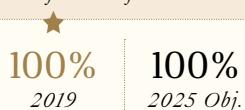
LWG tanneries certification



GOTS and BCI certified cotton



Fox, mink and raccoon fur certification



All fur certification



RSPO sustainable palm oil certification



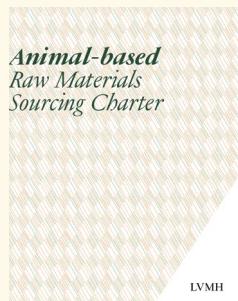
LVMH crocodile certification

64% of farms supplying the Heng Long crocodile tannery



Committed to improving animal welfare

Animal-based Raw Materials Sourcing Charter



Launched in September 2019, it sets out ambitious objectives for 2020 and 2025 for each sector, such as ensuring the traceability of sourcing channels, improving the living and farming conditions for animals, as well as respecting local populations, the environment and biodiversity.

Furs: support to deploy the FurMark certification with the International Fur Federation (IFF).

The world's first standard covering the responsible sourcing of crocodile leather was audited by the independent body NSF International.

★ Objective achieved or exceeded

CO₂ OBJECTIVE

Reduce CO₂ emissions related to energy consumption by 25%

★
-25% (vs 2013)
2019 -25% (vs 2013)
2020 Obj.

Increase the use of green energy

Reduce the energy consumption of stores

Install LED lighting

★
36%
2019 **30%**
2020 Obj.

★
-21%
2019 **-15%**
2020 Obj.

60%
2019 **100%**
2020 Obj.

% of renewable energy in the energy mix

% reduction in the energy consumed by stores in kWh/m²

% of retail space with full LED lighting installed

Ramp up the pace of innovation through the internal carbon fund

32
Maisons
Up 23% on 2018

138
projects launched
Up 7% on 2018

€16.5
million in carbon contributions

5,660
metric tons of carbon equivalent CO₂ emissions avoided

Reduce the environmental footprint of transportation

Moët Hennessy

A quarterly dashboard was developed to monitor indicators regarding production, transportation and CO₂ emissions by mode of transportation (road, rail, air and sea)

LVMH Fragrance Brands

The brands use natural gas vehicles, which run on alternative fuel, to travel between the site in Vervins, northeastern France, and the logistics platform some 100 miles away in Beauvais, northern France

Maisons including Louis Vuitton, Acqua di Parma, Guerlain and Sephora use green modes of transport to fulfill last mile deliveries of products (bicycles, cargo bikes and electric vehicles)

Smart Charging

The LVMH Champagne Maisons and Enedis have signed a trial agreement to expand the use of electric vehicles in rural areas

★ Objective achieved or exceeded

SITE OBJECTIVE

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

Reduce site water consumption
by 10%

Reduce site energy
consumption by 10%

Reduce waste production
by 10%

-1.1%
2019

-10%
2020 Obj.

+6.5%
2019

-10%
2020 Obj.

+8.7%
2019

-10%
2020 Obj.

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

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

Reduction 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

Deploy environmental management systems
at industrial facilities

91%
of waste recycled,
converted into energy or
reused

2,450 metric tons
of waste processed or
recovered at the CEDRE
recycling platform

71%
2019

100%
2020 Obj.

Environmental management system certified at production
and administrative sites (ISO 14001, EMAS, etc.)

Standardize sustainable construction

Produce in facilities that meet the highest international standards: BBC® (low consumption building), HQE® (high environmental quality), BREEAM® (Building Research Establishment's Environmental Assessment Method) and LEED® (Leadership in Energy and Environmental Design)

Celine: manufacturing facility inaugurated in 2019, built and fitted to meet LEED® and HQE® requirements

Louis Vuitton: leather goods workshop in Beaulieu-sur-Layon certified BREEAM® very good

Parfums Christian Dior is working to achieve BREEAM RFO certification with Kosmo, its new registered office in Neuilly-sur-Seine

Bulgari: logistics center in Ireland certified LEED® Gold

Promote ecodesigned stores through the LVMH LIFE in Stores program

Achieve 50/100 on the LIFE in Stores
scoring matrix for environmental
performance (criteria updated in 2019)

"BETTER Store" questionnaire to
highlight areas of improvement and
devise corrective action

Training for architects at the
Environment Academy on
improvement drivers, such as
insulation, lighting and heating

SYLVIE BÉNARD AND TONI BELLONI LOOK BACK OVER 28 YEARS OF ENVIRONMENTAL ACTION

Sylvie, after heading the Environment Department for 28 years, you're handing over the reins this year. What role does the Department play in the Group today?

Sylvie Bénard: I am proud of how far we've come since 1992. The Department is made up of a dozen experts that work hand in hand with the Environment Managers in the Maisons. This structure makes it possible to launch pilot projects, spread best practice and share tools. Alongside Toni, we positioned the Department as the link between the Executive Committee and the Maisons' environmental departments. We have successfully involved all Group employees and we encourage them, when they hear environmental responsibility, to think innovation, progress and team cohesion.

You were directly involved in setting up the Environment Department. Where did the idea for this pioneering body come from?

S.B.: In 1992, at the first Earth Summit in Rio, we acknowledged the damage done to the planet and the need to put in place a shared environmental policy. That is why we set up a specific Environment Department. Having it report to the Group's senior executive team enabled us to implement meaningful initiatives. We brought our commitment to sustainable development to life,



SYLVIE BÉNARD

and in 2001 we began publishing an Environmental Report and drew up an Environmental Charter.

Which projects best reflect your own personal commitment and that of LVMH?

S.B.: Several key steps punctuated the implementation of the environmental strategy. For example, in 1998, Hennessy became the first wine and spirits producer in the world to obtain ISO 14001 environmental certification. In 2000-01, we began discussing what eventually became carbon accounting, to identify the most significant contributing factors to CO₂ emissions. In 2012, the LIFE program was developed as the backbone of our environmental policy, formally structuring our commitment. And in 2015, we set up the internal carbon fund to finance innovative projects, before doubling the budget in 2018.

How do you coordinate initiatives across the Maisons?

S.B.: We set up a network of environment correspondents in each Maison. The Environment Department brings them together three times a

year in an Environment Committee to review the initiatives implemented, the results achieved and the projects under way or coming up, as well as share any best practice. These meetings help to boost collective expertise as we invite international specialists to speak. To go even further, we set up the Environment Academy, which provides fundamental training on environmental issues. The Academy will open to all employees from any department to enable them to integrate these considerations into their day-to-day work.

You both played an integral part in developing the LIFE program. In what way is it important?

S.B.: LIFE was born from a process of collective thinking, developed by a number of employees representing all our professions. The Maisons use LIFE to structure their environmental strategy as well as the way they design and retail their products. More importantly, it sets the general course that encourages us to continuously improve.

Toni Belloni: Since 1992, the Group has never stopped evolving and diversifying its operations.

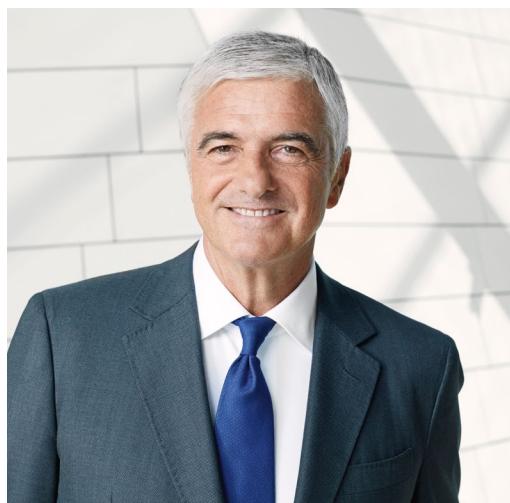
It became obvious that we needed to give our Maisons a Group framework to channel their efforts and creativity toward a shared set of environmental causes. Launched in 2016 with measurable objectives, LIFE has provided a shared language to all the Maisons. The LIFE objectives are also included in their strategic road map.

How would you describe the LVMH environmental policy?

T.B.: We base our policy on scientific evidence, and then we put in place the right tools, which can be used by all Maisons. Our commitment translates into tangible action through a rigorous methodology. We have set four quantifiable objectives for 2020 to improve the environmental performance of all products, apply the highest standards in 70% of sourcing channels, reduce CO₂ emissions related to energy consumption by 25% on 2013 levels, and improve sites' key environmental efficiency indicators for water, energy and waste by at least 10%. Since 2019, we have already achieved and even exceeded some objectives. For example, we have already reduced CO₂ emissions by 25%, and increased the proportion of renewable energy in the LVMH energy mix to over 36%.

S.B.: Our policy also stands out because it is selective; we carefully choose which initiatives we support. In 2019, we signed two major partnerships—one with UNESCO to protect biodiversity and another with the Solar Impulse Foundation. With the ParisTech Foundation, we financed the creation of a Chair of Environmental Accounting and we also unveiled our new charter for animal welfare.

We strive for environmental excellence and I am proud to pass on to Hélène Valade an Environment Department that never fails to buckle down to exceed our already ambitious objectives.



TONI BELLONI
MANAGING DIRECTOR



PROTECTING BIODIVERSITY

CHAMPIONING
PRODUCTS THAT FULLY
RESPECT BIODIVERSITY

WORKING FOR
INCREASINGLY STRINGENT
INTERNATIONAL STANDARDS

PARTICIPATING
IN MAJOR INTERNATIONAL
PROGRAMS

AS 1,000,000 SPECIES ARE THREATENED WITH EXTINCTION AND WATER RESOURCES ARE BECOMING INCREASINGLY SCARCE, LVMH WAS KEEN TO STEP UP ITS COMMITMENT TO PROTECTING BIODIVERSITY. NATURE PROVIDES THE VERY SUBSTANCE OF THE PIECES WE CREATE. IT PROVIDES BOTH THE INSPIRATION FOR AND THE COMPONENT PARTS OF OUR PRODUCTS.

CHAMPIONING PRODUCTS THAT FULLY RESPECT BIODIVERSITY

Wines & Spirits limiting the use of chemical substances and protecting soils

The 26 Wines & Spirits Maisons were pioneering in applying very stringent selection criteria to the components used to create their products. They pursue the powerful ambition to grow and harvest grapes, wheat and barley in a way that safeguards living soils.

MOBILIZING THE ENTIRE WINE INDUSTRY

Moët Hennessy organized a number of talks at the Vinexpo fair in Paris in February 2020, inviting researchers, vineyard managers and eminent sommeliers to discuss a variety of questions, such as “Organic, natural and bio-dynamic produce—understanding the difference”, “What role can technology play in sustainable agriculture?” and “Wine and gastronomy in 2050”. The fair sought to take stock of existing wine-making models and imagine ways to ramp up the pace of the environmental transition and protect soils. Because if living soils are destroyed, plants will be destroyed. And no plants means no grapes, wheat or barley, which in turn means no champagne, whisky or vodka.

These efforts build on a tried-and-tested plan of action, which involves leveraging the Group’s certified vineyards as hubs to trial and disseminate best practice throughout the industry to its suppliers (vineyards and cooperatives). For example in May 2019, Hennessy brought together 1,000 wine-growing partners at its Technical Forum on Sustainable Viticulture and unveiled its objectives for its sourcing channels: reach 100% of committed partner suppliers by 2021, obtain Cognac environmental certification by 2025 and work exclusively with brandy supplier partners that use zero chemical herbicides by 2028.

USING ENVIRONMENTAL CERTIFICATION AS A SPRINGBOARD

Hennessy, which in 1998 became the first wine and spirits producer in the world to obtain ISO 14001 environmental certification, has also earned High Environmental Value (HEV) certification and Cognac Environmental Certification. The Group’s Champagne Maisons were also among the first to achieve Viticulture Durable en Champagne (VDC) sustainability certification and HEV certification. In the regions of Cognac and Champagne, LVMH Maisons reached the objective set by the 2018 Plan Ecophyto to halve the use of pesticides compared with 2008 levels, five years ahead of schedule. These certifications act as a catalyst for best practice in protecting soils and biodiversity. Wine-growing Maisons allow fields to lie fallow, grow grass between rows of vines, which improves the quality of soils and helps combat erosion, and make their land into biodiversity reservoirs, such as Moët et Chandon’s Montaigu property.

On the other side of the world, half the land operated by Chandon Australia is made up of billabongs of the Yarra River, representing nearly 100 hectares of flood land used as pasture. After consulting with local stakeholders, the estate is planning to restore this wetland in order to reintroduce endemic species threatened with extinction, such as the Leadbeater’s possum and the helmeted honeyeater.

Furthermore, we are stepping up the drive to limit the use of chemical substances in our wines and spirits. As such, the Group applies biocontrol solutions, including sexual confusion, on a wide scale to reduce the need for chemical substances and protect the vines from vine moths without affecting other wildlife while also expanding mechanical weed control techniques. Funds invested to purchase tractors, train people to drive them and develop new farming tools have made it possible for Veuve Clicquot vineyards to be weeded mechanically, enabling the Maison to achieve its target to eliminate chemical weedkiller, with zero use in both 2018 and 2019.



STANISLAS MILCENT, SUSTAINABLE DEVELOPMENT DIRECTOR AT MOËT HENNESSY

“Our Champagne Maisons announced they would stop using chemical weedkiller at all their vineyards by 2020. Moët Hennessy is also investing in a new R&D center to champion sustainable development, protect biodiversity and combat climate change. Furthermore, Moët Hennessy is focusing on safeguarding living soils, as its grands vins and superior eaux-de-vie can only be produced by taking care of this irreplaceable heritage. That is why we set up the University of Living Soils, which every year brings together the experts involved in this field, its first event being the Living Soils Forum organized at the Vinexpo fair.”



Vinexpo 2020: championing sustainable viticulture

The Vinexpo fair held in Paris in February 2020 gave Moët Hennessy the opportunity to communicate the measures already implemented by its Maisons—including training winegrowers and farmers in new technology, supporting scientific and academic projects and purchasing environmentally friendly equipment—and unveil its new commitments.

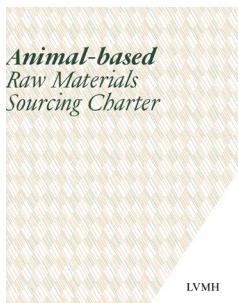


Moët Hennessy's commitment to protecting living soils

At the end of 2020, all our winegrowers in Champagne will be operating without the use of chemical weedkiller, and Moët Hennessy supports and assists its partner vineyards. Moët Hennessy will invest €20 million to develop a research center in Champagne to promote sustainable viticulture. A University of Living Soils will be set up to stimulate innovation, knowledge sharing and best practice. It will organize an annual event from 2021 onward to bring together international specialists to discuss sustainable viticulture and arboriculture practices.

Fashion & Leather Goods prioritizing animal welfare

The Fashion & Leather Goods Maisons use animal-based materials. In addition to its creative craftwork, the Group works with sourcing channels that effectively safeguard animal welfare concerns as part of its efforts to achieve product excellence.



INCREASINGLY STRINGENT REQUIREMENTS

In September 2019, the Group unveiled its Animal-Based Raw Materials Sourcing Charter. It was the fruit of a long process of scientific research and collaboration between the Environment Department, the Maisons and their suppliers. It covers the wide and complex range of issues related to sourcing fur, leather, exotic leather, wool and feathers. Widely distributed throughout the Group to over 30,000 employees, the Charter sets a new framework of commitments for 2020 and 2025, built around three objectives:

- Ensure visibility along the whole sourcing channel to achieve traceability of origin and in-depth knowledge of the supply chains.
- Obtain concrete guarantees related to animal welfare by adopting the most demanding certification systems and

end supplies from value chains that have not demonstrated willingness to improve welfare practices.

- Ensure respect and support for local communities while preserving the environment and its biodiversity throughout the different stages of each of the animal-based supply chains.

By 2025, the Group will be in a position to guarantee full traceability back to the country of origin, and even to the farm in the case of farmed fur, and satisfy the most demanding standards in terms of animal welfare for all its raw materials. LVMH is also striving to reduce its environmental impact and boost the livelihoods of local populations.

INNOVATING AND SUPPORTING RESEARCH TO CONTINUOUSLY IMPROVE FARMING PRACTICES

As awareness of animal welfare and the desire to safeguard wildlife carry more and more weight in public opinion, the Group continues to conduct research in collaboration with specialists to enhance its practices. For example, LVMH develops standards in areas where there currently are none, innovates to identify new raw materials that meet the same stringent environmental and social requirements, assesses the conditions required to enable wildlife farms to contribute to protecting the species, and implements pilot projects and research projects to enhance understanding in the field.

In 2020, as part of the new animal welfare charter, the Group launched two projects—one on the economic impact of marketing exotic skins on the local population in Indonesia and another on free-range Orylag rabbit farming in France. These projects will be assessed by a scientific committee made up of six independent experts using the principles set out in the charter.

Charter of commitments: the example of crocodiles

The three objectives pursued through the charter set a new benchmark in the industry, including the crocodile standard, which was developed and approved by a committee of technical experts including an independent expert organization specialized in animal welfare and farm certifications.

Crocodile farms: guaranteeing traceability (Objective 1)

14 farms throughout the world, 9 of which are certified, supplying the Heng Long tannery



LVMH standard: 100 criteria split into four pillars

Preservation of the species and respect for local communities
(Objective 3)

Animal welfare
(Objective 2)

Working conditions of employees on the farm
(Objective 3)

Environmental protection
(Objective 3)

By the end of 2020, 100% of the farms supplying Heng Long will be certified.

Heng Long tannery

Acquisition by LVMH in 2011. First and only certified tannery of exotic leather in the world since 2017.

Leather Working Group

Environmental friendliness

+ specific audits to ensure compliance with requirements for working conditions

Group Maisons and other brands

Perfumes & Cosmetics striving to
regenerate plant species

Perfumes & Cosmetics Maisons depend on biodiversity, which is why they are committed to protecting and regenerating it by working collectively to develop sourcing channels that respect local farming and communities.

SUSTAINABLE SOURCING CHANNELS

The Group and the Perfumes & Cosmetics business group in particular take care to comply with the regulations required under the Nagoya Protocol and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), as do their main ingredient suppliers, such as Firmenich and Givaudan, with which they implement sustainable development programs. For example, Bvlgari Parfums has set up a tripartite project with Firmenich and Jasmine Concrete to develop expertise among Indian farmers who

grow and harvest jasmine. Furthermore, in 2018, the Group reached the target it had set for 2020 to purchase over 70% of its oil and palm oil derivatives from sources certified by the Roundtable on Sustainable Palm Oil. In 2019, over 86% of this raw material came from certified sources.

PROMOTING ETHNO-BOTANY FOR LOCAL PLANT SPECIES

For many years now, the Group has been focusing on sourcing ingredients. It set up an Ethno-botanical Innovation Department, which works with manufacturers, researchers, environmental organizations and a design office. It is responsible for identifying plant species that can be used in cosmetics, helping protect them and stimulating the economy in the regions in which they are grown. In this way, Guerlain is able to combine its efforts to protect biodiversity and safeguard its creations and *savoir-faire* by supporting a number of sustainable sourcing channels. The Dior Gardens set the benchmark by growing flowers without the use of fertilizers and pesticides. In 2019, the Maison Fresh deployed a sustainable sourcing channel to produce its Super Lotus cream. The lotus flowers used are traced, which enables the Maison to ensure they come from a sustainable source.



Nature at the heart of Guerlain's raison d'être

In November 2019, Guerlain formally set out its purpose—"In the name of Beauty"— placing issues related to biodiversity, which represent both a source of inspiration and a need for vigilance, at the heart of the Maison's strategy and approach to management. Formally setting out the purpose represents the culmination of 12 years of Guerlain's commitment to sustainable development, encapsulating the meaning of its action, the framework in which the Maison positions its projects as well as the way in which it acts for public good and works toward a better future.

*Watches & Jewelry shining a spotlight
on colored gemstones*

Sourcing of gold, diamonds and colored gemstones must meet criteria of excellence in terms of ethics, human rights and biodiversity.

FROM EXTRACTION TO THE POINT OF SALE—THE NEED FOR VIGILANCE AT EVERY STAGE

In accordance with the LIFE 2020 objectives, all Watches & Jewelry Maisons are certified by the RJC (Responsible Jewellery Council). They harness this certification, applied in gold and diamond sourcing channels, to expand responsible sourcing, from extraction to the point of sale. Bvlgari was the first company in the industry to be granted Chain-of-Custody (CoC) certification, developed by the RJC for gold.

The aim is now to begin the process to create a similar certification in colored gemstones. That is why in 2015 the Group became a founding member of the Coloured Gemstones Working Group run by The Dragonfly Initiative—an initiative launched by the most prominent jewelry Maisons in France and around the world. It provides those involved throughout the entire value chain, from extraction to setting, with open source training materials and methods to assess ethical, social and environmental practices.

A SPECIFIC FRAMEWORK OF ASSESSMENT FOR COLORED GEMSTONES

Several Maisons decided to audit all their suppliers across the entire value chain. In 2019, Louis Vuitton, Bvlgari and Hublot assessed 70% of their suppliers, which represents over 100 structures. Bvlgari, which accounts for a considerable proportion of the Group's demand for colored gemstones,

last year conducted several visits to mines in Sri Lanka, India, Mozambique and Zambia.

The aim is to work hand in hand with suppliers to spread positive social, ethical and environmental practices, especially in the mines where workers are particularly exposed. The audits focus on issues including the importance of guaranteeing the highest safety standards and rehabilitating mines after the closure of facilities.

These efforts are essential to support the industry and ensure compliance with OECD due diligence guidance for responsible supply chains in minerals or metals from conflict-affected and high-risk areas.

70%

In 2019, Louis Vuitton, Bvlgari and Hublot assessed 70% of their suppliers, which represents over 100 structures

98%

of diamonds used by the Group's Maisons are RJC certified (2020 objective: 100%)

WORKING FOR INCREASINGLY STRINGENT INTERNATIONAL STANDARDS

LVMH conducts a very ambitious natural raw materials sourcing policy that respects resources and the planet. The Group applies the highest standards and strives to go above and beyond regulatory requirements.

CONSIDERABLE INCREASE IN SUPPLY FROM SOURCES CERTIFIED BY THE MOST STRINGENT STANDARDS

As part of the LIFE 2020 program, LVMH set itself the objective to ensure 70% of sourcing channels meet the highest standards by 2020, and 100% by 2025. In 2019, LVMH made further progress in respect of certified sourcing. The proportion of sustainable cotton purchased by the Group surged from just 5% to 54%. Fendi now uses only sustainable cotton to produce its packaging and it has extended the approach to other areas of its business. In certain channels, the target to source 100% of materials from certified supplies has already been or is very close to being reached. This is the case for gold and diamonds, which are sourced by the Group from suppliers certified by the RJC (Responsible Jewellery Council), as well as grapes. The Group's wine-growing Maisons are pioneering these efforts, with all vineyards in France and 58% of vineyards around the world having obtained sustainable viticulture certification.

The Fashion & Leather Goods Maisons source leather from LWG-certified tanneries that meet the standard developed by the Leather Working Group to encourage sustainable and appropriate environmental business practices within the leather industry. Since 2017, LVMH has been working to achieve LWG certification at the tanneries from which it

purchases its leather. Currently, 66% of the tanneries with which the Group works have been certified. This approach also applies to other animal- or plant-based raw materials, including fur, for which the Group increasingly works with sources that have certifications such as the Welfur European label.

TIGHTENING OR DEVELOPING NEW STANDARDS

LVMH takes measures to continuously improve its responsible sourcing for natural materials. The Group pursues a collaborative approach, taking part in various collective projects and efforts to drive forward practices and facilitate the development of specific standards for materials where there currently are none. LVMH has been a member of the Textile Exchange for many years and is involved in its efforts to implement new standards, for example for wool (RMS—Responsible Mohair Standard and RWS—Responsible Wool Standard) and down (RDS—Responsible Down Standard). The Group also supports the efforts to recognize and align existing certifications to expand responsible sourcing in leather and cashmere at the RLRT (Responsible Leather Round Table) and RCRT (Responsible Cashmere Round Table). LVMH is also a member of the Sustainable Fibre Alliance, an initiative that promotes animal welfare in cashmere production in Mongolia, recognized by the RCRT.

Where no certification exists and the Group has particular scientific expertise in the area, it initiates the development of standards. For example, LVMH was responsible for the first certification for crocodile leather in the market. The audit protocol was developed by a committee of world-renowned experts, which included an independent third party. Furthermore, LVMH has undertaken to have an independent third party audit all the farms that supply its Singapore-based Heng Long exotic leather tannery, according to the new standard, so they can be certified by the end of 2020..

The example of Fashion & Leather Goods

Extending sustainable sourcing standards to all materials

Cotton

GOTS
certification



Better Cotton
BCI Better Cotton Initiative



Mohair

Responsible
Mohair
Standard



Merino wool

Responsible
Wool
Standard



Down

Responsible
Down
Standard



Fur

Welfur
European
label



Leather

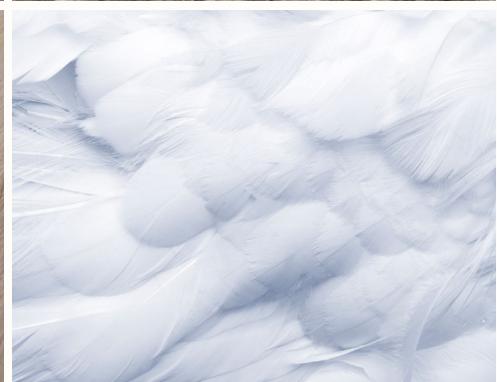
Leather
Working
Group



Exotic leather

Crocodile
Standard
LVMH

International
Crocodilian
Farmers'
Association



PARTICIPATING IN MAJOR INTERNATIONAL PROGRAMS

Supporting fundamental and applied research lies at the heart of LVMH's strategy to protect biodiversity. In 2019, the Group bolstered its commitment by signing a major partnership with UNESCO.

HELPING TO IMPROVE THE RELATIONSHIP BETWEEN PEOPLE AND NATURE

"Man and the Biosphere" (MAB) is the UNESCO intergovernmental scientific program to which LVMH became a partner in 2019. One of UNESCO's most iconic programs, MAB was established in 1971 to facilitate international cooperation to achieve a number of objectives including protecting biodiversity and promoting innovative, interdisciplinary approaches to economic development that are socially and culturally appropriate and environmentally sustainable.

The program is implemented through a vast network, with 701 biosphere reserves in 124 countries around the world, used as learning places to test new approaches. LVMH and its Maisons harness this network and UNESCO's scientific expertise to develop sustainable sourcing channels that benefit the local communities and economies involved.

The partnership also seeks to come up with innovative solutions to encourage the sustainable development of natural resources and the identification of new markets built around quality and traceability. In addition, LVMH will take part in scientific research projects supported by the MAB program, in particular by making its infrastructure available to deploy pilot sites in conservation and long-term responsible management of biodiversity.

RAMPING UP EFFORTS TO PROTECT BIODIVERSITY

LVMH announced it was providing aid to help fight the wildfires in the Amazon, by both donating €5 million to the emergency aid package pledged by the French government and investing a further €5 million in the MAB program to protect the South American rainforest in collaboration with UNESCO's local partners. Alongside the MAB program, the Group will communicate on its action to support biodiversity at the International Union for Conservation of Nature (IUCN) World Conservation Congress. It has also helped to raise awareness across society by joining the Act4Nature initiative.

In addition, the LVMH Maisons are working to protect biodiversity, through scientific sponsorship action. For example, Glenmorangie supports the efforts of the Marine Conservation Society to reintroduce oysters in the Dornoch Firth in Scotland, while Hennessy funds research into diseases affecting wood and vines. Other Maisons support prominent organizations and operations in a variety of areas, including safeguarding water resources (Hublot with Charity: Water and TAG Heuer with the NGO Wasser Für Wasser), combating pollution in rivers and oceans (Belvedere with the town of Zyrardów in Poland and Kenzo with Blue Marine Foundation), encouraging sustainable development for forests (Champagne Maisons with the French National Forests Office) and protecting threatened species (Loewe with Knot On My Planet and Hublot with the Black Jaguar White Tiger Foundation). Louis Vuitton, Guerlain and Chaumet have all chosen to support efforts to protect bees.



Guerlain joins forces with UNESCO to protect bees

Guerlain and UNESCO have launched a five year partnership to train new beekeepers in UNESCO's global biosphere reserves. Announced on October 17th, 2019, this collaboration forms part of the partnership signed in May 2019 between LVMH and UNESCO to work together on the Man and the Biosphere program.

Fostering high quality and profitable beekeeping

The critical role bees play in pollination is fundamental to food security for the planet, which is why it is essential to protect the species. Guerlain decided to partner with UNESCO to build on its long-standing commitment to biodiversity. Through the MAB program, the partnership will focus on four areas: training beekeepers in UNESCO biosphere reserves; setting up beekeeping operations with around 50 hives each; providing technical support

and monitoring to ensure sustainable development and a stable business model; and measuring the beneficial impact of pollination on local ecosystems.

To achieve these aims and debut the collaboration, UNESCO set up four pilot biosphere reserves within its global network. At the end of the five year project, 88 beekeepers will have been trained in 44 UNESCO biosphere reserves.

5

year partnership with UNESCO

701

biosphere reserves in the UNESCO global network

€10 m

donated by LVMH to protect the Amazon

88

beekeepers trained over five years through the partnership between Guerlain and UNESCO



OPTIMIZING ENERGY CONSUMPTION

Improving the environmental profile of stores

To achieve the LIFE 2020 objective to reduce CO₂ emissions related to energy consumption by 25%, the LVMH Group has concentrated primarily on improving the environmental profile of stores.

Stores account for 70% of CO₂ emissions related to energy consumption (scopes 1 & 2). The network of 4,915 stores also needs to reflect the Group's ambition for environmental excellence. They pursue specific objectives; new stores are required to achieve an environmental performance score of 50/100 on the LVMH LIFE in Stores matrix (developed using leading international standards) while existing stores have seen their objective increased from 15 to 30% improvement in energy efficiency by the end of 2020. The Group is taking control of energy consumption in stores, in particular by using smart metering technology that helps to accurately target the various areas of consumption.

LIGHTING REPRESENTS ONE OF THE MAIN ITEMS RESPONSIBLE FOR ENERGY CONSUMPTION

Rolling out LED lighting is an effective way to reduce energy consumption as it uses on average 30% less electricity while providing high quality, reliable lighting. The Maisons take steps every year to increase the proportion of retail space equipped with LED lighting. They receive support from the internal carbon fund (see p. 39) and the LVMH Lighting program, which supports the Maisons in a variety of ways, including by organizing training courses for architects, who are crucial decision-makers in terms of product selection, listing the most innovative suppliers and centralizing contract

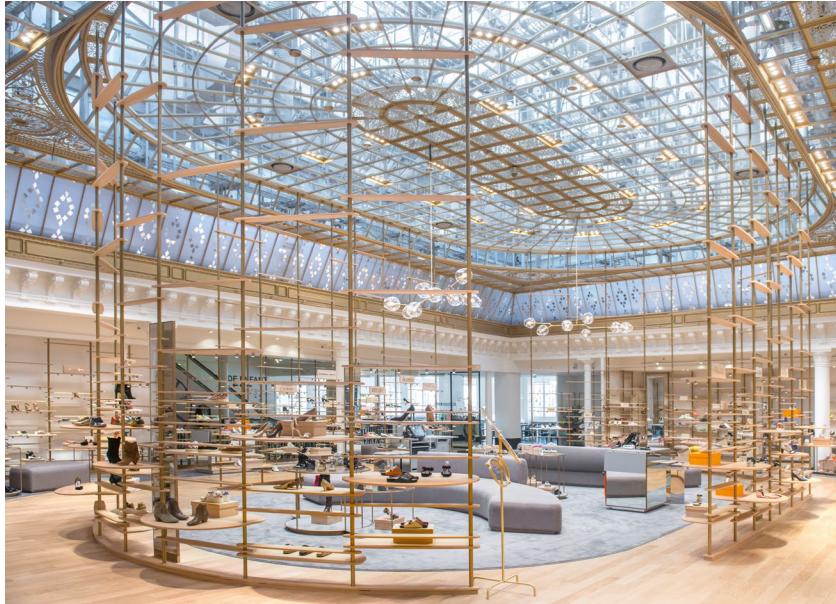
terms on a specific e-commerce platform (lvmhlighting.com) as well as heading the "Lighting for Good" think tank, which encourages ecodesign in lights by collaborating with suppliers and designers. As a result, the Group was involved in designing a compact aluminum spotlight that is produced using 3D printing, and 20,000 LVMH Light Engines (a miniature lamp that produces the same light as a 40-watt metal halide lamp, but consumes just 12 watts) were distributed to Maisons over the last two years. Lighting designers from the different Maisons communicate with one another and regularly challenge their ideas, for example when they came together in New York in October 2019 at the third LIFE in Stores event.

A STRONGER LIFE IN STORES PROGRAM

LVMH Lighting is one of the cornerstones of the LIFE in Stores program. In addition to supporting the Maisons with lighting matters, it provides expertise in all areas of environmental performance, including insulation, air conditioning, heating, indoor air quality, project management and ecodesign.

Louis Vuitton collects the unused leather from its workshops to create items to dress the windows of all its stores, as it did with the California Dreaming campaign. Guerlain demonstrated that between 50 and 80% of the furniture in its stores could be produced using recycled materials.

The LIFE in Stores program is designed to oversee a process of improvement by rolling out specially designed tools, providing training and sharing best practice, in particular through the LIFE in Stores Awards, which every two years shine a spotlight on the best performing stores.



Maisons mobilized:

- Sephora Europe continued to roll out its program to equip all its retail spaces with LED lighting in every country in which it operates, carrying out further renovation work in France, Poland, Russia, Spain, Greece, Italy, China and the US.
- In France, Le Bon Marché pursued its efforts to renovate the lighting systems in its buildings.
- Throughout the year, Fendi renovated the lighting systems in seven of its stores, including its address in Saint Petersburg. Other Maisons such as Christian Dior, Loro Piana, Rossimoda, Acqua di Parma, Fresh, Guerlain, Bvlgari and DFS also made progress in installing LED lighting in their stores in 2019.

REDUCE THE ENERGY CONSUMPTION IN STORES
(% reduction in the electricity consumed by stores in kWh/m²)



60%

of retail space operated by the Group's Maisons have full LED lighting installed by 2019

30%

LED lighting uses on average 30% less electricity than standard lighting

The second focus to reduce CO₂ emissions involves upgrading industrial and administrative sites. By the end of 2019, 60% of the Group's sites were ISO 14001 certified, including 71% of its industrial sites.

All Fendi sites in Italy are certified ISO 14001 and OHSAS 18001 (for their occupational health and safety management system). Belvedere is also certified OHSAS 18001, to which it added ISO 50001 certification for its energy management systems. The Maisons operating in the champagne-cognac-vodka market are certified ISO 22000 for food safety management. Implemented as part of the LIFE Program, the environmental certification policy was the catalyst for considerable progress and helped to set new benchmarks. Beyond their role as a place of work for LVMH employees, the sites reflect the Group's environmental awareness and ambition.

EXCEPTIONAL SITES

In 2019, the Group opened a number of new important sites, such as Celine's manufacturing facility in central Chianti, Italy, to expand its production capacity. The manufacturing facility was built and fitted to comply with LEED® and HQE® standards, using the most environmentally friendly materials and minimizing water and energy consumption. The Group also inaugurated other impressive sites in 2019. In France, the new Louis Vuitton leather goods workshop in Beaulieu-sur-Layon is certified "very good" by BREEAM®, and Kosmo, the new headquarters of Christian Dior Parfums in Neuilly-sur Seine, has been designed to obtain BREEAM RFO certification for the quality of its fixtures and fittings. In Ireland, Bvlgari's Horizon center is certified Gold by LEED®. Royal Van Lent

identified environmental protection as a priority for the construction of its new naval yard in Amsterdam.

GREATER USE OF RENEWABLE ENERGY

From just 1% in 2013, the proportion of renewable energy in the LVMH energy mix had grown to over 36% in 2019. Sephora has actively contributed to this change. Since fall 2019, the Maison's headquarters in San Francisco, its distribution centers and all its US stores are fully powered by green electricity. LVMH also makes progress through the framework agreements it signs with its suppliers to power a number of its sites in France and Italy using renewable energy. Other framework agreements are being negotiated for sites in Spain and the US. In 2019, Bvlgari installed a biomass-fired heating system at its Saignelégier workshop in Switzerland, while Celine and Loro Piana use solar panels. In Beauvais, northern France, LVMH Fragrance Brands installed a heat exchanger system to recover heat released by the compressors and preheat softened water that powers the steam heating system.

The increased use of renewable energy falls under the comprehensive energy performance policy. In 2019, Louis Vuitton installed a remote operation system in nearly 1,000 items of IT equipment (PCs at headquarters and in stores as well as meeting screens), which makes it possible to automatically turn off machines that remain unused for a certain amount of time. Elsewhere, Christian Dior Parfums installed an advanced temperature management system that remotely controls equipment according to a detailed energy consumption grid. Furthermore, last year, TAG Heuer appointed an energy manager who is tasked with overseeing the energy consumption across all sites.



CHRISTELLE CAPDUPUY, GLOBAL SUSTAINABLE DEVELOPMENT DIRECTOR AT LOUIS VUITTON

“At the end of 2018, Louis Vuitton conducted its carbon accounting review for year just ended (the previous review was carried out in 2015) across its entire value chain throughout the world. CO₂ emissions totaled 1.2 million metric tons, primarily due to purchases of raw materials and services, transportation of goods and energy consumption. As a result, we put in place a responsible sourcing policy, bolstered our green supply chain, which was already ISO 14001 certified, ramped up the process to replace standard lighting with LED lighting in our stores and increased the use of renewable energy in our workshops and logistics centers with the help of the LVMH carbon fund.”



LVMH partners with Bertrand Piccard’s Solar Impulse Foundation

The two partners decided to work together to step up the pace of the energy transition. In practice, LVMH agreed to share the technology it uses throughout the Group with the Solar Impulse Foundation so it may be certified. In turn, the foundation will assist LVMH and its Maisons to identify new solutions to control their carbon emissions and develop clean energy. The initial contact led in particular to improvements in energy consumption monitoring.



Groundbreaking use of carbon accounting

Before LVMH developed carbon accounting, it measured its greenhouse gas emissions in order to minimize them. Between 2002 and 2019, LVMH carried out a carbon accounting assessment on its main Maisons and integrated the approach into the management of their separate environmental policies. For example in 2019, LVMH Fragrance Brands conducted its own carbon accounting assessment for 2018, taking better account of upstream and downstream transportation. The volume of emissions was estimated at 80,550 metric tons of CO₂, 58% of which was due to transportation.

REDUCING THE CARBON FOOTPRINT OF TRANSPORTATION AND RAW MATERIALS

Across the Group's entire value chain, 60% of emissions are generated by the production of raw materials, and 25% by upstream and downstream transportation—two scope 3 items the Group is working to reduce.

COLLABORATING WITH SUPPLIERS

Of all the raw materials and components purchased by LVMH to produce its products, leather, grapes and glass packaging represent the largest contributors of greenhouse gases. That is why the carbon factor plays such an important role in the Group's responsible sourcing policy and gives rise to special collaborations with suppliers. For example, LVMH works to improve the diets fed to animals, which has a considerable impact on the environment, through closer collaboration with local partners and farmers supplying animal-based materials.

Wines & Spirits Maisons strive to reduce the carbon footprint of grapes, primarily by encouraging its wine-growing partners to limit the use of chemical substances, the production of which generates high levels of emissions. In addition, the Group is keen to harness ecodesign to reduce the weight of its glass bottles. The new bottle for Chandon's *grand cru* Cheval des Andes produced in Argentina weighs 80g less than the previous design. By contributing to the fight against climate change, LVMH is rewriting the conventions of the luxury industry, where packaging is becoming increasingly lightweight.

Furthermore, the Environment Department is taking action with its partners to gain a deeper understanding of all factors that contribute to the carbon impact of using the Group's

products by updating the way in which it measures its scope 3 emissions to be able to set an objective for reduction.

DEVELOPING SUSTAINABLE TRANSPORTATION

The Group is working to reduce its carbon emissions generated by the transportation of goods by taking action on several fronts, such as prioritizing local sourcing, more readily using trains and boats, optimizing logistics channels and using electric vehicles to transport goods short distances. For example, Acqua di Parma delivers on bicycles or cargo bikes, while Sephora makes its last mile city center deliveries via electric trucks in France, China, Italy and Spain. The Group is working as part of alliances to promote sustainable transport. In 2019, it joined the Sustainable Air Freight Alliance (SAFA), created to track and reduce carbon dioxide emissions from air freight and promote responsible freight transport. LVMH also contributes to expanding sustainable mobility. For example in 2019, the Champagne Maisons signed a trial agreement with Enedis on its innovative Smart Charging (SMAC) project, which aims to support the energy transition by developing the use of electric vehicles in rural areas by using locally generated wind power.

PREPARING LIFE 2030

In order to work toward achieving the future CO₂ objective for post-LIFE 2020, a study was conducted to assess the extent to which the Group's practices comply with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). It drew conclusions concerning the strength of the objectives set and the distance still to travel to factor climate concerns into the Group's governance, corporate strategy and approach to risk management. The Group brought together a variety of stakeholders to discuss these results and determine its position in regards to carbon offsetting.

THE INTERNAL CARBON FUND

The Maisons use the internal carbon fund as one of the main tools to fit out their stores in a sustainable manner. The Maisons apply a value of €30 to each metric ton of CO₂ emitted, and the amount received can then be invested to increase energy efficiency, improve monitoring and reporting, and expand the use of green energy.

2019 CARBON FUND RESULTS

138

projects launched (up 23% on 2018)
by 32 Maisons (up 7% on 2018)

€16.5 m

in low carbon investment

5,660

metric tons of CO₂ emissions avoided in 2019

LVMH CARBON ACCOUNTING BY BUSINESS GROUP

	SCOPE 1	SCOPE 2	SCOPE 3
	Base: 100% of scopes 1 & 2	Base: 100% of scope 3	
<i>Wines & Spirits</i>	8.0%	3.3%	20%
<i>Fashion & Leather Goods</i>	7.3%	35.8%	57%
<i>Perfumes & Cosmetics</i>	2.0%	2.6%	16%
<i>Watches & Jewelry</i>	0.4%	2.9%	6%
<i>Selective Retailing</i>	0.7%	36.1%	1%
<i>Other activities</i>	0.3%	0.6%	<1%
TOTAL EMISSIONS	363,960 metric tons of CO₂ equivalent		2,791,000 metric tons of CO₂ equivalent*

* Based on the environmental assessment of the LVMH supply chain using 2016 data. The annual estimate is calculated on the basis of the change in sales and the number of employees in the various business groups. Transportation and significant raw materials (excluding colored gemstones) represent the main items taken into account. This figure will be updated in the third quarter of 2020.

ADAPTING TO RISING TEMPERATURES

Climate change has led to greater scarcity of water resources, which is why the Maisons have adapted their wine-growing techniques and prioritized the need to limit their water consumption.

ADAPTING WINE-GROWING TECHNIQUES

The work of the Intergovernmental Panel on Climate Change (IPCC) presents scenarios indicating that the rise in the average global temperature in the 21st century is likely to be between 1.5 and 1.8 °C, in addition to substantial falls in annual levels of precipitation. The LVMH climate strategy seeks to mitigate its greenhouse gas emissions to limit the rise in temperature, while also focusing on adaptation. The efforts undertaken indicate that the production of wine and spirits represents the stage of the value chain that has the most impact on climate change.

In Europe, the annual growth cycle of grapevines will take place in an environment that is both warmer and drier. Further to modeling work, adaptation strategies spark trials of new techniques, such as changing the dates of the grape harvest, adapting the ways of vine training (widening rows, increasing the size of the rootstock, etc.) and experimenting with new varieties of grape.

In Argentina in 2019, the Chandon vineyard reused over 300,000 liters of water to clean the floors of its cellar during the harvest season. This approach has led to strong results, with the volume of water used by the Champagne Maisons to produce one bottle falling from 4.5 to 3 liters between 2013 and 2018. Hennessy alone has decreased its water

consumption by an impressive 48% since 1998. Vineyards in Argentina and California are more concerned with the availability of water, which is why the Group's Maisons seek to rise to the challenge through controlled and disciplined irrigation. In 2019, by rolling out the most advanced technology, including soil and weather analysis and drip irrigation, the Maison Terrazas de Los Andes was able to reduce its water consumption by 44%.

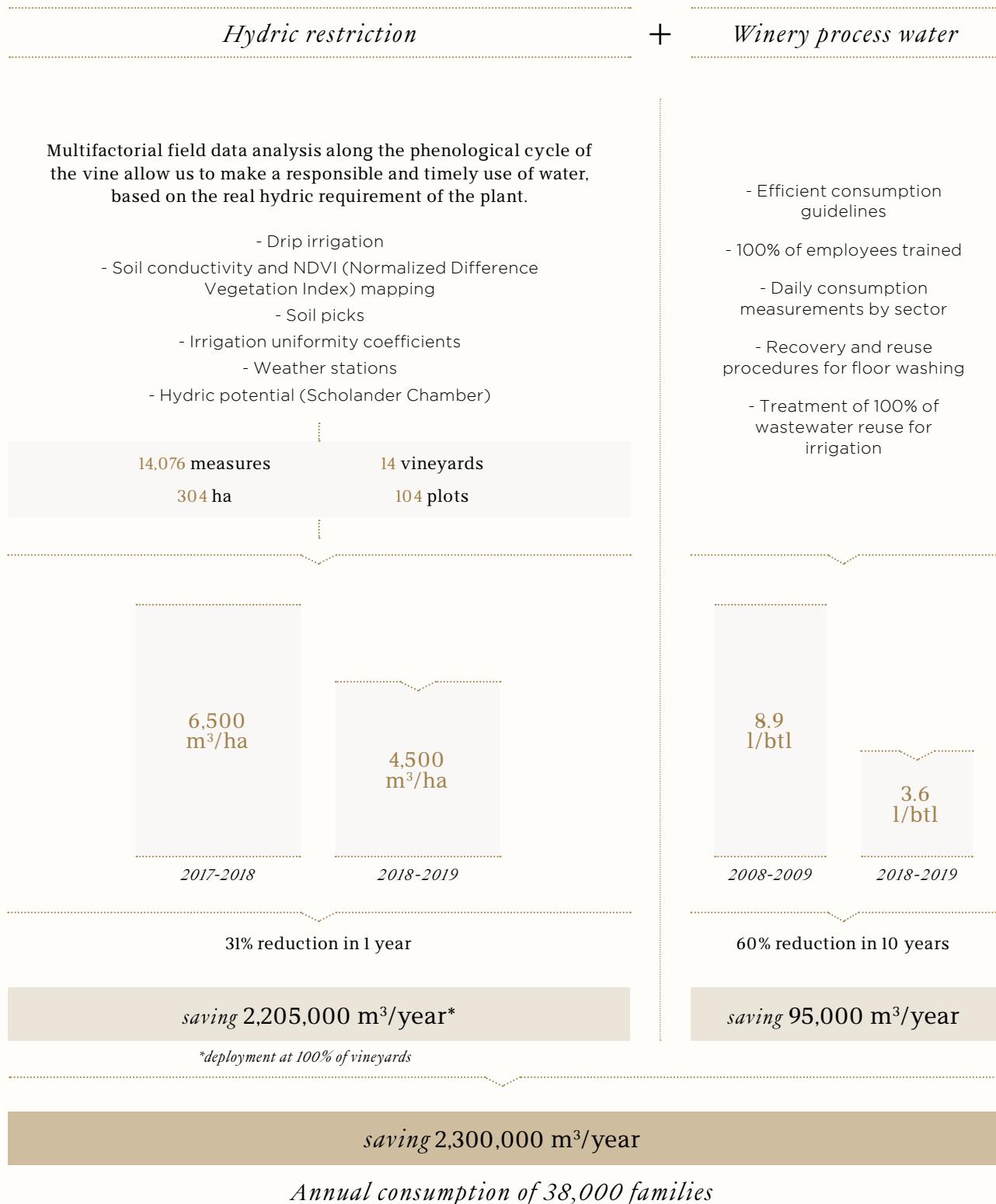
SAVING AND PRESERVING WATER

Preserving water does concern other Maisons beyond the Wines & Spirits business group. The main focus across the board is to save water, whether it is the water used during the manufacturing process or to produce the raw materials themselves. By measuring the impact of activities on local water resources and deploying best practice to reduce consumption, over half the water used at Loro Piana's production sites in Italy is recycled.

For many years now, Bvlgari has been pursuing a proactive policy in this area. In 2019, the Maison installed a system in its Swiss manufacturing facility to recover the water used to clean the plaster off semi-finished gold during the manufacturing process. Water is filtered and stored before it is reused. The Maison hopes this system will reduce its annual water consumption by 5,000 m³, which represents 20% of the site's total demand.

The example of Terrazas de Los Andes

By rolling out the most advanced technology, the Maison Terrazas de Los Andes cut its water consumption by 44% and improved the quality of its grapes.





MAKING OUR PRODUCTS MORE SUSTAINABLE

COMBINING
CIRCULARITY
AND ETERNITY

INVENTING
NEW PACKAGING
STANDARDS

TAKING
ACTION ON
RECYCLING

LVMH STRIVES TO OFFER EXCEPTIONAL PRODUCTS THAT RESPECT THE PLANET'S NATURAL RESOURCES. WE EXPLORE THE FULL RANGE OF INSPIRING AND CREATIVELY DISRUPTIVE WAYS OF INCREASING CIRCULARITY. IN DOING SO, OUR MAISONS OVERHAUL INDUSTRY CONVENTIONS AND INVENT SUSTAINABLE LUXURY.

COMBINING CIRCULARITY AND ETERNITY

The Maisons of the LVMH Group approach product sustainability from three angles: items are ecodesigned and manufactured with respect for precious natural resources; each component is carefully selected, giving precedence to natural materials; and products are produced using ancestral *savoir-faire*, supplemented with specially developed services to ensure they last.

ECODESIGN AND CIRCULAR CREATIVITY

At a Vogue Global Conversations debate with Gabriela Hearst and Eugenia de la Torriente, Stella McCartney summed up our ambition, saying, "Personally, sustainability is a state of mind. It's about balance at the end of the day. For me, the most important thing is to use the natural resources we have from Mother Earth and use them in a mindful way, in a way that doesn't deplete them." Ecodesign protects natural resources and represents a powerful, core ingredient of the Maisons' creations.

They base their ecodesign strategies on life cycle analysis (LCA) tools that assess the environmental impact of a product's components and therefore help them make their ecodesign choices. One of the aims of Louis Vuitton's environmental policy is to conduct LCAs per product category and identify key environmental considerations. For example in 2019, the Maison carried out LCAs on several raw materials and product lines, including shoes, leather goods and customer packaging.

LVMH encourages the rapid adoption of ecodesign in a variety of ways. First, we reinforce our teams' ecodesign skills: the Environment Academy offers ecodesign training courses for employees working in product creation, research and development, and marketing. We also provide special tools for the Maisons and their designers. Examples include "Matières à Penser" (Food for Thought), an online materials library that lists nearly 450 sustainable materials they can use in fashion, leather goods, packaging, communication and stores. Teams also have access to product-specific ecodesign checklists.

Ecodesign necessarily requires out-of-the-box thinking, and approaches that are often a far cry from traditional ways of working. The Group actively encourages innovation and the search for new solutions through special partnerships, such as its collaboration with Central Saint Martins (CSM). Together in 2017, they launched a new program called "Sustainability & Innovation in Luxury | Fostering Creativity". The program has three aims: to promote creativity, nurture young talent, and identify disruptive solutions to drive sustainability and innovation in the industry. It covers several of the college's courses, including fashion, architecture and jewelry, and is a hothouse for research and development into new creative techniques and novel materials, such as biomaterials.

Every year, the Green Trail award recognizes and supports the five most environmentally friendly projects designed by students across all CSM's courses. In 2019, an exhibition entitled "Designing in Turbulent Times" shone a spotlight on the winning projects from recent years, which included bio-sequins made from wood fiber and yarn made from waste pineapple leaves.

CHOOSING COMPONENTS CAREFULLY

LVMH is very mindful of the fact that to offer its customers outstanding products, the materials and substances used to



Loewe launched Eye/Loewe/Nature, its first ecodesigned menswear collection

Eye/Loewe/Nature was the flagship project of 2019. Each item in the collection was rated against a list of predefined criteria to assess the environmental performance of the raw materials and suppliers. The Maison trained its teams and encouraged them to work together. It will now use this experience to apply ecodesign across the board.

Promoting sustainable denim by enabling Maisons to share information and best practice

VMH set up an in-house working group to explore the issue of denim production in 2019. The goal is to promote sustainable denim and at the same time enable the Maisons to share information and best practice.

Dior completely overhauled its denim production line for its 2020 Menswear collection, in particular choosing to use recycled cotton fibers and apply digital technologies. The result is an eco-friendly fabric that can be manufactured using significantly less water, energy and chemical substances than traditional denim.

Dior Couture informs consumers that its responsible denim is made from sustainable cotton using less water and less energy.



The quest for sustainability reflected by the LVMH Prize for Young Fashion Designers

The seventh edition of the LVMH Prize focused on an innovative vision of fashion and rewarded research into new materials, the use of bio-textiles and recycled fibers, a focus on new artisanal techniques, and a drive for sustainable, local manufacturing. One of the finalists, textiles designer Piero d'Angelo, researches the influence of biotechnology on the future of fashion.

make them must be compliant and safe. It therefore actively monitors national and international regulations, applies the most stringent requirements (see p. 58), and has established its own internal standard, the LVMH RSL (Restricted Substances List). The list is regularly updated and forbids or restricts the presence of certain substances in marketed products and their use by suppliers.

As well as the RSL, the Maisons have access to other tools. For example, the LVMH Testing Program reinforces the Maisons' own control procedures by allowing them to use partner laboratories to test the highest risk substances for the different materials. In 2018, LVMH supplemented the LVMH RSL with a list of raw materials and substances that are now banned in finished products and product lines. In 2019, Fendi also launched a pilot scheme to test the compliance of the products and components used in its leather, fur, and fabric range production lines.

Environmental-performance measuring tools are also applied to control the ingredients used in products. For example, the IFE (Index Formulation Eco-conceived) is based on six criteria, including the natural origin of ingredients and raw material traceability. By taking this proactive, stringent approach to the composition and formulation of its products, the Group fosters the use of alternatives and encourages innovation, which in turn makes it possible to eliminate undesirable raw materials and substances.

TRADITION AND INNOVATION, A COMBINATION MADE TO LAST

The Group has made the blend of tradition, creativity and innovation its hallmark, and it single-mindedly pursues extremely exacting quality standards. It is this positive balance between past and future that enables the Maisons to create items that stand the test of time and are handed down from one generation to the next. The Maisons actively combine technological innovation and ancestral *savoir-faire*, as demonstrated at the LVMH Watch Week in Dubai in January 2020, which was exclusively devoted to new timepieces, and at the 2019 China International Import Export Expo, where the LVMH Pavilion design was inspired by France's 19th -century glass and steel architecture.

The Maisons preserve the longevity of their ancestral *savoir-faire* by adapting to contemporary needs. They use traditional techniques and processes, some of which date back centuries. For example, Hennessy's *eaux-de-vie* barrels are made by hand using the same techniques as 18th-century coopers. The fine quality of Loewe's leathers is achieved by combining the ancestral craftsmanship of Spain's Cordero Entrefino tanners with cutting-edge tanning techniques.

The Group sees it as a priority to encourage its artisans and designers to pass on their *savoir-faire* to younger generations, and inspire its suppliers, who also have their own



Driving sustainable innovation

From September 14th to October 27th, 2019, "Maison/o", the incubator set up by LVMH and Central Saint Martins to drive responsible and sustainable innovation through design, presented the exhibition "Designing in Turbulent Times", which celebrated the most innovative sustainable creations, such as a biodegradable alternative to standard sequins, a collection of jewelry that recycles waste feathers and a vegetable-based yarn alternative made from pineapple leaf fibers.

specialist *savoir-faire*, to innovate. This message was clearly reflected at the 2019 Festival of Fashion and Photography held in Hyères, southern France, which focused on the themes of transmission and environmental responsibility. To achieve this aim, LVMH rolled out an in-house open innovation program known as DARE, and also encouraged partners to design sustainably. For example, La Maison des Startups LVMH supports innovative companies, including some whose projects revolve around the environment and sustainable development.

The Maisons also apply their creativity to develop specific after-sales services to enhance the use-value of their products. Many offer repair services either in their own workshops (for example at Louis Vuitton) or through partners. Others, such as Parfums Christian Dior, develop rechargeable containers for their perfumes and cosmetics. Also, since 2016, Guerlain customers in France can refill their bottles over and over again at its perfume stores.



KATARZYNA WISNIEWSKA, CSR DIRECTOR
EUROPE, MIDDLE EAST AT SEPHORA

“In January 2020, Sephora installed a new ecodesigned, recyclable endcap in all its stores in France. Life cycle analysis enabled Sephora to make key improvements to the endcap, for example by replacing the magnetic photos with paper photos in PET sleeves. The endcaps used to be impossible to recycle, but now they are recyclable and have a lower environmental footprint.”

2

internal standards to forbid or restrict the presence of certain substances in products or their use by suppliers

6

criteria to measure the IFE

450

eco-responsible materials in the online “Matières à Penser” list

INVENTING NEW PACKAGING STANDARDS

Packaging is a key aspect of a product's environmental performance, and LVMH's Maisons are keen to find ways of making theirs lighter and more natural, but equally luxurious.

A NEW APPROACH TO PACKAGING

The environmental quality of packaging is measured with EDIBOX, an online tool that calculates both the EPI (Environmental Performance Index) of the packaging and the carbon footprint of the materials it is made from. The EPI rates packaging based on weight, volume, the number of layers of packaging and whether the materials can be disassembled or not. The rating also factors in bonus points (for rechargeable containers, recycled materials, etc.) and penalty points (for the presence of recycling disruptors).

One of the objectives of the LIFE program is to improve the EPI of packaging. In 2019, the Perfumes & Cosmetics Maisons improved their score by 12%, the Champagne Maisons by 5%, and Hennessy by 19%.

The Maisons develop innovative packaging in order to meet three key objectives: it must be reduced in weight, volume and environmental footprint (made with recycled glass, FSC-certified paper or cardboard, bioplastic and recycled plastic). For example, in 2019, Bvlgari replaced the polyethylene terephthalate used inside its men's and women's pouches with a recycled equivalent. The Maison also used a recycled organic material for the shaped wedging inside the cardboard boxes for its perfume OmniaLandia. Sephora's Good for skin.you.all line's packaging also innovates in many

respects and the Maison's ecodesign policy led to changes being made to the stand used to present these products in its stores, which is made from renewable, recycled or certified materials that can be easily disassembled for reuse.

POINT-OF-SALE ADVERTISING

The Group also endeavors to limit the environmental impact of its point-of-sale (PoS) advertising, store furniture, and window displays. The Institut du Commerce, a French retail think-tank, has issued a guide to eco-friendly PoS advertising based on feedback and advice from cosmetics and perfume brands, PoS display manufacturers, cosmetics retailers, recyclers and ecodesign experts. It was unveiled at a day-long event devoted to the circular economy and was very well received. Its table comparing the carbon footprints of different types of plastic attracted particular praise.

It inspired the Group to deploy a PoS advertising EPI, which accounts for the use of recycled plastic materials. Hennessy and Sephora also shared their practical, user-friendly assessment systems with all the Group's brands. In addition, the Group is conducting pilot tests to improve the way various PoS advertising props are recycled—for example, a QR code system is being trialed to collect and recycle props in Sephora boutiques in collaboration with Group brands (Guerlain), as well as Clarins and Chanel in an experiment due to be rolled out in Paris.



OLIVIER FROMONT, PRODUCT DEVELOPMENT
DIRECTOR, SEPHORA

“In 2019, we went even further and created our own new skincare line, Good for Skin.you.all, with products that contain 90% natural ingredients and come in ecodesigned packaging. We replaced most of the plastic traditionally used in our tubes and pots with materials made from sugarcane waste and also considerably reduced the weight of the plastic used. Our skin cleanser bottles are made entirely from recycled plastic and are recyclable. As a result, we were able to use 70 metric tons less plastic. Our boxes are also lighter and made with cardboard from sustainably managed forests in Sweden.”



Ruinart teams up with papermaker James Cropper to craft a new case for its bottles

The new case, which is made from natural wood fibers from sustainably managed forests in Europe, is nine times lighter than the previous generation of gift-boxes. It consists of an entirely recyclable second-skin with technical features like a snap button for easier opening and represents a major technological advance in the art of paper making.



Dior runway show, September 24th, 2019, responsible creativity #Plantingforthefuture

The Dior runway show created by Maria Grazia Chiuri on September 24th, 2019, was an ode to nature. A grove of 160 trees was created especially for the occasion at the Longchamp Racecourse. After the show, each tree was replanted in Paris and all the other props were recycled.

TAKING ACTION ON RECYCLING

The Group's Maisons are developing new recycling solutions so they can reuse materials and finished products, while also protecting themselves against the dangers of counterfeiting and parallel markets.

ENCOURAGING REUSE WITH DEDICATED RECYCLING STREAMS

With environmental management systems now widely implemented at LVMH's stores and sites, the Group is able to constantly improve the way it manages waste to both limit production and increase recovery or recycling. In 2019, the Group generated 95,000 metric tons less waste and reached a recovery/recycling rate of 91%.

Berluti signed a framework agreement with Paprec to improve the way waste is sorted and recycled at its headquarters, stores and workshops in France. In 2019, Louis Vuitton pledged

to optimize the end-of-life of sets and props used in its global events (runway shows and temporary exhibitions).

Its Environment, Events and Indirect Purchasing departments worked in close collaboration to fulfill this promise and found solutions for 96% of items: 58% were reused, 5% were donated and 33% were recycled. In September 2019, Hennessy's partner REVICO, a wastewater treatment and recycling site, obtained ISO 14001v2015 certification. Throughout the year, other Maisons like Berluti, Fendi, Loewe and Bvlgari cut their waste at source by deciding to make their facilities plastic-free.

The Maisons are working towards a circular economy model by encouraging selective waste collection and specific recycling streams. The Environmental Center for Eco-friendly Packaging Breakdown and Recycling (CEDRE) is a crucial partner in helping them achieve this.

Obsolete products and waste are collected from the Maisons, sorted or taken apart, and given a second life. For example, glass from perfume bottles is recycled, and the ethanol is reused to manufacture household cleaning products. Fabrics are unraveled to make thread or wadding for building insulation, or reused to decorate runways.



Ten years of partnership with CEDRE

To celebrate the 10th anniversary of their partnership, CEDRE and LVMH produced a film that takes a look back at the origins of their collaboration and showcases CEDRE's expertise in recovering and recycling the Group's products. This video—which can be watched [here](#)—allowed CEDRE to promote its services to LVMH suppliers and co-contractors (markets for secondary raw materials), and is a source of pride for its employees.

In 2019, CEDRE recovered 62% of the waste delivered by LVMH by selling it on to specialized recycling centers. CEDRE, which was initially used by four perfume and cosmetics Maisons, now works with 11 Maisons and also handles fashion and leather goods items, recycling all natural materials like linen and cotton.

This year, four new recycling streams were developed for transparent glass, silk scraps, two new metals, and Surlyn (a thick, transparent plastic). Bvlgari has been working with an Italian contractor since 2018 to recycle its perfume and cosmetics products locally.

FINDING SOLUTIONS FOR UNSOLD ITEMS

Very tight, skillful inventory planning right from the design stage is a hallmark of the LVMH Maisons' business model, putting it at the other end of the scale from mass production and minimizing the volume of unsold goods, the destruction of which was forbidden by the circular economy bill enacted in France at the beginning of 2020.

As well as managing waste and obsolete goods, the Maisons look for ways of handling unsold goods. One such solution is to have unsold clothing items taken apart and recycled by CEDRE. Other solutions include staff sales and donations to non-profits.

Upcycling, which is encouraged by in-house hackathons, also offers new prospects. Louis Vuitton, for example, created a buzz in April 2019 when it launched "Be Mindful", its first upcycled collection made from unsold silk scarves. This collection of fashion jewelry and textile accessories, each one-of-a-kind, is the result of a reverse creative process that starts with the available products and achieves a virtuous circle of creativity, sustainability and *savoir-faire*.

The Group also has a special policy for unsold food items. The food halls of La Grande Épicerie de Paris operate several

fresh food kitchens. The Maison has developed a meticulous sales forecasting system that enables it to precisely adjust the quantities produced each day. It has also partnered with the French Red Cross, which arranges for daily collections of unsold produce. In 2018, it joined forces with Too Good To Go, the company that enables stores to offer their unsold food to users of the eponymous app. Both La Grande Épicerie Rive Droite and La Grande Épicerie Rive Gauche plan to sign more partnerships with food waste specialists and expand the range of produce they offer as part of these collaborations.

91%
of waste was recovered in 2019

11
Group Maisons use the Environmental Center for Eco-friendly Packaging Breakdown and Recycling (CEDRE)

96%
of the props used by Louis Vuitton at events around the world was recovered in 2019



GUARANTEEING PRODUCT TRACEABILITY AND SAFETY

LVMH's Maisons believe excellence cannot be achieved without creative beauty and the highest levels of quality. Traceability and safety are also key.

REINFORCING TRACEABILITY—A NUMBERS GAME

LVMH's Animal-Based Raw Materials Sourcing Charter was developed to guarantee full traceability back to the country of origin, and even to the farm in the case of farmed fur. To achieve this, the Group must have in-depth knowledge of its Maison's suppliers and the way they operate. Because we work with such a considerable number of suppliers, this represents a real challenge and requires a multi-faceted approach.

Finely tuned knowledge of the chain of responsibility in each sourcing channel: A chain of responsibility demonstrates the physical or administrative connection between the verified production unit and the claim made about the finished product. For example, some of the certifications issued by the Group include a traceability component to ensure raw materials are purchased from suppliers who have implemented verified responsible practices. This is the case for RWS-certified wool, for example, which offers segregated traceability, and BCI-certification which uses a "mass balance" system. Some certifications, such as GOTS, even demand responsible practices at every stage of the raw material's harvesting and processing.

Integrate sourcing channels: Many of the Group's sourcing channels are considered strategic because the raw material is so exceptional, rare and precious. Because LVMH has full

visibility over the entire value chain, it can closely monitor the environmental, ethical and social impacts. The Group capitalizes on its global leadership position to put in place a number of visionary practices that set a new benchmark in the industry, including the crocodile standard, which was developed and approved by a committee of technical experts including an independent expert organization specialized in animal welfare and farm certifications. This standard meets four objectives:

- Preserve the species and respect local communities
- Safeguard the animals' welfare at every stage of their life
- Ensure fair working conditions for employees on the farms
- Protect the environment

LVMH is committed to ensuring that all the farms supplying the Heng Long exotic leather tannery are certified against this standard by the end of 2020. In 2017, Heng Long was the first exotic leather tannery in the world to obtain the Leather Working Group (LWG) certification for respecting the environment and its teams' working conditions. All the Maisons that purchase crocodile leather from Heng Long are therefore assured that their skins are fully traceable, come from a certified farm, and are tanned using methods that minimize the impact on the environment.

The same assurance is provided for cashmere and vicuña wool by Loro Piana, which supplies Group Maisons and other luxury goods companies, and guarantees full supply chain visibility and responsible practices.

Perfect traceability methods: For several years, the Group and its Maisons have been investing, either on their own, or as part of industry groups, to improve the traceability techniques used for each sourcing channel. Technological progress is key to facilitating the task. For example, the Aura project offers downstream traceability for the luxury industry while also working on upstream traceability. Furthermore, the Group plays an active role in industry initiatives. For example, Fendi took part in a fur traceability trial linking each pelt to the farm on which the animal lived.



A STRINGENT AUDIT POLICY

The Group's traceability policy includes making its suppliers and sub-contractors accountable. A code of conduct, translated into 20 languages and updated in 2017, urges them to strictly apply ethical, social and environmental standards and regulations, use techniques that preserve natural resources, and implement an environmental management system.

LVMH conducts compliance audits to ensure that they adopt sustainable practices. In 2019, the Group's Maisons carried out 1,589 social and/or environmental audits of 1,261 suppliers across all its businesses—Italian Maison Acqua di Parma, for example, conducted 15 last year. Supply chain audits were also carried out, including one into South African-sourced Mohair in the summer of 2019. In addition, LVMH has developed two environmental audit checklists for its buyers and offers training in how to use them at the Environment Academy.

The Maisons share their audits, findings and information on a collaborative in-house platform (which supplements Sedex, an external platform for buyers, suppliers and auditors). Some Maisons have updated their structures to implement sustainable purchasing more effectively. For example, in 2019, Louis Vuitton set up a Responsible Purchasing Committee to extend the scope of its sustainable development policy to include purchasing. Members of the Purchasing Department, the Sustainable Development Department, and various cross-functional departments sit on this committee, which meets three times a year. It defines joint objectives and tools, deploys joint initiatives, and shares existing best practice applied within the Group by individual suppliers, or in the supply chains.

Audits make it possible to assess suppliers, they are not just a way of monitoring them. If and when LVMH identifies any non-compliance, it helps suppliers progress and implement corrective action where necessary. The Group encourages its suppliers to go beyond the minimum requirements of

ELEONORA RIZZUTO, CSR DIRECTOR FOR BVLGARI AND LVMH IN ITALY

“We launched a comprehensive due diligence process in January 2019. The first phase consisted of identifying and auditing all our colored gemstone suppliers. After that we were able to start the second phase, which involved visiting mines so we could trace the supply source and ensure that the raw materials are extracted in a sustainable manner. Our top priority is the respect for human rights, but preserving the environment is also a major concern.”

its charter and take a proactive approach to environmental considerations. For example, in September 2019, LVMH organized a sustainable cotton training course in Milan for its Italian suppliers.

Several Maisons have taken their support even further and formed effective partnerships with their suppliers. For example, Polmos Zyrardów, Belvedere's distillery in Poland has joined forces with suppliers and scientists to roll out the "Raw Spirit Program", which has three objectives: guarantee and improve the quality of Polish raw spirits; ensure farming methods respect the environment; and secure a local supply of rye. In November 2019, all the Group's exotic leather suppliers attended a training course in Florence, Italy, about responsible sourcing of animal-based raw materials. In the Watches & Jewelry business group, Bvlgari, Hublot and Louis Vuitton conducted risk analyses of all their Tier 1 colored gemstone suppliers with help from tools developed by the Coloured Gemstones Working Group.

GUARANTEEING THE SAFETY OF THE RAW MATERIALS AND SUBSTANCES IN OUR PRODUCTS

The Group actively monitors changes in national and international regulations, identifies the most stringent requirements, and encourages its Maisons to apply them and involve their partners. For example, each new supplier must declare in writing that they will comply with the European Union's REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulation, which was introduced in June 2007, as well as other similar regulations like Proposition 65 in California.

LVMH also closely monitors scientific developments so it can encourage the production of alternatives and innovations that eliminate undesirable raw materials and substances (see p. 48). The Group also anticipates the banning of certain substances so it can reflect on how best to replace them

well in advance. Since 2019, LVMH has been working with ZDHC (Zero Discharge of Hazardous Chemicals), which aims to remove hazardous chemicals from fashion and leather goods manufacturing processes.

The Group's Perfumes & 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. Sephora has tightened the rules for its natural beauty labeling initiative "Clean at Sephora" which was launched in the US and Canada in 2018, and it has now added raw materials and substances like talcum powder, animal oils and aluminum salts to the initial list of ingredients banned from these products.

INFORMING CUSTOMERS ABOUT THE ENVIRONMENT, A PREREQUISITE FOR TRANSPARENCY

Customer demand for transparency concerns a wide range of issues. They want details about a product's traceability, origins, and environmental and social characteristics. They also expect information about sustainability commitments and, in 2019, the Group shared its policy with civil society on several occasions.

TOWARD ENVIRONMENTAL LABELING

LVMH products offer creativity, craftsmanship, high quality standards, and environmental and social responsibility. The Group is fully committed to delivering this level of excellence. That is why sharing information about the environmental performance of its products with its customers rapidly stood out as an important thing to do. LVMH has spearheaded these efforts in the luxury industry.

As far back as 2011, the Group was actively contributing to work on environmental labeling in France as part of the *Grenelle de l'environnement* round table on public sustainable development policy, and also started contributing to EU discussions on the subject in 2013.

LVMH helped develop new labeling standards for textiles, rinse-off cosmetics, alcoholic beverages and jewelry. For example, as early as 2012, Sephora shared standardized environmental information about its range of shower gels on its website as part of trials conducted in France.

Following on from its preparatory work LVMH got involved in the revived efforts on environmental labeling in 2020,

through discussions on French and EU draft regulations for the circular economy.

Each Maison is already fine tuning the way consumers will access environmental product information, like Dior Couture and its responsible denim. In 2019, for the second year running, Louis Vuitton took part in the Go for Good responsible fashion initiative launched by Galeries Lafayette to highlight the environmental, social and community commitments of its brands. Maison Patou is innovating with Patou Way, a platform that enables it to share environmental information about materials and suppliers with consumers on its website and on the product using a QR code. As part of its Clean initiative, Sephora highlights products that have specifically removed certain ingredients in its stores and on its website.

COMMUNICATING AND SHARING OUR ENVIRONMENTAL COMMITMENTS

If we take CEO of Maison Krug Maggie Henriquez's definition of luxury as "a kind of light that shines the way for others", then as the world's leading producer of luxury goods, we have a duty to share and inform people, particularly about progress in sustainability.

This drive for transparency was made tangible through a series of timed and measurable targets in the LIFE 2016-2020 program. Every year, the public can consult the program's progress report which is also published in specific communications. As such, LVMH organized two external communication events in 2019 primarily so it could share the LIFE program's progress with the media and announce new partnerships, notably with Bertrand Piccard's Solar Impulse Foundation and UNESCO's Man and the Biosphere program.

The Group also voices and shares its convictions at large national and international events like the UN climate and biodiversity summits, European Sustainable Development Week, World Environment Day and themed events like the luxury packaging trade show.

These major events give LVMH an opportunity to outline its vision regarding these issues, share information and spread best practice. In April 2019, LVMH once again sponsored the International Africa & Beauty Forum (FIAB), which held its sixth edition in Essaouira, Morocco, under the theme "Beauty and Innovation: towards a responsible economy in Africa". Altogether, 65 companies took part in FIAB-2019, which was organized by Morocco's State Secretariat for Sustainable Development, to discuss issues like the deployment in Africa of sustainable supply chains for plants grown for the cosmetics industry.

In March 2019, at the Climate Change Leadership Forum in Porto, Portugal, the Champagne Maisons asserted their long-term commitment to combating climate change every step of the way, from the vine to the cellars, and including in their marketing and shipping.

Our employees represent the most effective ambassadors of our environmental policy. The Group works with its Maisons to develop information, raise awareness and train employees so that they are all able to take responsibility for and advocate its approach. For example in 2019, Hennessy gathered its 870 employees in groups of 30 at CAPTEN meetings to discuss rolling out sustainable wine-growing. For its part, Guerlain introduced the annual "Best Committed Trainer Award" designed to celebrate the most environmentally engaged trainers and sales advisors. Such initiatives have

encouraged many employees to embrace "environmental" considerations and increased their confidence to communicate outside the Group about LVMH's initiatives in this area.

TOWARD NEW ENVIRONMENTAL ACCOUNTING

High quality environmental information is essential if the Group is to fulfill another of its ambitions to develop new accounting methods that facilitate the environmental transition. In 2019, the ParisTech Foundation created the "Ecological Accounting" Chair for an initial five-year period with partners including LVMH. The project seeks to develop, model, promote and test strong sustainability^[1] accounting methods with a view to creating accounting systems to help everyone in society make their environmental transition. The Chair was officially launched at the UNESCO headquarters in Paris on Tuesday September 3rd, 2019. The Chair will finance and support the work of four master's and four PhD students. One of the theses covered intends to test the CARE (Comprehensive Accounting in Respect of Ecology) model applied at one of LVMH's vineyards.

[1] Strong sustainability accounting, as opposed to weak sustainability accounting, recognizes the existence of three types of capital: financial, human and natural, which cannot supersede one another. It therefore follows that certain natural resources must be preserved and habitats restored to keep the natural capital intact.

1,589

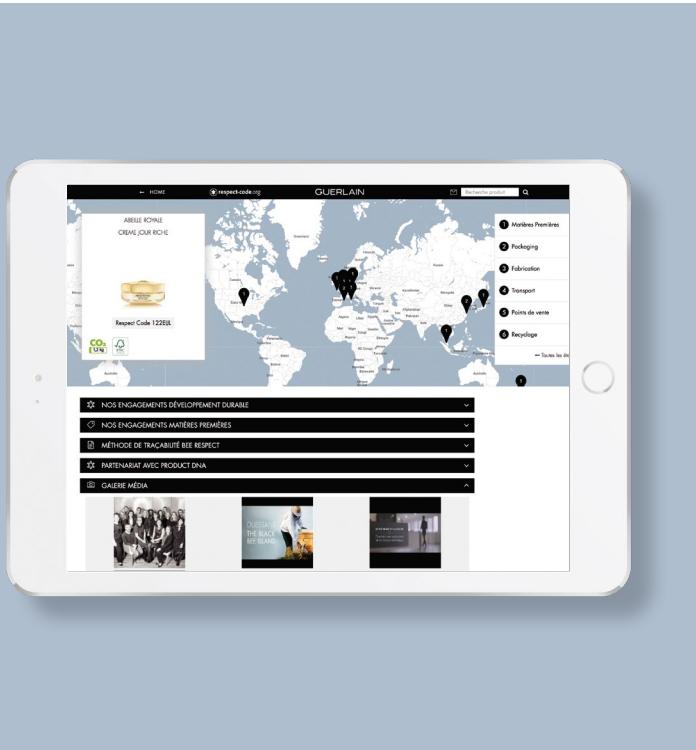
social and/or environmental audits were conducted in 2019

50

raw materials and substances have been removed from the formulations of products labeled "Clean at Sephora"

870

Hennessy employees discussed sustainable wine-growing at the CAPTEN meetings



Bee Respect, how transparency enhances the customer experience

In April 2019, Guerlain made Bee Respect public so anyone is now able to consult this digital platform to learn more about the Maison's products, including information about its raw materials, suppliers, manufacturing sites and the carbon footprint of transportation through to the point of sale. Originally, Bee Respect was designed as an in-house tool to encourage collaborative ecodesign. The platform helped employees better understand product lifecycles and inspired the teams to follow good examples set by their colleagues. Guerlain is the first perfume and cosmetics Maison make such information public, and in having done so it continues to enhance the customer experience by allowing them to see its products in a new light.



With its platform Patou Way, the Maison Patou invites consumers behind the scenes to discover how its products are manufactured.

Patou is innovating by making selected environmental information about materials and suppliers available via a QR code on each product. Consumers scan the code to open the product page on the website, where they can learn about the product's entire life cycle, from the original drawing made by Guillaume Henry, Artistic Director of the Maison, to an interview with the craftsman who helped manufacture it.



Guerlain recognizes employee commitment to the environment

In June 2019, Elvira Di Stephano, Regional Training Manager Middle East, won the first "Best Committed Trainer Award" for organizing a day-long event on protecting bees in partnership with a local beekeeper. Massaniello Bogaert, Training Manager Benelux, received a second award for his handbook about La Guerlinade and raw materials that need protecting, which he devised for the children of Guerlain's sales assistants.



I N F I N E R

D E T A I L

LVMH GROUP BUSINESS GROUPS AND KEY FIGURES

Wines & Spirits

Moët & Chandon, Krug, Veuve Clicquot, Hennessy, Château d'Yquem... 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.

Fashion & Leather Goods

The Fashion & Leather Goods business group comprises Louis Vuitton, Christian Dior Couture, Celine, Loewe, Kenzo, Givenchy, Pink Shirtmaker, Fendi, Emilio Pucci, Marc Jacobs, Berluti, Nicholas Kirkwood, 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, Parfums Loewe, Make Up For Ever, Maison Francis Kurkdjian, Fenty Beauty by Rihanna, KVD Vegan Beauty and Marc Jacobs Beauty.

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.

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.

€53.7 bn

Revenue

+15%

€11.5 bn

Profit from recurring operations

+15%

€7.2 bn

Net profit Group share

+13%

70

countries

4,915

stores

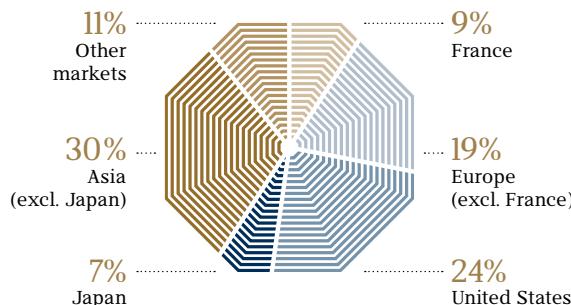
163,309

employees

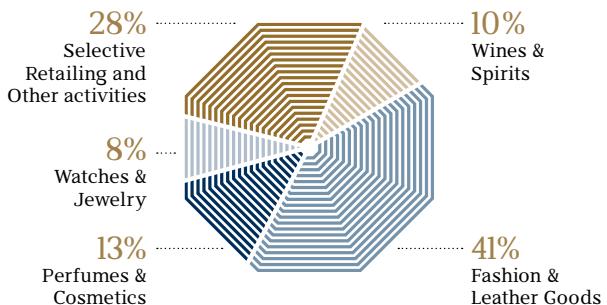
75

Maisons

2019 revenue by region
(in %)



2019 revenue by business group
(in %)



Geographic footprint (At December 31, 2019)

United States

Revenue: €12,613 million
829 stores
31,483 employees



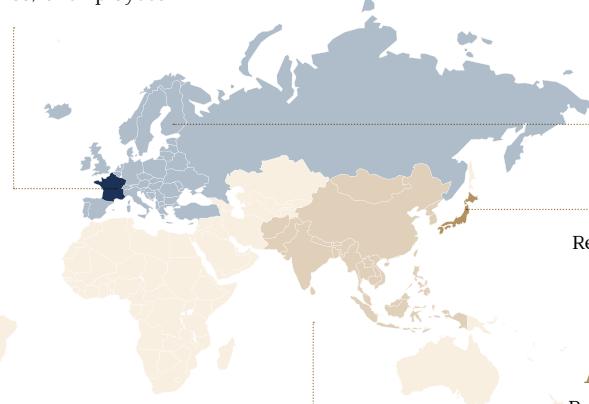
France

Revenue: €4,725 million
535 stores
33,701 employees



Europe (excl. France)

Revenue: €10,203 million
1,177 stores
40,453 employees

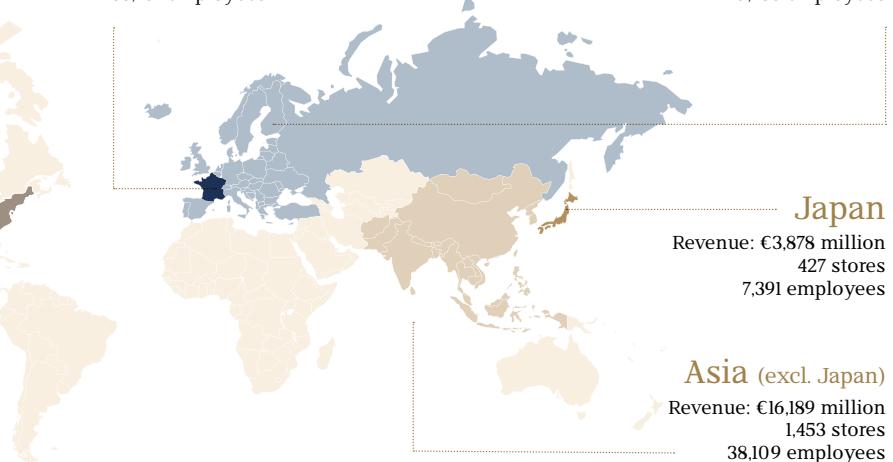


Japan

Revenue: €3,878 million
427 stores
7,391 employees

Other markets

Revenue: €6,062 million
494 stores
12,172 employees

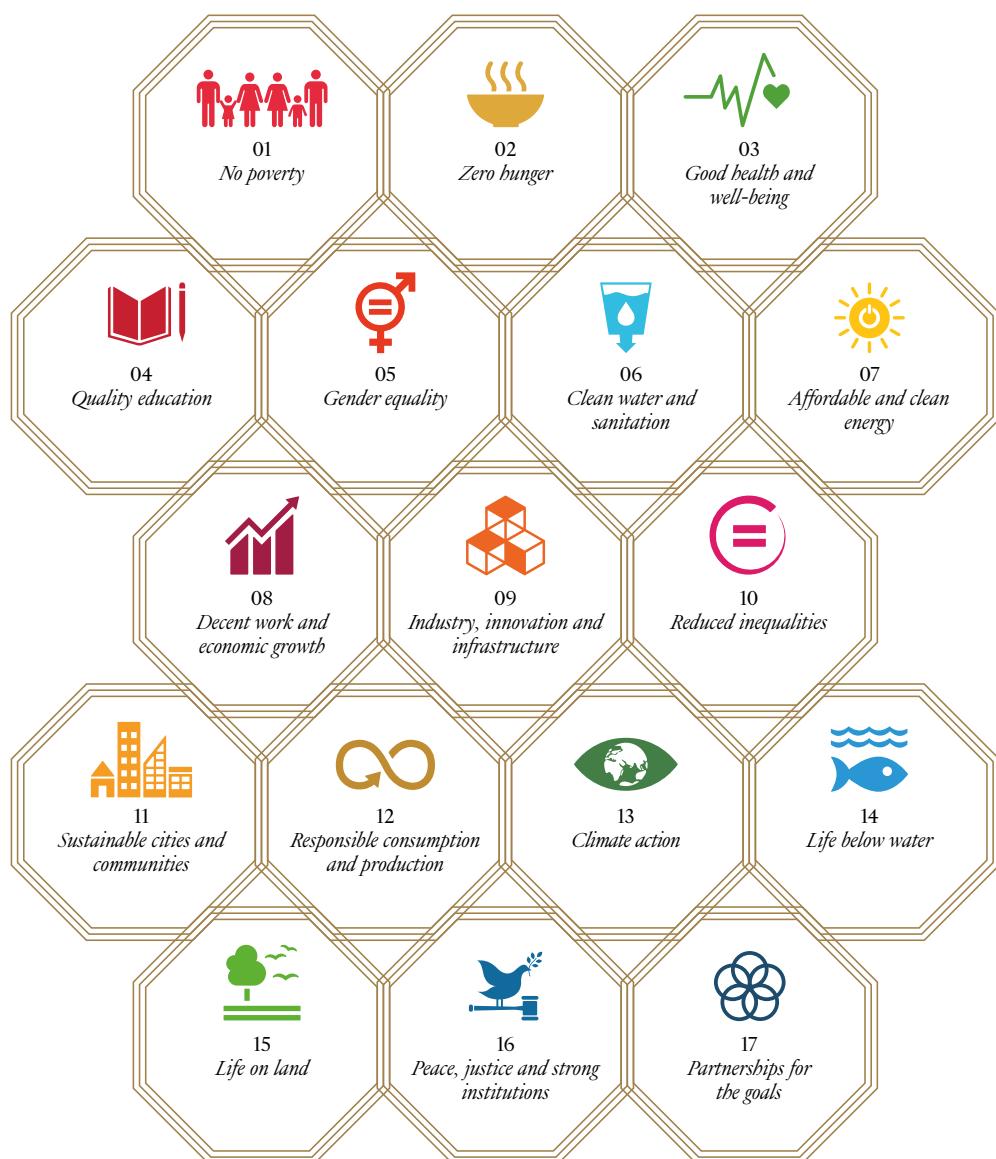


Asia (excl. Japan)

Revenue: €16,189 million
1,453 stores
38,109 employees

THE LVMH GROUP CSR STRATEGY AND THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

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.



GOVERNANCE OF THE LVMH GROUP ENVIRONMENTAL POLICY

A UNIFYING STRUCTURE

The Group Environmental Development Department is structured to unify without standardizing the environmental policies put in place by the Maisons, whose challenges differ depending on the business group (Wines & Spirits, Fashion & Leather Goods, Perfumes & Cosmetics, Watches & Jewelry, Selective Retailing and Other Activities). The Department is charged with formulating the Group's environmental strategy, setting the frame of action (LIFE program), overseeing the implementation of commitments, managing global environmental reporting and coordinating Group-wide initiatives.

The Group Environmental Development Department acts as an intermediary between the Executive Committee and the Maison's senior management. It also seeks to enhance collaboration with other departments throughout the Group on environmental issues.

The Group Environmental Development Department is made up of a dozen specialists who harness their expertise to support the Maisons by developing foresight tools, impact measures and stakeholder dialogue as well as providing tailored support. It is backed up by a network of environment managers, who are responsible for promoting, relaying and implementing the LIFE program within their Maison. The network includes around 60 people from a variety of backgrounds who all have in common their considerable environmental expertise. The Environmental Development Department meets in an Environment Committee three times a year.

The Group's executive management team coordinates the action of the Environment, Audit, Internal Control, Operations, Purchasing, Social Development, Ethics & Compliance and Financial Communication Departments, which work together to raise awareness and drive progress within the Maisons,

especially in risk management and supplier relations regarding the environment, social matters and integrity.

Within the Board of Directors, the Ethics and Sustainable Development Committee structures the approach to ethics and social, societal and environmental responsibility. In particular, it analyzed the Group's non-financial risk map drawn up in 2018.

MAISONS STEP UP

The Maisons have incorporated the LIFE objectives into their road maps. Over recent years, they have put in place or bolstered their own environment or sustainable development departments. A number of Maisons have also set up bodies to specifically discuss environmental policy. For example, Guerlain established its Bee Committee, bringing together Group employees and third party experts, to oversee and challenge the initiatives implemented by the Maison as part of its journey as a responsible luxury brand.

Certain Maisons have put in place a structure specifically designed to champion their environmental policy throughout the world. This is the case at Louis Vuitton, which has approximately 100 correspondents, often structured into local Green Teams representing the key positions for environmental performance, to relay its action at all sites and in everything it does. In countries such as Japan, China, Italy and Switzerland, Louis Vuitton has also appointed CSR ambassadors and in-store correspondents, known as Green Advisors. This structure, among other things, earned Louis Vuitton the Butterfly Mark, awarded by Positive Luxury in 2018 for excellence in innovation, social and environmental responsibility, governance, and philanthropy. In order to act more effectively, the Maisons often seek to gain insight by setting up specific steering or working groups on issues

that significantly impact the environment. It was with this in mind that Hennessy set up three sub-committees of its environment committee to consider production and shipment, administration and *eaux-de-vie*.

EMPLOYEE TRAINING AT THE ENVIRONMENT ACADEMY

LVMH is aware that the progress it is able to make in protecting the environment is closely linked to the Group's ability to encourage its employees to buy into its approach. That is why it goes to great lengths to raise awareness and train its 163,000 employees on environmental issues. These efforts involve everyone throughout the Group, from senior executives who provide the impetus to the operational teams who implement best practices in the field. In 2016, the company set up the Environment Academy, which is responsible for developing and deploying training courses using a variety of formats, such as face-to-face sessions, e-learning modules or virtual classes. The range of courses available includes a core set of basic lessons named "The Fundamentals". Designed for newly appointed environmental managers, these lessons cover the main environmental challenges, the environmental management system, and environmental law. In addition, specific professional modules are offered "à la carte" (for example, ecodesign courses for employees working in design, R&D and marketing), as well as a soft skills modules to teach employees, whatever their position, to authoritatively promote environmental considerations.

The Environment Academy has a decisive role to play, which is why the number of hours of training provided is used as an indicator to monitor the LVMH environmental policy and assess the progress made in the implementation of its LIFE program. For example, Perfumes & Cosmetics Maisons aim to train 100% of their buyers in supplier environmental audits

by the end of 2019. Professional training modules cover a variety of topics, such as environmental claims, wood regulations, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the assessment of the environmental performance of suppliers. The Group provided a total of 21,225 hours of training in 2019. This year, almost all the Maisons continued to train and raise employee awareness of environmental concerns.

They have also received the support and expertise of the Environment Academy. To more effectively assist the various internal audiences, the range of environmental training is regularly enhanced with new content, approaches and tools. LVMH rolled out a particularly innovative training tool—LIFE Influencer Agency, a SPOC or Small Private Online Course (as opposed to MOOC or Massive Open Online Course) used by universities to train their students. This mobile app developed with a design agency and a company specializing in neuroscience is intended for architects and operational directors, who play a key role in improving the environmental performance at sites. Available for download on smartphones since 2019 in Europe, the United States and Asia, it provides an introduction to sustainable construction in four steps: LIFE Vision, LIFE in Stores, LIFE in Finance and LIFE Influencer. The app is integrated into a six-month training course that also includes two engaging face-to-face workshops.

In addition to making architects and operational directors active contributors to the LVMH environmental policy, the initiative seeks to form a community to encourage those involved to share and spread best practice and boost momentum in collective upskilling. The idea is to avoid having to rely on external rating systems and integrate the LIFE objectives into all positions, especially among architects.

WORKING HAND IN HAND WITH STAKEHOLDERS

INCREASING PROFESSIONAL DIALOGUE

It is impossible for one business alone to solve the world's environmental problems, which are so often systemic. That is why collective dialogue has such an important role to play in the Group's environmental policy. It actively participates, alongside public and private stakeholders, in a number of professional technical projects on the protection of natural resources. As a leader in its industry, LVMH plays a driving role in steering its markets toward environmental excellence and contributes to considerable collective progress.

Issues related to sustainable sourcing are central to these efforts, demonstrating the Group's drive to integrate all its stakeholders to achieve continuous progress in its environmental strategy. Its commitment in the wine industry clearly reflects this approach (see p. 24). Furthermore, LVMH is a member of the Biodiversity working groups of Orée, the French environmental non-profit that partners businesses and communities, and the French federation of beauty companies (FEBEA). LVMH also sits on the Responsible Jewellery Council (see p. 29-30), as well as takes an active role in the Coloured Gemstones Working Group, the Leather Working Group (LWG), the Textile Exchange (see p. 30) and Business for Social Responsibility (BSR), the world leading business network dedicated to corporate social, societal and environmental responsibility. In 2019, the Group joined the "Entreprises engagées pour la nature act4nature France" initiative (see p. 32), to help businesses promote and encourage tangible and measurable action to protect nature.

In 2019, LVMH also joined the Zero Discharge of Hazardous Chemicals (ZDHC) foundation, which seeks to promote best practice and the use of safer chemicals at textiles and leather manufacturing facilities (see p. 58).

SETTING UP PROJECT PARTNERSHIPS

LVMH is keen to achieve progress through collective action, which is why the Group regularly establishes project

partnerships. The Group collaborates with several states and local authorities. For example, as a signatory of the new Paris Climate Action Plan, the Group supports the vision for the City of Paris to become carbon neutral and solely powered by renewable energy by 2050. The Champagne Maisons signed a trial agreement with Enedis to expand the use of electric vehicles in rural areas (see p. 40).

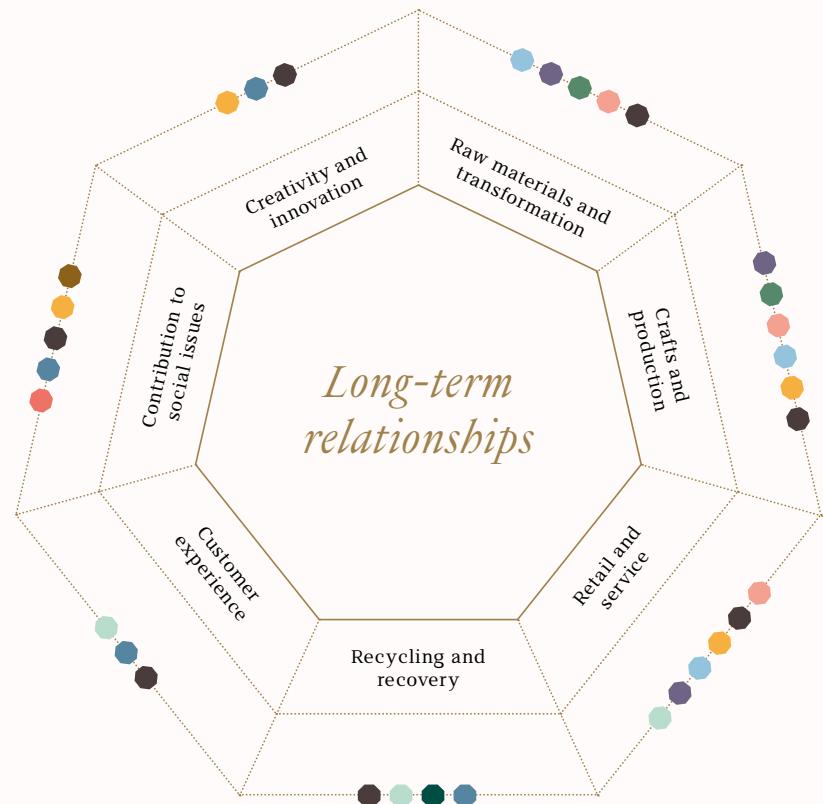
LVMH is also involved with research partners, such as the Foundation for Research on Biodiversity, where it is a member of the 160-strong strategic orientation committee. Located in Montreal, Quebec, the International Reference Center for Life Cycle of Products, Services and Systems (CIRAI) is another of the Group's key partners. As an industrial partner, LVMH supports the Center's work on the circular economy and the water footprint. The Group also supports research to continuously improve farming practices (see p. 26). Certain Maisons such as Bvlgari Parfums have established partnerships to enhance the practices in cultivating and harvesting jasmine (see p. 28).

In addition to these partnerships, LVMH has set up partnerships in the academic world, enabling the Group to support students as they train, increasing their awareness of environmental issues while fueling its own creativity and capacity for innovation. One of the most iconic partnerships is the one established in the UK with Central Saint Martins, an internationally renowned London-based institution (see p. 46-48).

SUPPORTING SCIENTIFIC RESEARCH

In addition to expanding knowledge, LVMH seeks to facilitate knowledge transfer from the scientific community to the business world and civil society. Driven by the strong belief that scientific knowledge can help companies better take into account the need to preserve natural resources in their corporate strategies, the Group supports research into natural capital in particular. LVMH went one step further by financing the creation of a Chair of Environmental Accounting in partnership with AgroParisTech (the Paris Institute of

The Group's main stakeholders at each stage of the value chain



● Federations and professional associations

- Comité interprofessionnel du vin de Champagne (CIVC)
- Business Social Responsibility (BSR)
- Textile Exchange
- Leather Working Group (LWG)
- Sustainable Fibre Alliance (SFA)
- Better Cotton Initiative (BCI)
- Fédération des Entreprises de la Beauté (FEBEA)
- Roundtable on Sustainable Palm Oil (RSPO)
- Coloured Gemstones Working Group (CGWG)
- Responsible Jewellery Council (RJC)
- Association Orée
- Institut de liaisons des entreprises de consommation (ILEC)
- European Brands Association AIM
- Entreprises engagées pour la nature act4nature France
- Union Française de la Bijouterie, Joaillerie, Orfèvrerie, des Pierres & des Perles (UFBJOP)
- Southeast Asian Reptile Conservation Alliance (SARCA)

● Schools and academies

- AgroParisTech and ParisTech Foundation
- Central Saint Martins
- ESSEC
- Bee School
- International Reference Center for Life Cycle of Products, Services and Systems (CIRAI)
- Parsons Paris and New York

● States and regional authorities

- European Union
- Paris Climate Action
- French national emergency aid package for the Amazon
- Cosmetic Valley
- Regions: Tuscany and Veneto

● Local communities

- Floriculture Production companies in Tamil Nadu (India)
- Farmers in Africa (crocodiles)
- Miners in the regions concerned
- Farmers and local communities in Peru for the protection of vicuñas

● Cashmere (farmers and shepherds in Mongolia)

- Cognac winegrowers' association
- Beekeepers

● Industry and certification bodies

- Competent authorities in the various regions

● Suppliers and sub-contractors

- Livestock farmers
- Farmers
- Grape suppliers
- Tanners
- Packaging industry

● Partners for innovation

- Maison/o, the incubator run by LVMH and Central Saint Martins
- Maison des Startups LVMH
- DARE intrapreneurship
- Foundation for Research on Biodiversity (FRB)
- Solar Impulse Foundation

● Recycling service providers

- CEDRE platform

● Civil society, NGOs, international institutions

- UN (signatory of the Global Compact)
- UNESCO
- French Observatory of Apidology
- Brittany Black Bee Conservatory (ACANB) of Ushant island
- Fashion Transparency

● Investors and non-financial ratings agencies

- Vigeo Eiris
- FTSE4Good
- ESG MSCI
- Sustainalytics
- SAM

● Customers

This list is not exhaustive.

Technology for Life, Food and Environmental Sciences) and the ParisTech Foundation (see p. 60). The Group has also set up a partnership with the Solar Impulse Foundation to develop clean technology together (see p. 39).

TAKING ACTION THROUGH CORPORATE SPONSORSHIP

Several LVMH Maisons position their efforts to protect bees at the heart of their environmental commitment (see p. 32). These insects are threatened with extinction, yet they have a key role to play in preserving biodiversity, which is why they hold a special place in the Group's charitable initiatives. This is especially true at Guerlain, which adopted the bee as its symbol in 1853. The Maison has been working with and supporting the Brittany Black Bee Conservatory (ACANB) of Ushant island for a number of years. Since 2015, it has also been helping the French Observatory of Apidology to achieve its goal of training 30,000 new beekeepers in Europe, and creating 10 million new bee colonies by 2025.

During the third edition of the Bee University held at UNESCO headquarters in Paris, Guerlain presented its program to identify solutions and best practice to protect and preserve bees, as part of the organization's Man and Biosphere (MAB) conference (see p. 31). In 2018, Guerlain also launched the Bee School, which enables hundreds of employees to go into schools to raise awareness among children of issues relating to biodiversity, bees and the climate.

DRIVING SUSTAINABLE INNOVATION

LVMH firmly believes in the power of ecosystems. Given the Group's position as a leader in the industry, it is keen to encourage entrepreneurial spirit to stimulate innovation in its quest for environmental excellence. Its efforts are structured by two complementary wide-scale programs: DARE (Disrupt, Act,

Risk to be an Entrepreneur), an initiative designed to enhance entrepreneurial skills and open innovation among employees, and la Maison des Startups, the Group's startup incubator in Station F.

DARE gives LVMH employees the opportunity to express their vision of innovation in areas of strategic importance to the Group and transform it into a tangible project. The online Cycl'Up platform combines circularity with creativity by selling unused surplus stock of material and leather. The Gold in the Seeds project reuses waste from the wine-making process to provide Perfumes & Cosmetics Maisons with high quality raw materials.

The Group supports innovation through the acceleration program run by la Maison des Startups, which each year takes on several dozen international startups. In 2019, the third intake of enterprises included three startups that stood out in terms of their environmental responsibility: Reflaunt offers brands "second-hand" solutions, Beautigloo designs an environmentally friendly refrigerated cosmetics box and Bluedigo sells fully eco-responsible office furniture and supplies.

Each year, the Group also presents the "LVMH Innovation Award" at the Viva Tech event to the most promising startup. Terranovis, one of the 30 startups selected as 2019 finalists, specializes in geo-information services to better manage soils and land.

Furthermore, the Maison/o incubator (see p. 48), which was born from a partnership between LVMH and Central Saint Martins, intends to harness design as a driver of responsible and sustainable innovation. The incubator has deployed two initiatives—Green Trails (see p. 46) and the Symposiums, which question the way in which design can become a powerful agent of sustainable innovation.

A CERTIFIED AND RECOGNIZED STRATEGY

To identify new solutions to the environmental and social challenges the world is currently facing, LVMH also works with external rating agencies. The Group responds to questionnaires prepared by independent non-financial rating agencies, so long as they do not involve any financial contribution. LVMH continuously strives to avoid any actual or apparent conflict of interest. Its long-standing commitment to environmental protection once again earned the Group a place among the companies selected for the leading responsible investment indices in 2019.



As a signatory of the UN Global Compact, LVMH submitted its Communication on Progress (CoP) in November 2019 for the GC advanced level.

Non-financial certifications



In May 2019, 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 1st, 2019, since it was launched in June 2013.



In December 2019, FTSE Russell gave LVMH a rating of 4/5.

In January 2020, LVMH was confirmed as a member of the FTSE4Good Global 100.



In 2019, LVMH was rated A (on a scale from AAA to CCC) by the ESG MSCI rating scale of the 11 largest Textiles, Apparel & Luxury goods companies.⁽¹⁾

At the end of 2019, LVMH was once again included in the MSCI World, Europe, Euro and France indices.

⁽¹⁾Read the MSCI disclaimer: <https://www.msci.com>



In February 2020, Sustainalytics gave LVMH an overall ESG risk rating of 81/100 and 89/100 for its Textiles & Apparel and Luxury Apparel segments, respectively. Sustainalytics, a leading independent global provider of ESG and corporate governance research and ratings, considers LVMH presents the lowest risk of major financial impact from ESG matters. LVMH also ranks second in the Textiles & Apparel and Luxury Apparel segments.

In late 2019, LVMH was selected as part of the STOXX Global ESG Leaders, ESG Governance Leaders and ESG Social Leaders indices.



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.

2019 PERFORMANCE AND OBJECTIVES ENVIRONMENTAL INDICATORS

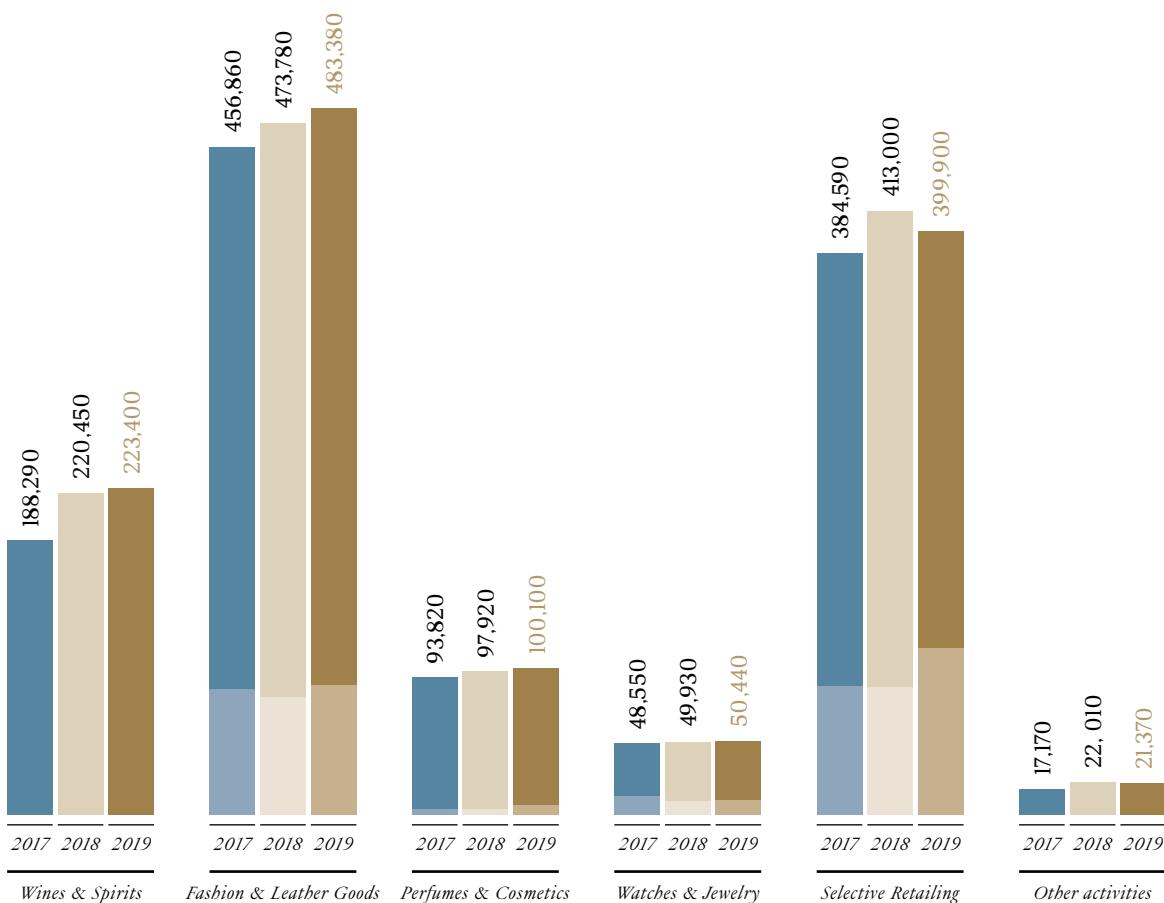
Energy

Energy consumption (in MWh)

<i>1,189,280</i> <i>of which 190,170</i> <i>estimated*</i> <i>2017</i>	<i>1,277,080</i> <i>of which 219,530</i> <i>estimated*</i> <i>2018</i>	<i>1,278,600</i> <i>of which 218,700</i> <i>estimated*</i> <i>2019</i>
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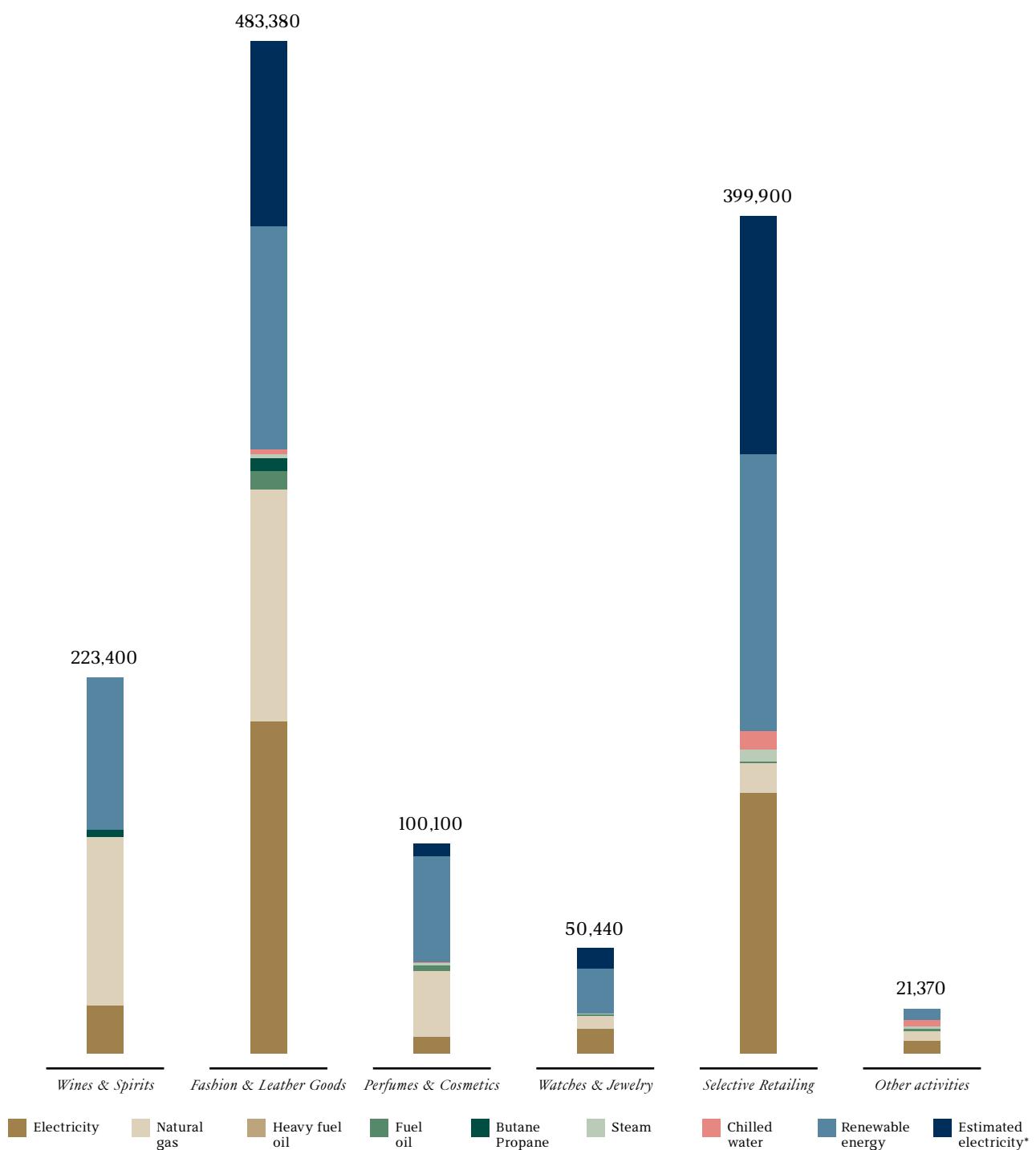
Change in energy consumption by business group (in MWh)

*Of which estimated**



*35% 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 65% of total retail space covered.

Energy consumption by business group and by source (in MWh)



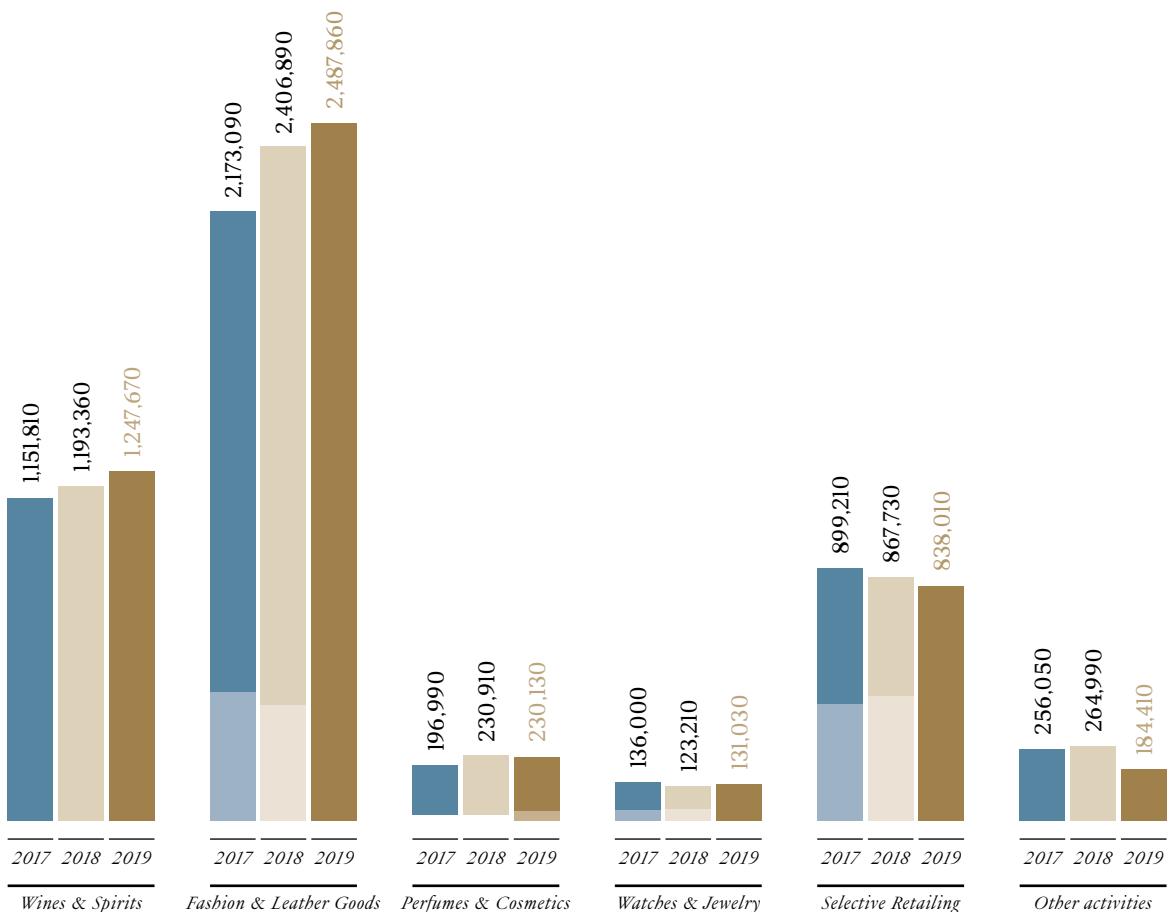
Water

Group water consumption for “process” purposes (in m³)

<i>4,813,150</i> <i>of which 936,620</i> <i>estimated*</i> <i>2017</i>	<i>5,087,090</i> <i>of which 1,102,020</i> <i>estimated*</i> <i>2018</i>	<i>5,119,110</i> <i>of which 1,192,077</i> <i>estimated*</i> <i>2019</i>
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Change in water consumption by business group for “process” purposes (in m³)

*Of which estimated**

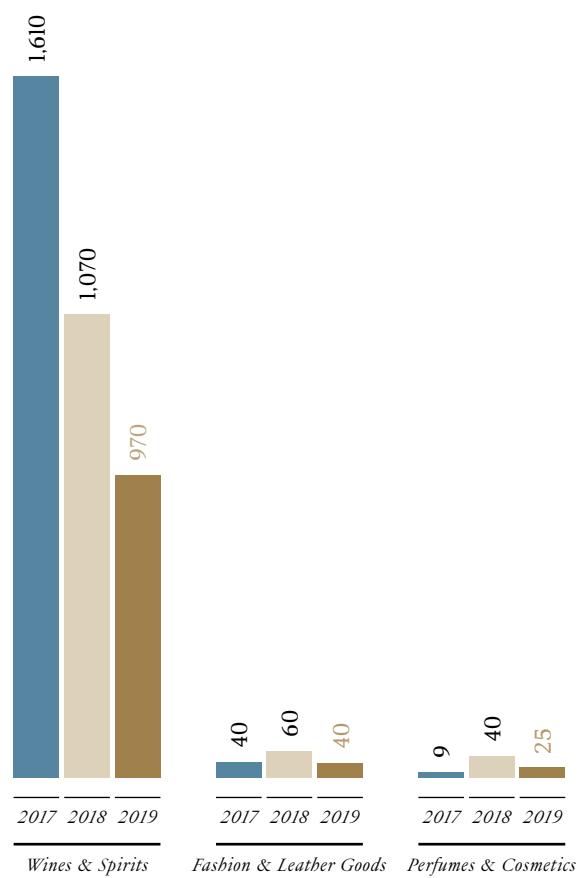


*80% of retail space is not included in the consolidated figures for the water consumption indicator. To include this space, an estimate is made on the basis of the actual data for the 20% of total retail space covered.

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

1,660 1,170 1,030
2017 2018 2019

Chemical oxygen demand after treatment by business group (in metric tons per year)



CO_2

Change in greenhouse gas emissions (scopes 1 & 2, in metric tons of CO_2 equivalent)

379,310 <i>of which 101,180 estimated*</i> 2017	384,120 <i>of which 118,250 estimated*</i> 2018	363,960 <i>of which 113,540 estimated*</i> 2019
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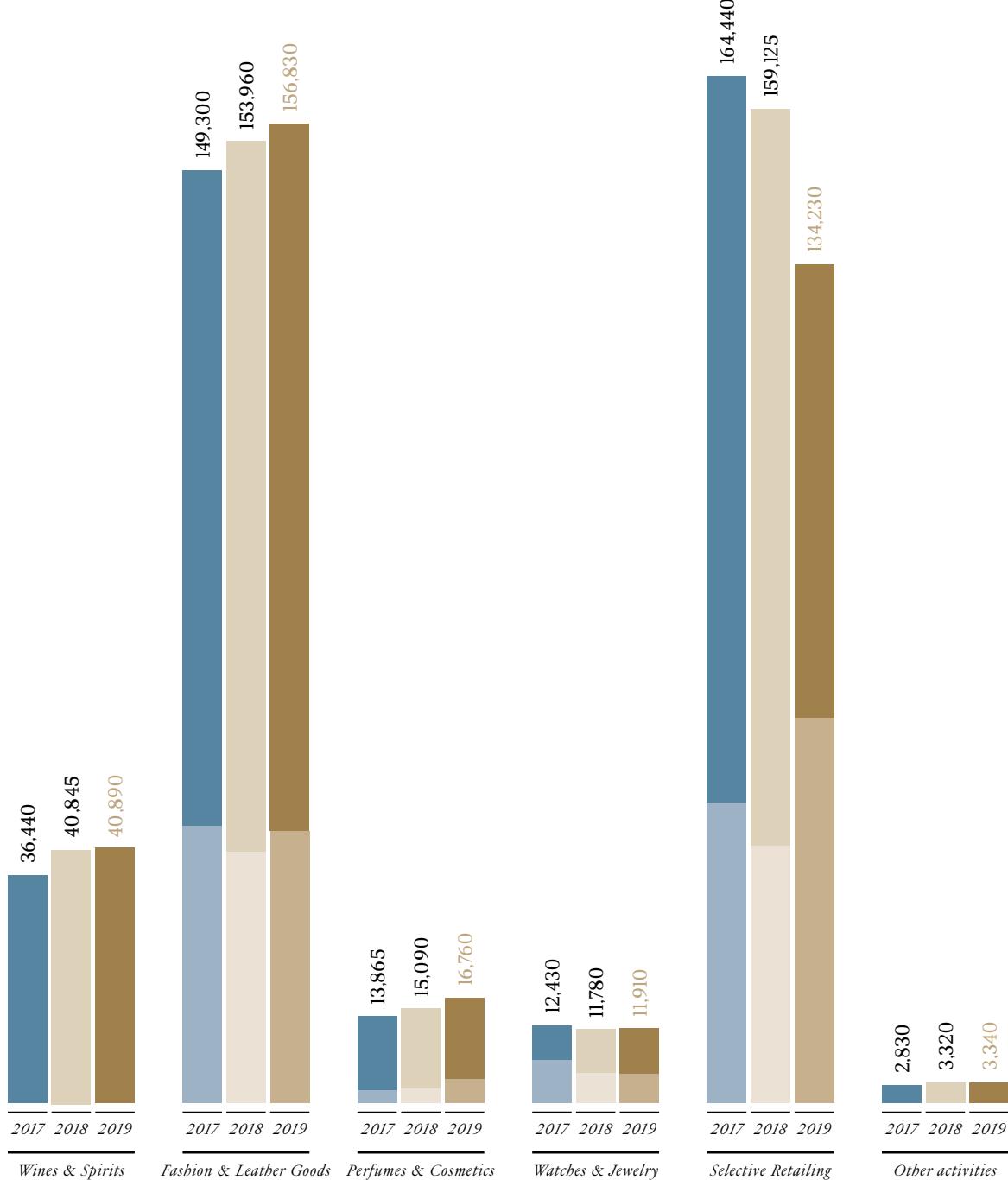
Breakdown of direct and indirect emissions per year (scopes 1 & 2, in metric tons of CO_2 equivalent)

	2017			2018			2019		
	TOTAL	Direct emissions	Indirect emissions	TOTAL	Direct emissions	Indirect emissions	TOTAL	Direct emissions	Indirect emissions
<i>Wines & Spirits</i>	36,442	69%	31%	40,845	72%	28%	40,893	71%	29%
<i>Fashion & Leather Goods</i>	149,299	25%	75%	153,959	24%	76%	156,828	17%	83%
<i>Perfumes & Cosmetics</i>	13,865	55%	45%	15,093	54%	46%	16,762	43%	57%
<i>Watches & Jewelry</i>	12,433	32%	68%	11,782	24%	76%	11,907	12%	88%
<i>Selective Retailing</i>	164,442	2%	98%	159,125	6%	94%	134,233	2%	98%
<i>Other activities</i>	2,831	33%	67%	3,319	38%	62%	3,340	38%	62%
TOTAL	379,312	23%	77%	384,123	25%	75%	363,963	19%	81%

*35% of retail space is not included in the consolidated figures for CO_2 emission indicators. To include this space, an estimate is made on the basis on the actual data for the 65% of total retail space covered.

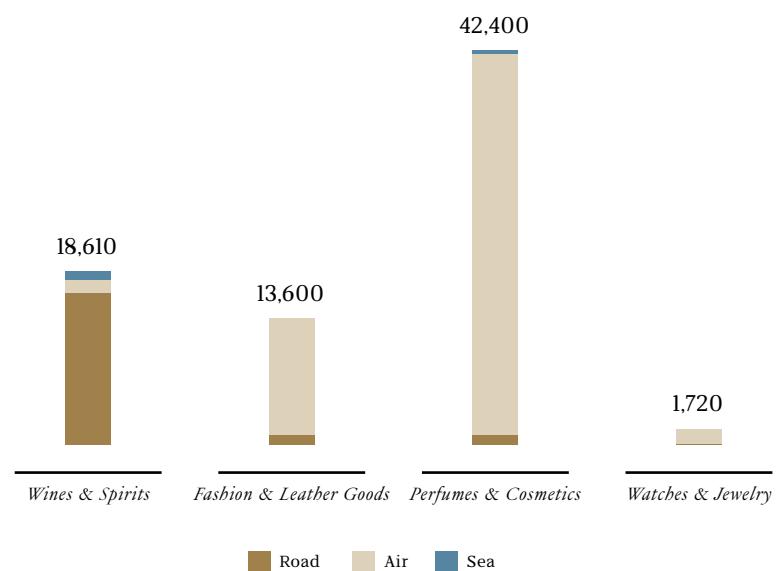
Change in greenhouse gas emissions by business group (scopes 1 & 2, in metric tons of CO₂ equivalent)

■ ■ ■ Of which estimated*

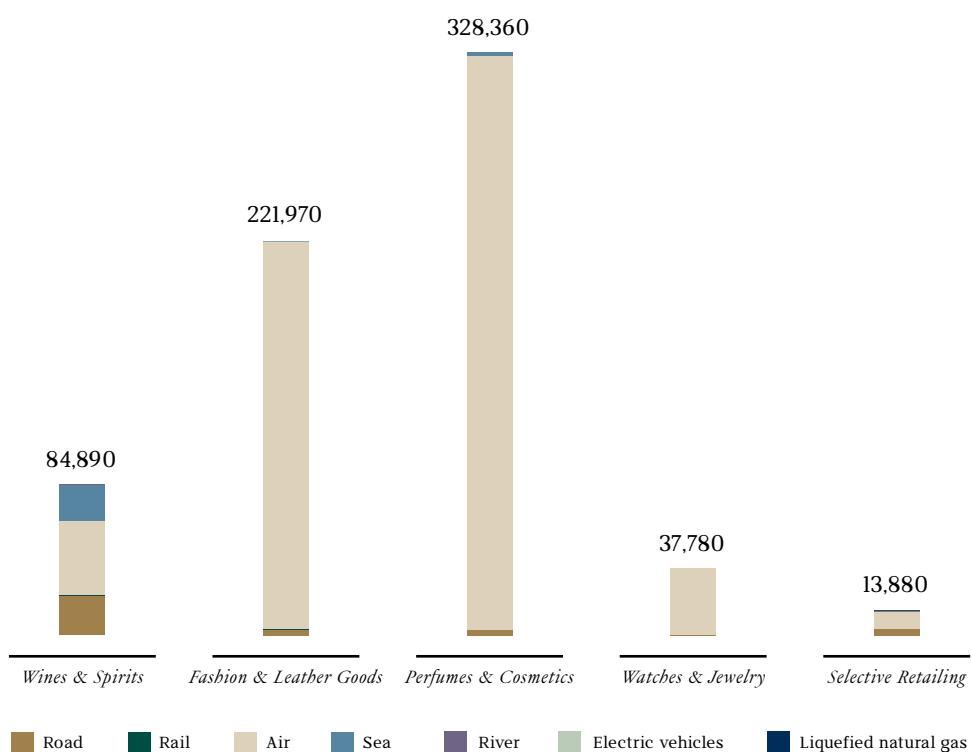


Transportation

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

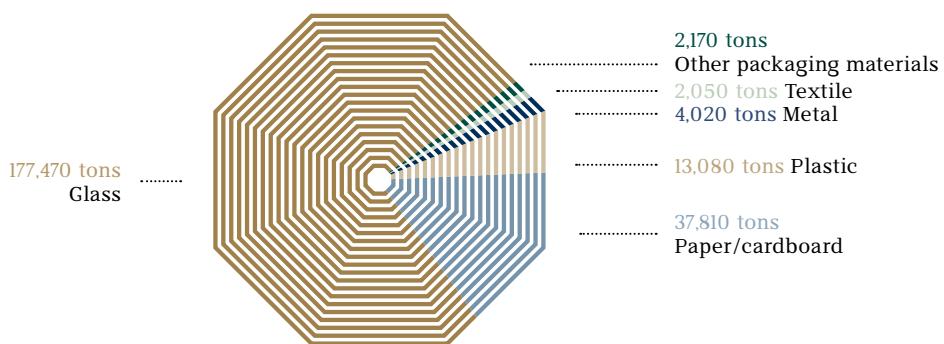


Breakdown of greenhouse gas emissions generated by downstream transportation in 2019 (in metric tons of CO₂ equivalent)

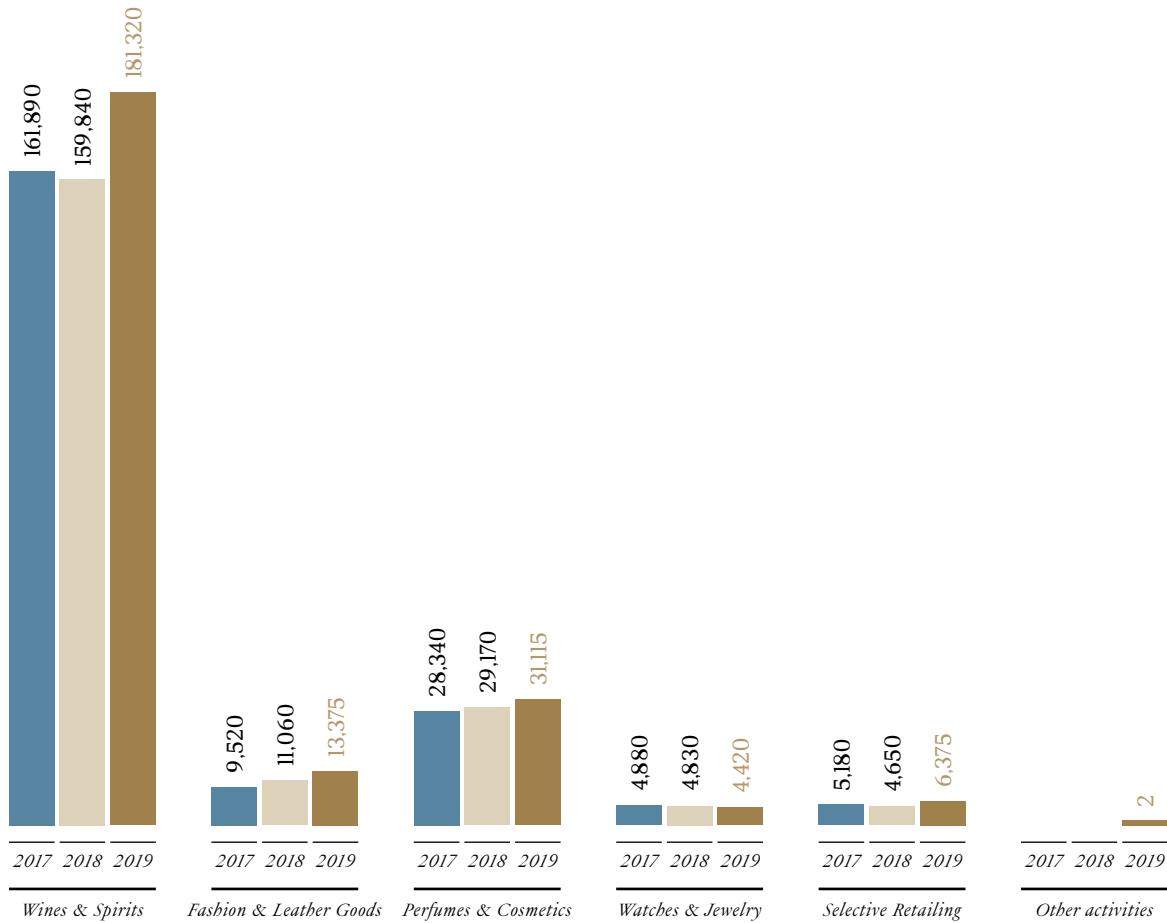


Packaging

Quantity of packaging by type of materials in 2019 (in metric tons)



Packaging given to customers (in metric tons)

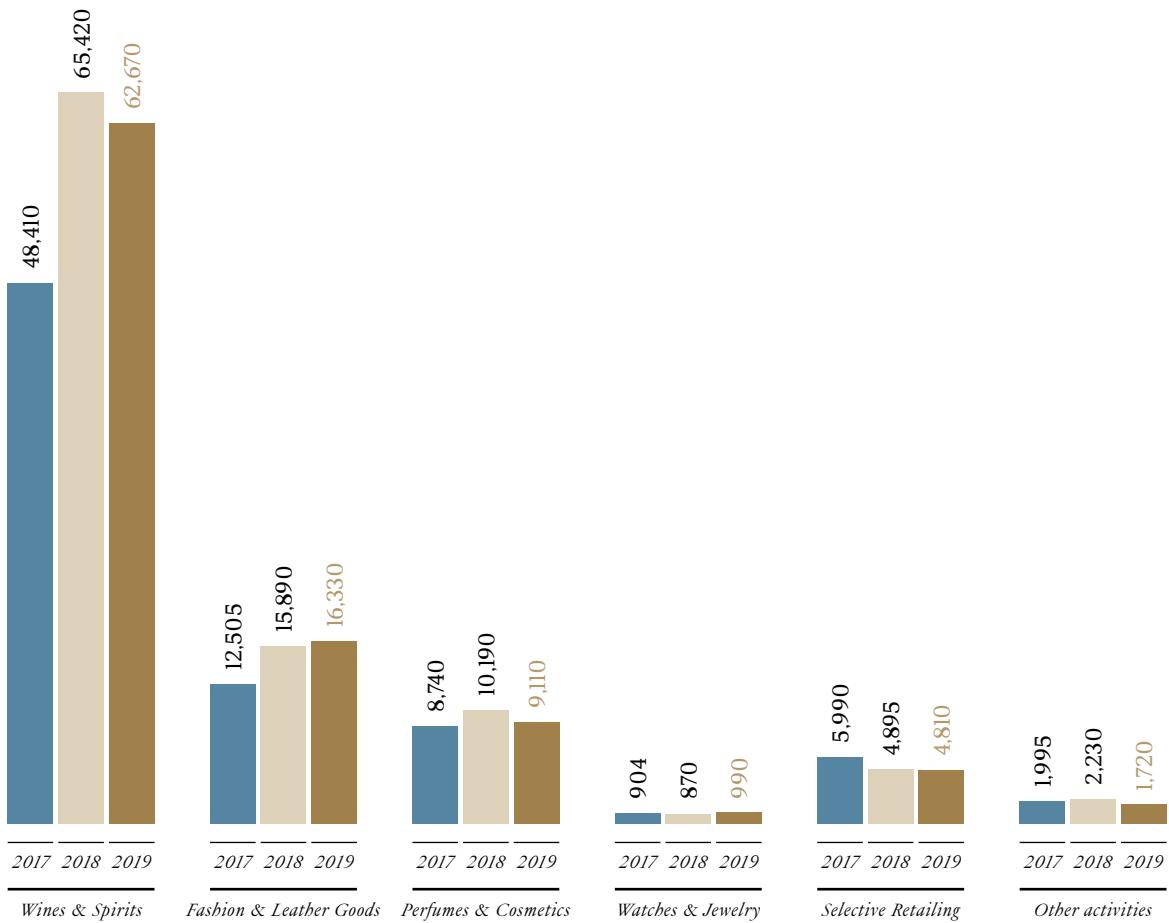


Waste

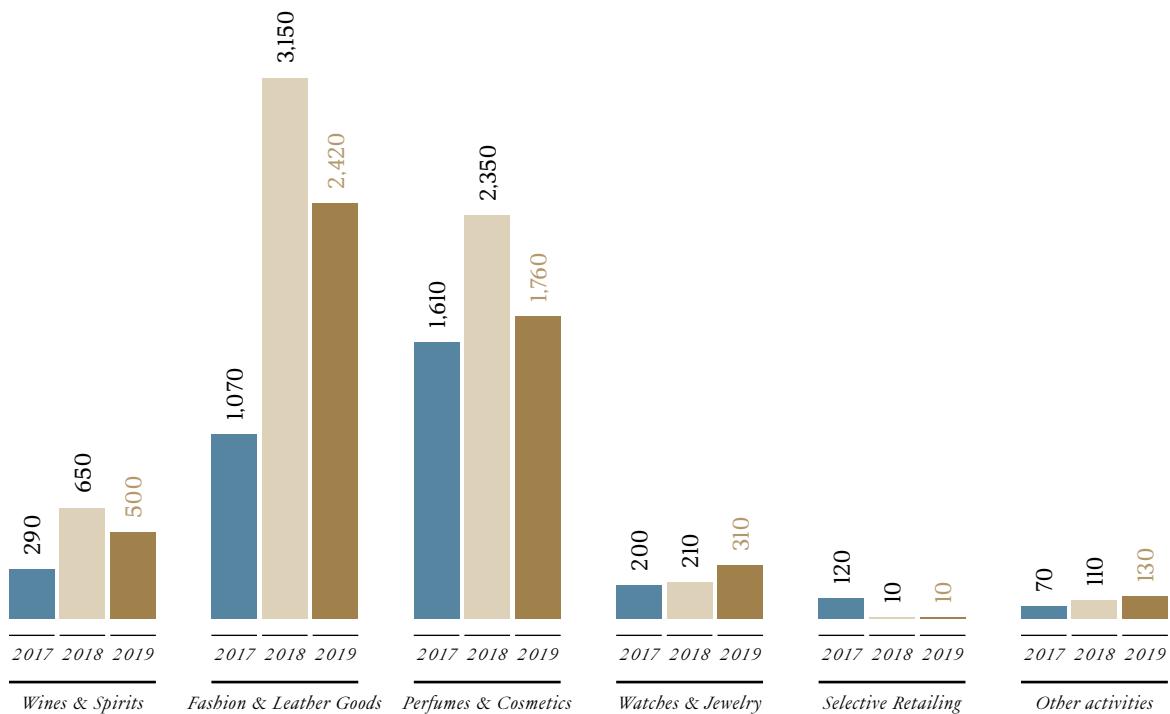
Group waste production (in metric tons)

78,550	99,495	95,620
2017	2018	2019

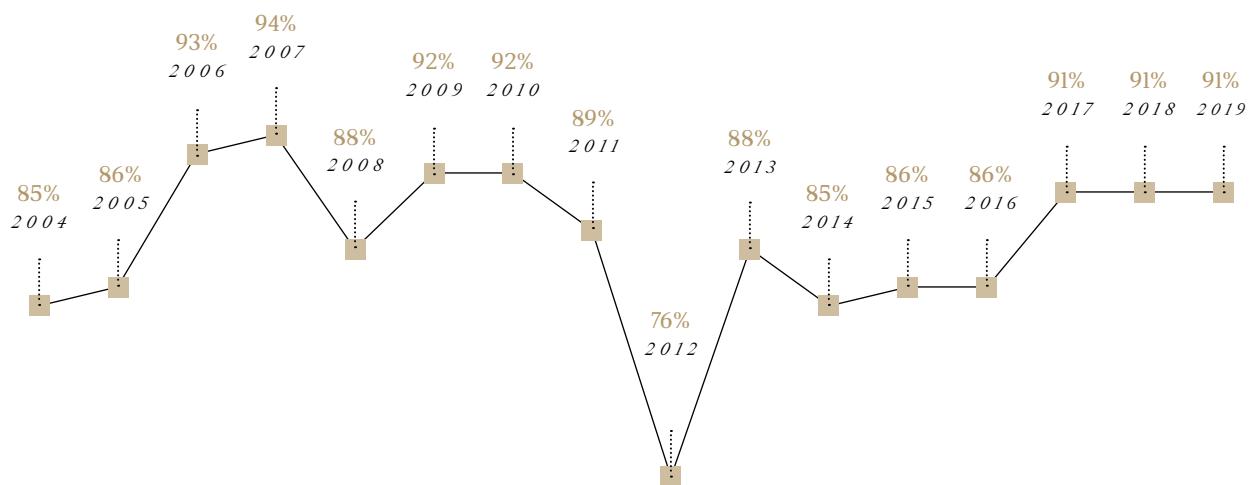
Change in waste produced by business group (in metric tons)



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



Percentage of waste recovered



NOTE ON THE METHODOLOGY OF ENVIRONMENTAL REPORTING

The LVMH Group has been consolidating its environmental indicators since 1999, and has been publishing them since 2001. They are published in the Universal Registration Document, and in the present Group Environmental 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 Environment 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 2019:

**Production, warehouse, and administrative sites
(number)**



(a) Integration on new sites operated by Thélios, Domaine Shrangri-La and Louis Vuitton.

(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 is not included in the 2019 environmental reporting scope.

The industrial, logistics and administrative sites that are not covered by the environmental report are essentially excluded for operational reasons, and are not material. They will gradually be integrated over time.

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^(a):

65%
2019

70%
2018

The retail space operated by the main Maisons used to calculate energy consumption and greenhouse gas emissions are as follows, presented as a percentage of each Maison's total retail space:

	2019	2018
DFS	77	77
Louis Vuitton	69	69
Sephora North America	63	59
Sephora Europe, Asia and Middle East	64	80
Le Bon Marché	100	100
Christian Dior Couture	64	74

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

The following are also taken into account to calculate energy consumption and greenhouse gas emissions: all the French stores owned by Berluti, Givenchy, Guerlain, Kenzo, and Make Up For Ever; and some stores owned by Acqua di Parma, Benefit, Bvlgari, Celine, Chaumet, Fendi, Fred, Hublot, Loewe, Loro Piana, Marc Jacobs, Parfums Christian Dior, Pucci, TAG Heuer and Pink Shirtmaker.

The following are also taken into account to calculate water consumption: certain Berluti, Bvlgari, Chaumet, DFS, Fendi, Guerlain, Kenzo, Loewe, Louis Vuitton and Sephora stores. A total of 1,102,020 m³ of water is consumer by the 20% of retail space taken into account.

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) questionnaire 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 Environment 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 & Associés 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 (metric tons of CO₂ equivalent)*
- Total water consumption for "process" purposes (m³)*
- Chemical oxygen demand (COD) after treatment (metric tons/yr)*
- Total waste produced (metric tons)*
- Total hazardous waste produced (metric tons)*
- Percentage of waste recovered (%)*
- Total packaging sent to customers (metric tons)*
- Environmental Performance Index (EPI) of packaging (value)
- Proportion of grapes (in kg) from its own vineyards or purchased, certified as sustainable viticulture (%)
- Proportion of palm oil derivatives (in kg) certified RSPO Mass Balance or Segregated (%)
- Proportion of leather (in m²) from LWG-certified tanneries (%)
- Proportion of gold (in kg) purchased that is RJC COP or CoC certified
- Proportion of diamonds (in kg) purchased that are RJC COP certified
- Proportion of cotton supply (in metric tons) purchased that is organic or BCI certified (%)
- 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 "Sector" objective
- The fight against climate change and monitoring the LIFE "Climate change" objective
 - Environmental management of sites and monitoring the LIFE "Sites" objective

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 for 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, cleaning, and watering green spaces, etc.). These types of water consumption are generally measured.

WATER POLLUTION

Water pollution is expressed in metric tons of chemical oxygen demand (COD). 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, e.g. paper and cardboard, and some plastics, etc.
 - Organic recovery: composting and controlled spreading of organic waste in order to fertilize soil, etc.
 - Energy recovery: incinerating the waste and recovering the energy generated by the combustion process 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 & 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). The CO₂ value for the reporting year covered 65% of total emissions in 2019.

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 initial 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 the Group's 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 Environment 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
- Prevent noise and vibrations (not including workplace protection)
- Protect biodiversity and the landscape
- Research and development
- Conduct other environmental protection activities.

Images

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