



LVMH

2018 SOCIAL  
RESPONSIBILITY  
REPORT



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Chantal Gaemperle  
Director of Human Resources and Synergies

Being respectful, passing on expertise, being supportive and making a commitment: these are the pillars of social responsibility at LVMH. There is a growing consensus – expressed by our employees, our partners, our customers and society at large – that businesses should be transparent, behave ethically and have a positive impact on the world around them, and our approach responds to these high standards. It is rooted in who we are; our position as a leading global group in our sector; our values of creativity, entrepreneurship and excellence; and our deepest conviction: that people make the difference.

By making people our core focus, we have built a corporate social responsibility approach founded on consideration and respect for all – first and foremost our employees. This long-term commitment means taking concrete steps to develop our entire talent pool, being there for our employees, building more inclusive organizations, and helping disadvantaged and vulnerable populations.

As an example, women make up nearly three-quarters of the Group's workforce, yet in 2007 they accounted for only 23% of our senior executives. In the space of 10 years, driven by our determination to ensure equal opportunity, we boosted this proportion to 42% and are aiming for 50% by 2020. In society, women are also the primary victims of poverty and the hardest hit by the rise in single-parent families. In 2018, we once again hosted around 6,000 women and children from single-parent families at the Jardin d'Acclimatation in Paris for a day of professional and social support – and fun. This event was part of LVMH's job coaching program, which the Group and its Maisons pursue throughout the year to help people overcome difficulties to secure employment.

That's the fundamental ethos behind our approach: working to ensure that everyone is treated fairly and promoting social inclusion. Read on to find out more about our policy, the many initiatives we took in 2018 and the results.

# A YEAR OF COMMITMENTS FOR LVMH AND ITS MAISONS



## January 2018

At the third LVMH IME Village, held in Seine-Saint-Denis, job-seekers and students have the opportunity to learn about professions that embody excellence.



## February 2018

The LVMH Group launches wecareformodels.com, in keeping with the Charter on Working Relations with Fashion Models and Their Well-Being, published in 2017.



## March 2018

The LVMH Group is rated France's most attractive employer in the LinkedIn Top Companies ranking for the third consecutive year.



## March 2018

At the initiative of the French President and the Secretary of State for Gender Equality and the Fight against Discrimination, LVMH joins the Davos World Economic Forum's gender equality task force.



## April 2018

The LVMH Group announces the creation of La Maison des Startups, an accelerator program at the Station F startup campus in Paris, which will welcome 50 international startups each year.



## May 2018

Bernard Arnault presents the second LVMH Innovation Award – given to an outstanding startup – at the Viva Technology trade fair.



June 2018

On June 6, the 2018 LVMH Prize for Young Fashion Designers is awarded to Masayuki Ino, presented by Emma Stone and Jaden Smith.



June 2018

LVMH holds its fourth DARE open innovation and intrapreneurship initiative, in China.



July 2018

Anne-Solène Rives, winner of the LVMH Young Talent CSR Award, presents her designs at Greenshowroom during Berlin Fashion Week.



October 2018

The LVMH *Journées Particulières* open-house event lets 180,000 people visit 77 exceptional sites within our Maisons, located in 14 countries across five continents.



October 2018

LVMH's Institut des Métiers d'Excellence celebrates the arrival of its fifth class of participants in France and Switzerland, and its second class in Italy.



December 2018

LVMH's Engaged Maisons Dinner brings together the Group's Maisons at the Palais Brongniart to support the fight against sickle cell anemia.

## A CSR STRATEGY EMBODYING THE GROUP'S VALUES AND PRIORITIES

THE LVMH GROUP HAS BUILT ITS LEADING POSITION THROUGH A UNIQUE COLLECTION OF 70 EXCEPTIONAL MAISONS, OPERATING IN SIX BUSINESS SEGMENTS. EACH OF THEM DESIGNS PRODUCTS THAT EMBODY UNIQUE EXPERTISE AND A REMARKABLE HERITAGE WHILE SHARING CORE VALUES THAT ENSURE THE GROUP'S LONG-TERM FUTURE.

### THE LVMH SPIRIT

The LVMH Group was formed from the merger of Louis Vuitton and Moët Hennessy in 1987. In 1989, Bernard Arnault became the majority shareholder and Chairman and Chief Executive Officer, with a clear vision: making LVMH the world leader in luxury. The LVMH Group now has 70 Maisons. It is the only luxury goods player to simultaneously operate in five key sectors:

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

The LVMH Group aims to help each of its Maisons grow over the long term while respecting their own individual identity and autonomy, and providing all of the resources they need to design, manufacture and selectively retail their products and services.



Louis Vuitton Malletier

OUR BUSINESS GROUPS



**Wines & Spirits**

Symbolizing excellence and authenticity, our Wines & Spirits Maisons are unrivalled anywhere in the world.



**Watches & Jewelry**

Watches & Jewelry – the Group’s most recently established business group – brings together leading Maisons with complementary positioning.



**Fashion & Leather Goods**

This outstanding business group is made up of Maisons with a unique heritage and up-and-coming new brands. Each of their creations is a timeless object of desire.



**Selective Retailing**

Because every customer is unique, the Group’s Selective Retailing brands offer each one a buying experience that matches their aspirations.



**Perfumes & Cosmetics**

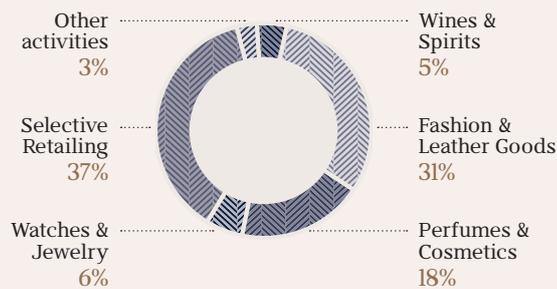
A major global player in perfumes, makeup and skincare, the Perfumes & Cosmetics business group encompasses great historic Maisons as well as young, high-potential brands.



**Other activities**

This business group consists of Maisons that share a desire for excellence and a passion for culture and *art de vivre*, offering a unique client experience.

WORKFORCE BY BUSINESS GROUP (as %)



## SHARED VALUES

Three fundamental values drive our performance and ensure our long-term future. Shared across the entire Group, they guide our employees' actions and are rooted in the firm belief that our talented people are the key to our success.

### Be creative and innovative

Creativity and innovation are part of our DNA. Over the years, they have ensured our Maisons' success and established their legitimacy. This combination of creativity and innovation is the foundation of our Maisons and figures at the heart of the delicate balance required to continually renew our offer while resolutely looking to the future, always respecting our unique heritage.

### Deliver excellence

At LVMH, we never compromise on quality. Because we embody the world of craftsmanship in its most noble and accomplished form, we pay meticulous attention to detail and to perfection. From products to service, we cultivate our difference through this constant quest for excellence.

### Cultivate an entrepreneurial spirit

LVMH has an agile and decentralized organization that encourages efficiency and responsiveness. It stimulates individual initiative by entrusting each person with significant responsibilities. Our entrepreneurial spirit encourages both risk-taking and perseverance. It requires pragmatic thinking and an ability to motivate teams, leading them to achieve ambitious objectives.

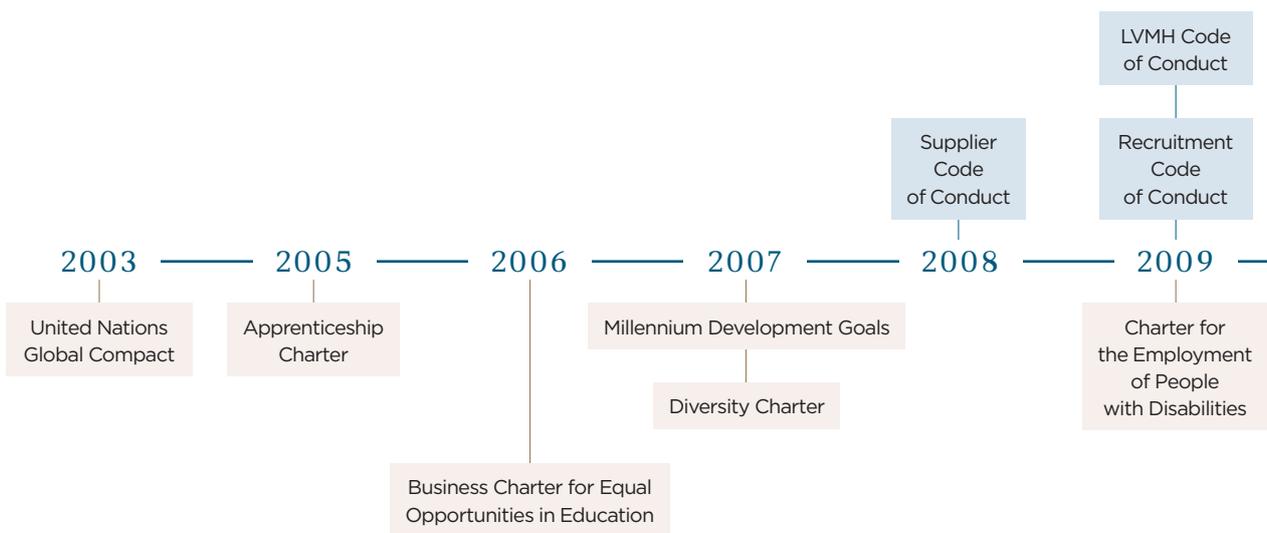
## TURNING OUR VALUES INTO COMMITMENTS

LVMH takes care to ensure that its activities are respectful of human rights. The Group also fosters continuous improvement in working conditions, social inclusion and health – all key factors in developing and protecting human rights.

LVMH is committed to demonstrating vigilance in identifying any direct or indirect negative consequences of its business activities on society in order to prevent or address them. Staying true to its values, LVMH has therefore signed up for a number of major national and international initiatives.

Since 2003, the LVMH Group has shown its support for universal values as a signatory of the United Nations Global Compact, reflecting its commitment to corporate social responsibility. The Group is committed to aligning its operations and strategy with the UN Global Compact's 10 principles related to human rights, working standards, respect for the environment, and the fight against corruption.

LVMH also supports the Universal Declaration of Human Rights, the guidelines of the Organization for Economic Cooperation and Development (OECD), the International Labor Organization's Fundamental Conventions, the United Nations' Women's Empowerment Principles, and the French Diversity Charter. The Group's social responsibility strategy also contributes to the 17 United Nations Sustainable Development Goals (SDGs).



■ LVMH's internal charters and codes    ■ Public undertakings by LVMH

For more information on the Group's environmental undertakings, see LVMH's 2018 Environmental Report.

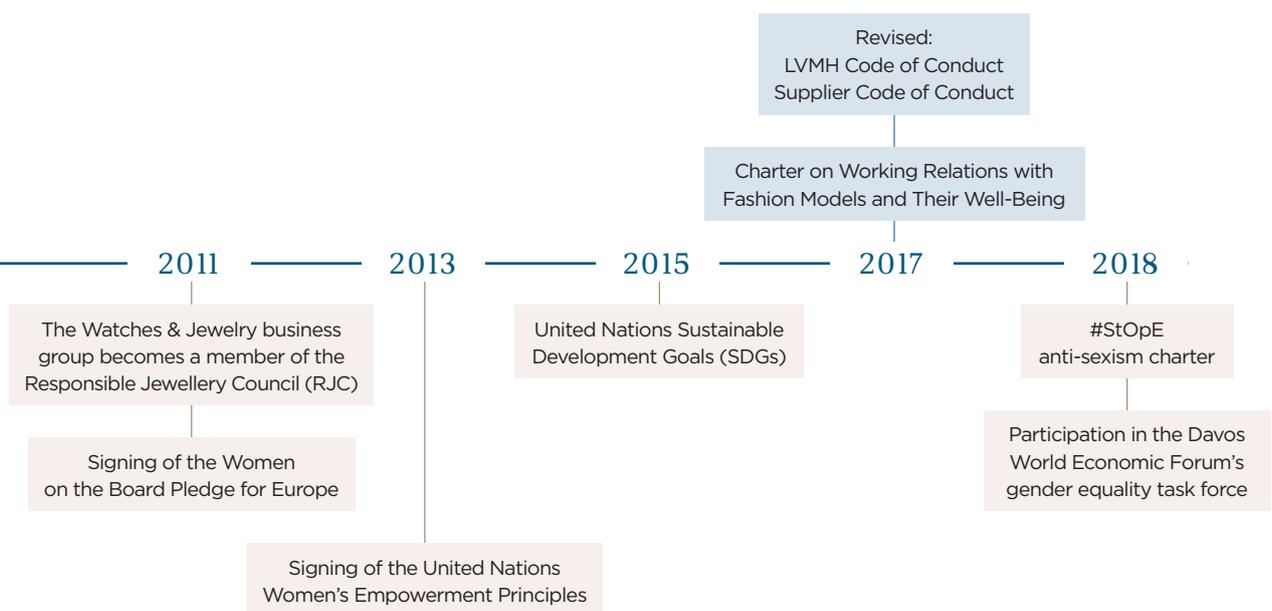
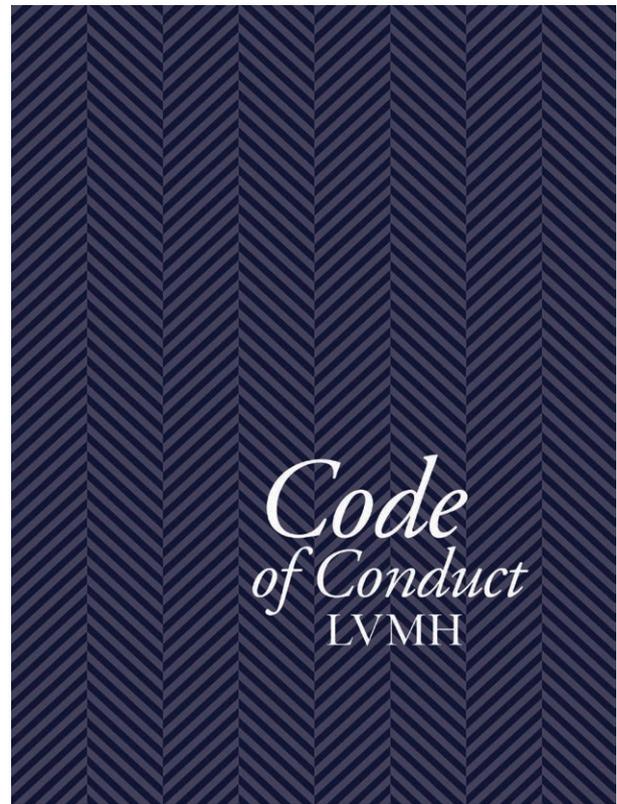
## LVMH CODE OF CONDUCT

The LVMH Code of Conduct, adopted in 2009 and revised in 2017, sets out the core ethics shared by the Group and its Maisons. Reiterating all the principles by which the Group seeks to abide in conducting its business, it sets out rules to be followed by all employees in carrying out their duties and responsibilities, with a particular emphasis on integrity, a key requirement for everyone. The Code ensures consistency and continuous improvement in the practices of all Maisons through six core principles:

- Acting responsibly and with social awareness
- Providing a fulfilling work environment and valuing talents
- Commitment to protect the environment
- Winning the trust of customers
- Winning the confidence of shareholders
- Acting with and commitment to integrity in the conduct of business

The Code of Conduct does not replace existing codes and charters at Maisons, but serves as a shared foundation and source of inspiration. Where appropriate, the principles of the Code may be defined in greater detail by each Maison according to its business sector or location. Furthermore, locally applicable codes or charters may be implemented where this is appropriate in light of local laws and regulations.

At Group level, the Code of Conduct is supplemented by specific adapted versions: the Supplier Code of Conduct (also revised in late 2017) and the Recruitment Code of Conduct, adopted in 2009.



## TAKING WORKFORCE-RELATED AND SOCIAL ISSUES INTO ACCOUNT

The Group monitors and adapts to trends and developments in society, analyzes risks and challenges linked to those developments, and engages in dialogue with its stakeholders.

The risk-mapping exercise carried out at Group level and at each of the Maisons has helped inform strategic thinking, in particular by identifying risk factors related to specific countries and the types of activities involved with regard to wages, working time, workplace discrimination, freedom of association and trade union membership.

The LVMH Group's statement of non-financial performance (see the Management Report in the 2018 Reference Document) summarizes risks classified as "key risks" by representatives of the various central functions and Executive Management. The statement of non-financial performance identifies three key social risks:

- Loss of key skills and expertise, and difficulty recruiting talented people
- Harm to the health and safety of employees and third parties
- Workplace discrimination

Furthermore, in monitoring workforce-related and social trends affecting each of its business groups, LVMH considers the marginalization of vulnerable populations a major issue.

The Group's approach to workforce-related and social issues is fully aligned with the French Duty of Care Act of March 27, 2017. LVMH's 2018 Reference Document summarizes the information that makes up the Group's vigilance plan, notably in respect of "human rights and fundamental freedoms" and "health and safety".

Throughout the year, LVMH maintains and develops dialogue and discussion with its stakeholders. The Group answers their questions and provides them with a range of information, particularly concerning the workforce-related practices related to its activities. These interactions vary depending on the particular issues facing the Group as a whole, its business groups, its Maisons and each geographic region.

The Group has also entered into formal partnerships, together with specific associated commitments, which constitute another form of engagement with external stakeholders:

- Overall CSR approach: LVMH is a member of ORSE, a CSR think tank
- Non-discrimination: LVMH has been a member of AFMD (a French diversity management nonprofit) since 2013, with a seat on its board since 2014 and as an officer of its board since 2015
- Disabilities: Christian Dior Couture, Hennessy and Parfums Christian Dior have entered into an agreement on employing people with disabilities, and Sephora has signed an agreement with Agefiph (a nonprofit that supports employment for people with disabilities); in 2008, LVMH co-founded Arpejeh (a nonprofit that helps students with disabilities pursue education and training) and holds a seat on its board; the Group has launched the *EXCELLhanCE* program (in partnership with Agefiph, Pôle Emploi and Opcalia), in which Berluti, Fred, Givenchy, Guerlain, Le Bon Marché, Louis Vuitton and Sephora participate
- Supplier relations: LVMH is a member of the Supplier Ethical Data Exchange (Sedex) and of EcoVadis for the Perfumes & Cosmetics business group
- Skills and expertise: For all partnerships with schools and specialized educational institutions, see the "Passing on expertise" section (p. 21-29)
- Supporting access to employment, helping local populations, backing medical research: For partnerships relating specifically to these commitments, see the "Making a commitment" section (p. 37-45)

	Ongoing interaction	Occasional interaction
<b>Internal stakeholders</b>	<ul style="list-style-type: none"> <li>Relationships and dialogue with employee representative bodies: SE Works Council, Group Works Council and individual company Works Councils</li> <li>Health and Safety Committees</li> <li>Specific employee networks (e.g. EllesVMH)</li> </ul>	<ul style="list-style-type: none"> <li>Company agreements on specific subjects</li> <li>Satisfaction surveys and measuring employee engagement</li> </ul>
<b>States, multilateral institutions, government departments, local government and supervisory bodies</b>	<ul style="list-style-type: none"> <li>Relations resulting from the Maisons' many interactions relating to international, national and local regulations of all kinds</li> <li>Relations with regulators (Autorité des Marchés Financiers, etc.)</li> <li>Various reporting requirements to government departments (work accidents, occupational illnesses, taxes, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Signing undertakings (on diversity, apprenticeships, etc.)</li> <li>Trialing best practices</li> <li>Projects bringing together different stakeholders in a given area</li> </ul>
<b>Investors, shareholders and non-financial ratings organizations</b>	<ul style="list-style-type: none"> <li>Shareholders' Meetings and Shareholders' Club</li> <li>In conjunction with the Financial Communications Department:                             <ul style="list-style-type: none"> <li>- Roadshows (financial and non-financial analysts)</li> <li>- Responses to rating agencies' ESG (environmental, social and governance) questionnaires</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Occasional requests from investors, asset managers and ratings organizations (in conjunction with the Financial Communications Department)</li> <li>Conferences, working groups and public discussions</li> </ul>
<b>Contractual external stakeholders</b>	<ul style="list-style-type: none"> <li>Managing customer relationships</li> <li>Relationships with suppliers, subcontractors and commercial partners</li> <li>Statutory auditors and other external auditors</li> <li>Certification bodies</li> <li>Industry experts and academic research groups</li> <li>Professional organizations (employers' unions, trade federations, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Responding to customer requests</li> <li>Supplier and subcontractor questionnaires and audits</li> </ul>
<b>Non-contractual external stakeholders</b>	<ul style="list-style-type: none"> <li>Non-governmental organizations (NGOs), foundations, public interest bodies</li> <li>Consumer organizations</li> <li>Media</li> </ul>	<ul style="list-style-type: none"> <li>Occasional or issue-based NGO and consumer organization campaigns</li> <li>Relations with local community organizations in connection with plans to set up new sites</li> </ul>

## 4 CSR PILLARS

Based on its workforce-related and social priorities, and interactions with its stakeholders, LVMH has crafted a social responsibility policy that brings its values to life. It implements this policy with the help of the Maisons.

Group-wide priorities shared by all the Maisons provide an overall framework for action while leaving them free to identify other priorities specific to their business and environment, and to adapt their own action plans.

These four priorities are as follows:

- Being respectful: Preventing discrimination and respecting individuality
- Passing on expertise: Developing talent and preserving expertise
- Being supportive: Improving quality of life in the workplace
- Making a commitment: Promoting local development and getting involved with communities

In addition, the Maisons' heritage and social responsibility initiatives mean they can respond to their customers' desire for meaningful engagement.

<p><b>Being respectful</b> (Preventing discrimination, respecting individuality)</p>	<p><b>73%</b> of the Group's total workforce is made up of women</p> <p><b>42%</b> of key Group positions held by women Target of "50/50 by 2020" to achieve parity in these positions</p> <p><b>41</b> Maisons have signed the United Nations Women's Empowerment Principles</p> <p><b>13.3%</b> of employees aged 50 and over</p> <p><b>32.6%</b> of employees under 30</p> <p><b>1.1%</b> of employees have disabilities (4.4% in France: sum of direct and indirect employment rates)</p> <p><b>17% more</b> purchases made with companies specifically employing people with disabilities* in France</p>
<p><b>Passing on expertise</b> (Talent and expertise)</p>	<p><b>156,088</b> employees</p> <p><b>40,614</b> people recruited under permanent contracts</p> <p><b>8,527</b> permanent jobs created</p> <p><b>7.8% more</b> invested in training</p> <p><b>58.9%</b> of employees have received training</p> <p><b>56%</b> of management positions filled internally</p> <p><b>1,443</b> young people on apprenticeship or vocational training contracts in France at end-2018</p> <p><b>500</b> apprentices trained at LVMH's Institut des Métiers d'Excellence since 2014</p>
<p><b>Being supportive</b> (Well-being)</p>	<p><b>24.6% more</b> invested in improving working conditions</p> <p><b>27.4% more</b> employees trained in safety</p> <p><b>4.9%</b> absence rate</p> <p><b>13%</b> of the workforce has variable or adjusted working hours</p> <p><b>107</b> company-wide agreements in France</p>
<p><b>Making a commitment</b> (Local areas and communities)</p>	<p><b>€130 million</b> invested in R&amp;D</p> <p><b>180,000</b> visitors at the 2018 <i>Journées Particulières</i> open-house event</p> <p><b>89</b> positions available at LVMH's La Maison des Startups at Station F in France</p> <p><b>588</b> ninth-grade student interns hosted</p> <p><b>149</b> ninth-grade student interns from disadvantaged schools</p> <p><b>4,500</b> mentoring and sponsorship initiatives</p> <p>Ongoing support for organizations that help vulnerable populations and those in need</p>

Data refers to the Group's worldwide operations unless otherwise indicated.

\* *Secteur protégé et adapté* in French, which literally translates to "sheltered and adapted sector" and comprises companies known in French as ESAT (*établissements et services d'aide par le travail*) and EA (*entreprises adaptées*).

## A PUBLICLY RATED AND RECOGNIZED APPROACH



LVMH is a signatory of the United Nations Global Compact, and in November 2018 published its Communication on Progress (CoP) at GC Advanced level.

### Non-financial ratings



Since it was launched in June 2013, LVMH has been a member of the Euronext Vigeo Eurozone 120 index, updated on December 1, 2018.



In January 2019, LVMH was confirmed as a member of the FTSE4Good Global 100.



In March 2018, LVMH was once again confirmed as one of the top 10 companies in France in the MSCI Europe and MSCI France indices. At the beginning of 2019, LVMH was also selected to join the MSCI World index. In December 2018, LVMH was awarded an ESG rating of “A” as one the top 10 companies in the textile, apparel and luxury goods sector.



In September 2018, LVMH was confirmed as a member of the updated Ethibel Sustainability Index. In December 2018, LVMH once again received Forum Ethibel’s “Ethibel Excellence” award, which recognizes companies that have shown the strongest CSR commitment and are likely to be included in the investment registers of socially responsible investment (SRI) funds.

### Employer rankings



For the 13<sup>th</sup> year in a row, LVMH was ranked number-one on Universum France’s list of preferred employers for students at France’s leading business and management schools, published in March 2018.



In the third annual LinkedIn Top Companies rankings, also released in March 2018, LVMH was once again named “Most attractive employer in France”, and in 2018 the Group joined the dedicated US ranking, in 19<sup>th</sup> place.

A close-up photograph of a man with a shaved head and a short beard, wearing a white lab coat over a dark t-shirt. He is focused on his work, looking down at a piece of black fabric he is holding. The fabric has white dashed lines, possibly indicating a pattern or stitching. The background is blurred, showing what appears to be a workshop or factory setting.

# BEING RESPECTFUL

*Fostering inclusion and  
workplace gender equality*

*Giving older employees  
a key role in passing  
on skills and expertise*

*Promoting employment for  
people with disabilities*

# FOSTERING INCLUSION AND WORKPLACE GENDER EQUALITY

PREVENTING DISCRIMINATION AND PROMOTING DIVERSITY  
ARE DEEPLY ROOTED IN THE LVMH GROUP'S CULTURE, AT EVERY STAGE  
IN OUR EMPLOYEES' CAREER PATHS. WITH WOMEN ACCOUNTING  
FOR THREE-QUARTERS OF THE WORKFORCE, WE ARE PARTICULARLY ATTENTIVE  
TO GENDER EQUALITY AND PROFESSIONAL DEVELOPMENT FOR WOMEN.

## LVMH SIGNS THE #StOpE CHARTER

In December 2018, LVMH signed the #StOpE charter, committing to fight "everyday" sexism in the workplace and to implement one of the eight priority actions set out in the charter starting in 2019.

The LVMH Group is committed to building an inclusive organization that respects the individuality of each employee and each job candidate. The Code of Conduct - the common ethical foundation of the Group and its Maisons - reasserts, specifies and refines the principles of conduct intended to guide the actions of all employees. It specifies that "LVMH prohibits all forms of discrimination in recruitment, compensation, working time, breaks or paid vacation, maternity rights, job security, assignment of positions, appraisal, training, career development, job security and workplace health and safety", and that "LVMH is formally committed to ensuring that all employees enjoy their rights irrespective of skin color, sex, religion, political convictions,

national or social origin, age, disability, trade union membership, sexual orientation, or gender identity".

Since 2011, the Group's recruiters have received specific training in preventing discrimination through a mandatory training session, the content of which was expanded and updated in 2018. Furthermore, since 2008 the Group has put in place arrangements for independent oversight of its recruitment practices by appointing an independent firm to carry out discrimination testing on its published job offers. Testing campaigns are run regularly and over long periods; since 2014, they have been worldwide in scope. Results are presented to human resource directors at Group and Maison level, and appropriate action is taken when needed.

## SUPPORTING TALENTED WOMEN

In 2018, women accounted for almost two-thirds (73%) of LVMH's total workforce (staff on permanent contracts). The proportion of female employees is very high in some business groups, such as Perfumes & Cosmetics (83%), Selective Retailing

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## Professional development for women in 2018

**42%**  
of key Group positions  
held by women  
Target of "50/50 by 2020"  
to achieve parity  
in these positions

**73%**  
of the Group's total workforce  
is made up of women

**32**  
participants  
in the EllesVMH  
Coaching program

**41**  
Maisons committed  
to complying with  
the UN Women's  
Empowerment Principles

## GENDER EQUALITY TASK FORCE

On March 8, 2018, Antoine Arnault – a member of the LVMH Group’s Board of Directors – officially confirmed LVMH’s participation in a public-private task force to promote gender equality, at the invitation of the French President

and at the proposal of the Secretary of State for Gender Equality. The World Economic Forum in Davos is behind the initiative, which for the past five years has invited volunteer countries to set up a public-private consortium with

the aim of drawing up a three-year action plan with associated targets to discuss and promote best practice in the area of workplace gender equality. France is the first European country to take part in the initiative.

(83%) and Fashion & Leather Goods (69%). Conversely, men make up the majority of staff in the Wines & Spirits business group, where they account for 62% of the workforce, though the proportion of women recruited has risen in recent years (45% in 2018 versus 43% in 2017).

To ensure that women are highly represented at all levels of seniority, LVMH has put in place career support systems and mechanisms to detect potential high-fliers. This is a critical ambition. In 2018, 65% of management positions and 42% of key positions across the Group were held by women (compared with 59% and 23%, respectively, in 2007), and 13 entities were led by women.

LVMH has set itself a target of achieving gender parity for key positions by 2020, summed up in the slogan “50/50 by 2020”. To reach this goal, the Group runs an annual coaching program for its most promising female employees. In 2018, 33 high-potential female employees took part in this program (bringing the total to 200 since it was launched in 2013).

Regarding compensation, entity-specific tools are put in place to identify and reduce any pay gaps between women and men within the same job category.

For example, Hennessy and Groupe Les Echos both have specific annual budgets for addressing gaps that might reflect potential gender discrimination.

## GLOBAL PROGRAMS

Launched in 2007, the EllesVMH program encompasses all actions taken within the LVMH Group with the aim of promoting a fulfilling working environment and fostering career development for women by guaranteeing equal opportunities. Now a truly international brand, EllesVMH serves as an umbrella for a range of initiatives and helps forge links between women from different generations, Maisons and walks of life, thus contributing to their development within the Group. Other components of the program include EllesVMH Coaching (which had 33 participants in 2018) and EllesVMH Connect training.

In 2018, an EllesVMH version of the DARE intrapreneurship program (see page 27) was rolled out. DARE EllesVMH aims to leverage open innovation to improve the gender balance within

the LVMH Group. In particular, DARE EllesVMH provided an opportunity to think together about how to achieve the “50/50 by 2020” target. Of the nearly 750 employees who submitted innovative solutions to diversity challenges, 60 talented individuals from the Group and its Maisons attended the event, held from March 6 to 9, 2018 near Venice, Italy. At the end of the event, three projects were selected to be taken into the development phase, with the winning teams receiving support and mentoring to help make their ideas a reality.



DARE session

## LVMH MAISONS COMMITTED TO GENDER EQUALITY

### Christian Dior Couture

The Maison's actions are underpinned by a company-wide agreement that includes four key levers: workforce diversity, guaranteed equivalent levels of compensation, career development for women and work-life balance.



### Guerlain

Guerlain is a partner of Cosmetic Executive Women (CEW), the leading international network for beauty professionals, whose mission is to promote professional growth and career development for managers and future managers in the beauty sector. It currently has 10,000 members across three groups: CEW US, CEW UK and CEW France.



### Hennessy

For the period 2016–2018, Hennessy adopted an agreement on workplace gender equality that included parenting initiatives: career interviews upon returning to work after maternity or

adoption leave; extending paternity leave by nine days for a single birth and 16 days for multiple births; full consideration of childcare leave when calculating benefits relating to length of service; payment of a parenting bonus (4,500 euros gross per year of leave) for full-time childcare leave lasting over three months. Operating in the traditionally more male-dominated wines and spirits sector, Hennessy also runs the *Vignoble au Féminin* program, providing a forum for meetings and discussion between women winemakers with the aim of encouraging women to work in this sector.



### Louis Vuitton

Louis Vuitton has implemented an annual gender equality action plan covering recruitment, job mobility, compensation, family commitments and occupational health. In 2018, 74% of employees promoted were women, even though they only accounted for 67% of the total workforce. Louis Vuitton also puts out videos reinforcing positive perceptions of the role of men in sales positions and of women in management positions.



# GIVING OLDER EMPLOYEES A KEY ROLE IN PASSING ON SKILLS AND EXPERTISE

GIVEN THE IMPORTANCE TO ITS VALUE CREATION MODEL OF PASSING ON EXPERTISE, THE LVMH GROUP HAS SPECIFIC POLICIES ON MANAGING AND DEVELOPING OLDER EMPLOYEES.

For LVMH, employing older staff is a key priority that must be approached differently depending on the geographic region: in 2018, 23.3% of the Group's workforce in France was made up of older employees (aged 50 and over), while the equivalent percentage outside France was only 13.3%. This is due to young people accounting for a significant proportion of the Selective Retailing workforce, while those working at the Group's production workshops tend to be older and to have served longer.

The Group's Human Resources Department encourages a comprehensive approach to career management and development for older employees, structured around various stages:

- Recruitment: Implementation of anti-discrimination measures and specific action plans
- Passing on expertise: Mentoring of young recruits and temporary staff by older employees
- Employee retention: Skills development; measures focused on workstation ergonomics and reducing strain, particularly for those roles most exposed to physical or mental stress
- Preparing for retirement: Pension information sessions run by external providers, followed by one-on-one interviews with employees

to improve working conditions and reduce strain. In 2018, all employees aged 55 and over were offered end-of-career interviews, with the possibility of adjusting their terms of employment or working hours. Lastly, options for paying to access full retirement earlier and entering partial retirement are available to employees who wish to do so.

Kenzo has adopted a *contrat de génération* plan for 2017-2020 under which 5% of new hires each year and 15% of the total workforce will be made up of older employees (aged 50 and over). Older employees who have been with the Group at least three years qualify for particularly favorable job-specific and financial arrangements.

Moët Hennessy Diageo has renewed its combined jobs and skills projection contract / *contrat de génération*, signed in 2013, under which older employees will continue to account for 8% of the company's workforce.

In 2016, Parfums Christian Dior formalized an agreement aimed at boosting recruitment of older employees, improving their working conditions and offering end-of-career part-time working options.

## MENTORING AND PASSING ON EXPERTISE

All of the Group's entities in France, regardless of size, have adopted a system mirrored on the French government's *contrat de génération* plan with three goals: expanding access to employment for young people, retaining older employees and ensuring that skills and expertise are passed on between generations. In particular, these agreements establish a mentoring policy, with mentors receiving dedicated professional training. Christian Dior Couture maintained its commitment in 2018, recruiting six older employees and retaining older employees through vocational training contracts and measures designed

### Employees aged 50 and over in 2018

**23.3%**  
in France

**13.3%**  
worldwide

# PROMOTING EMPLOYMENT FOR PEOPLE WITH DISABILITIES

SUPPORTING ACCESS TO EMPLOYMENT FOR PEOPLE WITH DISABILITIES IS AT THE HEART OF LVMH'S CORPORATE SOCIAL RESPONSIBILITY POLICY. UNDER THE *MISSION HANDICAP* INITIATIVE, THE GROUP AND ITS MAISONS MAKE THEIR COMMITMENTS A REALITY BY RECRUITING AND RETAINING PEOPLE WITH DISABILITIES, AND WORKING WITH EXTERNAL COMPANIES SPECIFICALLY EMPLOYING PEOPLE WITH DISABILITIES.

Since 2007, *Mission Handicap* has been helping LVMH achieve its ambition of promoting social inclusion and access to employment for people with disabilities. Backed by a network of 35 disability officers at the Group's Maisons, it coordinates the Group's approach by raising employee awareness and promoting the recruitment and retention of people with disabilities.

## RECRUITMENT AND RETENTION

LVMH encourages its Maisons to hire talented people, irrespective of whether they have disabilities. This topic is covered in compulsory anti-discrimination training and forms part of discrimination testing campaigns.

In 2018, 2.2% of Louis Vuitton's workforce in Japan was made up of employees with disabilities, with a target of achieving the Japanese government's target of 2.3% by 2020. Louis Vuitton is one of Japan's most proactive and effective companies in this area, working with five recruitment agencies with the aim of hiring candidates with disabilities.

Loro Piana has developed a partnership with Jobmetoo, an Italian job search platform for people with disabilities that helps the Maison select qualified candidates for vacant positions.

LVMH Fragrance Brands held another *Un Jour, Un Métier* day-long initiative at its production sites, an opportunity for people with disabilities to learn about the types of jobs available with a view to future employment opportunities, whether under temporary, fixed-term or permanent contracts.

LVMH's Maisons offer solutions to employees with disabilities to enable them to continue working, whether by adapting their workstations or helping them move into different roles. For example, Guerlain's La Ruche production site in Chartres now has a manual production line enabling employees with disabilities to keep working, thus preserving five jobs. In 2016, Christian Dior Couture's company-wide agreement to promote employment for people with disabilities was renewed for a further three years. In 2018, the Maison invested in job-specific tools such as IT equipment and magnifying devices, and relocated workstations for employees with disabilities.

In 2011, Moët & Chandon set up disability-friendly company MHEA, whose entire workforce is made up of people with

### PROPORTION OF EMPLOYEES WITH DISABILITIES IN 2018

**4.4%**  
in France, based  
on official standards  
(total direct and indirect jobs)

**1.1%**  
worldwide

### WORKING WITH COMPANIES SPECIFICALLY EMPLOYING PEOPLE WITH DISABILITIES

**€8.3 million**  
in services entrusted to companies specifically  
employing people with disabilities,  
up 17% from 2017, representing  
415 full-time-equivalent (FTE) jobs

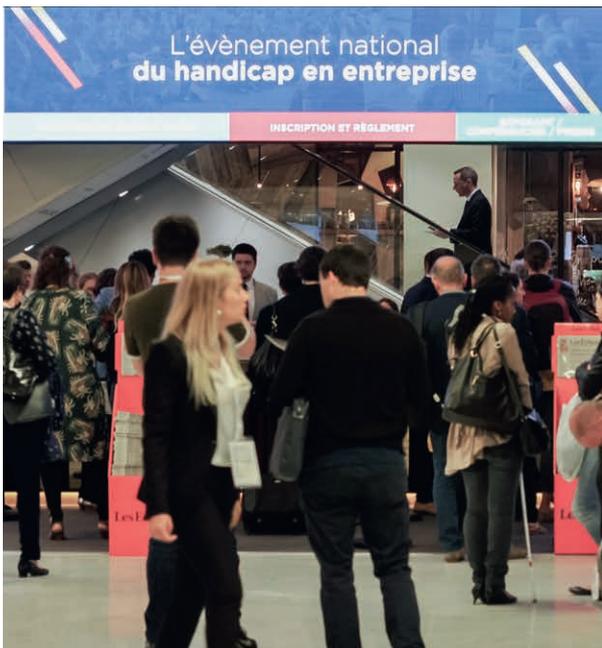
disabilities. The company offers optimum working conditions for employees with disabilities, enabling them to keep working and maintaining the terms of their compensation.

## SUPPORTING COMPANIES SPECIFICALLY EMPLOYING PEOPLE WITH DISABILITIES

LVMH encourages its Maisons to develop their relationships with companies specifically employing people with disabilities, and the volume of business entrusted to such companies rose sharply in 2018.

Most of the Group's Maisons in France have developed dedicated initiatives, including dedicated purchasing platforms to directly connect companies specifically employing people with disabilities with purchasing teams, and innovative partnerships and challenges in a range of purchasing and subcontracting categories. In 2018, LVMH's *Mission Handicap* published a new edition of its directory of suppliers that specifically employ people with disabilities, distributed to human resources managers and buyers at all of the Group's Maisons.

At the initiative of LVMH and the Les Echos events division, the third Disability, Employment and Responsible Purchasing trade fair was held in May 2018, attracting nearly 3,500 visitors. More than 150 companies specifically employing people with disabilities attended, representing all industry sectors. A program of over 60 talks and training workshops was on offer to raise awareness and train attendees, featuring nearly 500 experts.



The third Disability, Employment and Responsible Purchasing trade fair

## PARTNERSHIPS AND INITIATIVES

In 2018, LVMH teamed up with Agefiph to launch the third *EXCELLhanCE* program, enabling people with disabilities to obtain a degree while gaining significant experience at the Group's Maisons. This program is based on work-linked training programs, lasting 12 to 24 months, in three professional fields: sales, logistics and human resource management. Candidates are selected using the *Handi-Talents* process, based on work-related simulation exercises, which help objectively identify each individual's aptitudes and skills. In partnership with seven Maisons, this intake gave 12 people with disabilities the opportunity to enter employment on work-and-training contracts.

To mark the International Day of Persons with Disabilities on December 3, 2018, LVMH celebrated its Maisons' commitment in a newsletter issued to all employees worldwide.

Initiatives sponsored by Maisons include the following:

- In Italy, the Maisons have joined forces in partnership with nonprofits AIPD (Associazione Italiana Persone Down) and AGPD (Associazione Genitori e Persone con Sindrome di Down) to support social inclusion and access to employment for people with Down syndrome
- Chaumet supports Présédys, a nonprofit that collects writing equipment and distributes it to students with disabilities
- In 2018, Louis Vuitton supported the *Handi-Avenir* scheme, which arranges support and career planning help for people with disabilities, monitored by volunteer sponsors, employees and managers
- For the past three years, Moët Hennessy Diageo has taken part in the *Mets Tes Baskets Dans l'Entreprise* ("Get moving at work") initiative to raise funds for the European Leukodystrophy Association (ELA). In 2018, the Maison also supported Le Rire Médecin, a nonprofit that helps hospitalized children face illness through play and laughter. The organization's 100 professional clowns visit 46 pediatric departments, putting on almost 80,000 performances a year tailored to children, their families and caregivers

# PASSING ON EXPERTISE

*Securing the  
“future of tradition”  
by hiring talented people*

*Helping pass on expertise  
to ensure its long-term future*

*Helping employees develop  
throughout their careers*



# SECURING THE “FUTURE OF TRADITION” BY HIRING TALENTED PEOPLE

THE LVMH GROUP IS ALWAYS LOOKING TO ATTRACT THE PEOPLE WHO BEST MATCH ITS CURRENT AND FUTURE NEEDS. ITS CLOSE RELATIONSHIPS WITH A GREAT MANY SCHOOLS AND UNIVERSITIES ENABLE IT TO SPOT TALENTED PEOPLE AS EARLY AS POSSIBLE AND CONSOLIDATE ITS POSITION AS A BENCHMARK EMPLOYER.

As an internationally influential group that is constantly innovating to meet new growth targets, LVMH offers exciting career prospects: the wide range of Maisons and business lines that make up the Group offer employees a broad choice of career paths at every level of the organization.

Candidates looking to join the Group are selected by an internal network of 800 recruiters, who are constantly working to enhance their effectiveness and market knowledge using innovative recruitment tools.

Digital technology is now a vital tool for reaching a broader pool of candidates, optimizing their experience and ensuring that a diverse range of people is recruited. In 2018, the Group worked on its reputation as an employer, with a focus on more effectively describing its ecosystem on social media. A number of other initiatives illustrate this approach: a close partnership with LinkedIn relating to searching for and approaching suitable candidates, digitizing résumés at student forums using the InMind app, and expanding the use of prerecorded video interviews.

## ACADEMIC PARTNERSHIPS TO IDENTIFY FUTURE TALENT

To create a gateway between young talent in the academic world and the business world, in 2018 LVMH launched the Inside LVMH program. This four-month digital program gave nearly 5,000 students from 50 partner schools and universities in Europe the opportunity to immerse themselves in five of LVMH's areas of excellence. At the end of the course, 50 teams of 200 students were selected to share their innovative ideas on “The Luxury Experience of the Future” with Group senior executives. More than 350 students have been recruited through the program.

In 2018, LVMH continued to strengthen its historical links with internationally recognized schools and universities such as ESSEC, HEC and Telecom ParisTech in France, Central Saint Martins in the United Kingdom, Bocconi University in Italy and Fudan

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## 2018 workforce

**156,088**  
employees,  
up 7.4% from 2017

**40,614**  
people recruited under  
permanent contracts,  
up 22.3% from 2017

**8,527**  
permanent jobs created

**8,128**  
people recruited  
under fixed-term contracts  
in France



#### INSIDE LVMH: 2018 AWARD WINNERS

At the program's closing ceremony, three teams had the opportunity to present their ideas in front of an audience of 300 people, including the program's 50 teacher-ambassadors:

- 1<sup>st</sup> prize: Institut Français de la Mode (France) - Our Moments: Luxury Beyond One Lifetime
- 2<sup>nd</sup> prize: ESADE Ramon Llull University (Spain) - 3D Home Wardrobe

- 3<sup>rd</sup> prize: Berluteam (in-house team of interns at Berluti) (France) - U-Berluti: When Luxury Walks by Your Side

University in China. With Central Saint Martins, LVMH is working to identify disruptive solutions to support sustainable development and innovation in the luxury goods sector. In January 2018, the LVMH Luxury Brand Management Chair at ESSEC welcomed its 28<sup>th</sup> class of students.

The Group's partnerships with these institutions take a variety of forms, including research, teaching, scholarship funding and support for study projects. They enable the Group - and more specifically its Maisons - to develop their reputations as benchmark employers among students and give them a window onto the Group's business lines and the career prospects they offer. At individual Maison level, Christian Dior Couture has regular input on master's degree courses run by the Institut Français de la Mode to present the different types of jobs available, help students shape their plans and recruit interns and recent graduates. Guerlain is firmly committed to recruiting young people through a partnership with EMA SUP, the Paris-based training center for the retail, fashion and beauty professions.

The Group's policy on attracting talented young people also relies on hundreds of events at which employees of the Group and its Maisons have the opportunity to reach out to students in person:

- A number of Maisons, including Le Bon Marché, attended the 2018 Les Métiers Qui Recrutent careers fair in Paris
- The innovative Be Loewe selection day was an opportunity to meet many talented individuals, in partnership with six top Spanish business schools (ISEM, ICADE, IE, ESIC, IED and EAE). In October 2018 in China, Louis Vuitton ran four conferences on the campuses of top Chinese universities, giving store management teams and human resources teams the opportunity to present the challenges facing the luxury goods trade and the importance of the customer experience to LVMH

# HELPING PASS ON EXPERTISE TO ENSURE ITS LONG-TERM FUTURE

THE LVMH GROUP HAS ALWAYS BEEN ACTIVELY COMMITTED TO PASSING ON EXPERTISE AND SUPPORTING DESIGN AND CREATIVITY, WITH THE AIM OF PROTECTING CRAFTSMANSHIP AND HELPING ENRICH OUR CULTURAL HERITAGE. THE GROUP'S AND MAISONS' OWN TRAINING PROGRAMS, DEVELOPMENT OF APPRENTICESHIPS AND SUPPORT FOR YOUNG DESIGNERS ARE KEY COMPONENTS OF THIS COMMITMENT.

In 2014, LVMH established the Institut des Métiers d'Excellence (IME), a vocational training program that helps the Group ensure its expertise in craftsmanship, design and sales is successfully passed on to the younger generation, thereby improving their employment prospects. Having been initially established in France, the IME expanded to Switzerland in 2016 and then to Italy in 2017. These work-linked training programs were designed in partnership with 15 prestigious schools and universities selected for the quality of their teaching and wide recognition of the qualifications they offer. Participants take both technical and theoretical coursework at partner institutions, and gain practical experience at the Group's Maisons through paid vocational training contracts.

The IME is also an important pillar in the Group's policy on apprenticeships. As a signatory of the Apprenticeship Charter,

the Group devotes considerable efforts to expanding the use of this type of contract, which facilitates young people's access to qualifications. As of December 31, 2018, over 1,443 young people across the Group's French entities were working under apprenticeship or vocational training contracts (including IME), up 14.8% from 2017.

To anticipate their recruitment needs as accurately as possible and facilitate the transfer of skills and knowledge, some Maisons have set up their own training vehicles to meet ever more complex challenges:

- Berluti Academy (established in Ferrara, Italy in 2012)
- Bvlgari's fine watchmaking workshop in the Jura region of Switzerland (established in 2016)
- Christian Dior Couture's École des Savoir-Faire (established in 2013)

## LVMH's Institut des Métiers d'Excellence in figures





## MASTERCLASSES LAUNCHED AT L'ISTITUTO DEI MESTIERI D'ECCELLENZA

In November 2017, the IME ran its first Italian masterclasses. Apprentices from Polimoda and For.AI had the opportunity to discover the Palazzo della Civiltà

Italiana, where Fendi has its headquarters. Joined by French apprentices from the Haute École de Joaillerie, apprentice jewelers from For.AI also

learned about the world of Bvlgari, visiting the Maison's New Curiosity Shop and workshops.

- Fendi's Massoli Academy (established in 2016 in partnership with Sartoria Massoli)
- Le Bon Marché's École Boucicaut (established in 2016)
- Loewe's leather crafts training center near Madrid (established in 2013)
- Loro Piana's Académie de l'Art des Métiers (established in 2015)
- Louis Vuitton school of leather goods (established in 2010)
- La Fabrique du Temps, Louis Vuitton's watchmaking facility in Meyrin, near Geneva
- LVMH watchmaking school (TAG Heuer, Zenith, etc.)
- Moët Hennessy's Asia-Pacific sales school

with a €300,000 grant and a year of mentoring with a dedicated team. The panel of judges also awarded a special prize to Rok Hwang for Rokh. He will receive €150,000 as well as a year of mentoring by LVMH.

For many years, guided by its tradition of being passionate about creativity, the LVMH Group has more specifically supported a variety of initiatives around the world by means of sponsorship schemes such as the ANDAM Fashion Award, the International Festival of Fashion and Photography in Hyères, and the reimbursable grants offered to young fashion designers under the auspices of the French Ministry of Culture and Communication.

## SUPPORTING THE DESIGNERS OF THE FUTURE

The LVMH Group always strives to support emerging talent, and in 2018, for the fifth year in a row, it awarded the LVMH Prize for Young Fashion Designers, which each year honors the work of a talented stylist, selected by a jury made up of the creative directors of the Group's Maisons. With 1,300 candidates from more than 90 different countries, the LVMH Prize saw record participation levels in 2018. The nine finalists presented their designs at a ceremony held at the Fondation Louis Vuitton on June 6. At the close of this exceptional day, Tokyo-based Japanese designer Masayuki Ino was awarded the Grand Prize, together



LVMH Prize for Young Fashion Designers awarded to Masayuki Ino by Emma Stone and Jaden Smith, in the presence of Delphine Arnault

# HELPING EMPLOYEES DEVELOP THROUGHOUT THEIR CAREERS

AT A GROUP AS LARGE AS LVMH, THE HUMAN RESOURCES FUNCTION MUST PROMOTE CROSS-FUNCTIONAL SKILLS AND SUPPORT CAREER DEVELOPMENT THROUGH CONSISTENT, GLOBAL POLICIES. THIS APPROACH IS BASED ON EMPLOYEE SKILLS DEVELOPMENT, OPPORTUNITIES TO CHANGE JOBS AND THE GROUP'S COMPENSATION POLICY.

## STRONG EMPHASIS ON TRAINING

LVMH offers its employees a wide range of training options throughout their careers, as well as initiatives aimed at strengthening the Group's culture of innovation and excellence. Specific programs are also in place for employees newly appointed to management positions and to help talented female employees develop into key roles.

### Executive and management-level training

The Group has in place dedicated management training programs structured around four clearly identified areas: induction, leadership and management, excellence, and open innovation.

Based in London, LVMH House supports the development of managers in key positions and high-potential employees by helping promulgate the Group's values and strategy. LVMH House also offers dedicated support for women, such as EllesVMH coaching, and for certain functions, such as the Strategic HR Forum.

Maisons have implemented a variety of programs to integrate, raise the awareness of and coach new managers (Le Bon Marché, Les Echos, Le Parisien, Parfums Christian Dior) and develop the leadership and management skills of high-potential employees (Bvlgari, DFS, Fred, Louis Vuitton) and managers (Givenchy, Moët & Chandon, Ruinart).

## Training in 2018





## DARE 2018 IN NEW YORK

60 LVMH high-fliers were chosen to take part in DARE 2018 in New York. Split into 12 teams, they were supported by students from New York University, Parsons School of Design,

Brown University and Barnard College, and challenged by mentors (senior executives from LVMH and beyond). The teams spent three days working on their projects in a collaborative

workspace in Brooklyn with the aim of creating new initiatives and strategies designed to meet the future needs of the luxury goods industry.

## Retail and digital training

LVMH's retail network, which is unique in terms of both size and quality, is a key component in the customer relationship and experience. Training activities in this area are designed globally but implemented regionally to ensure they meet the Maisons' needs as closely as possible. There is a particular focus on the innovative, fast-changing field of brand education: a global community has been set up to enable managers at individual Maisons to share best practice in this area.

A total of 5,218 managers and executives have taken part in one of LVMH House's programs at one of the five Regional Executive Development entities. The Maisons are also developing their own opportunities for digital training and acculturation, including in particular Acqua di Parma, Hennessy through its Digital Blender, and Parfums Christian Dior through its Digital#addict program and its Dior Digital Academy.

## Innovation and change training

In 2018, LVMH rolled out its DARE (Disrupt, Act, Risk - to be an Entrepreneur) program in Italy on the theme of gender diversity, and subsequently in Shanghai and New York on the theme of the future of luxury. This collaborative global innovation program gives employees an opportunity to work in teams on innovative ideas that could be selected by a judging panel to be implemented within the organization. More than 1,280 ideas have emerged from DARE, and around 15 projects are currently being implemented. The Maisons have also continued to roll out specific activities aimed at encouraging innovation and change:

- The Creative Thinking Lab, a training program in Italy specially designed by a cross-brand team from Bvlgari, Fendi, Givenchy, Guerlain, Kenzo, Loro Piana and Parfums Christian Dior
- Chaumet's "change agent clubs", which have given rise to a wide range of seminars, conferences, training events and exhibitions

- Guerlain's FacStory and Creative Lab, which bring together 171 employees around 10 themes
- BM Consulting, a collaborative approach implemented by Le Bon Marché where almost 300 employees have taken part in designing the stores of the future
- Make Up For Ever Change Champions, a community that aims to support and sponsor the brand's transformation, with monthly input from the Executive Committee
- Moët Hennessy's LVMH Luxury training program, in which 66 new employees in the United States have taken part to improve their understanding and appreciation of the challenges facing the luxury goods sector and what they need to do to adapt to them

## MOBILITY: THE KEY TO DEVELOPMENT

There are many gateways in the LVMH ecosystem, and multiple career development options and international opportunities are at the heart of the Group's human resources strategy. Mobility between functions and/or geographic regions is perceived to help develop the Group's talent, enhance employees' skills and, where applicable, broaden their responsibilities.

The annual organizational and talent review is an essential factor in identifying opportunities for employees to move around within the Group. It involves the whole of the LVMH ecosystem with the aim of identifying internal talent and ensur-

ing that succession plans are in place for key positions. Forty Group-level talent reviews were carried out across the Group in 2018, informed by the Maisons' own talent reviews, and 50 mobility committee meetings were held, coordinated by the parent company.

This process also provides an opportunity for employees to talk to their managers about their performance and aspirations. A total of 21,000 employees took part in these annual interviews in 2018. The personalized support they receive is improved by upgrading the quality of career discussions and annual appraisals, through training for human resources managers and line managers worldwide.

67% of executive positions were filled internally, half of them on the basis of succession plans in place. This result is thanks to work to identify the Group's key employees, the careful management of a talent pool of more than 1,000 individuals of 45 different nationalities, 44.5% of them women, and the activation of succession plans.

Lastly, digital tools facilitate talent management and give employees greater independence in managing their careers. In particular, employees have access to the MOVE job opportunities platform, available worldwide via the Group intranet. The LVMHtalent platform also enables employees to share career information with the Human Resources function and to express their wishes in terms of job moves and training. This helps identify internal candidates and share relevant opportunities. This online platform also helps assess and monitor performance and put Group employees in touch with each other.

## Mobility in 2018

**21,000**  
employees had individual  
performance and career interviews

**56%**  
of vacant management positions  
were filled internally

**67%**  
of executive positions were filled  
by talented Group employees

## Compensation in 2018

**€7,584 million**  
in personnel costs worldwide,  
up 1.8% (after surging 16.2% in 2017)

**4.3% more**  
employees in France earning a gross salary  
of €2,251 a month or more relative to 2017



DARE session

## ATTRACTIVE COMPENSATION

The LVMH Group offers attractive compensation packages that are well positioned relative to the market, enabling it to attract and motivate talented people. International surveys, in relation to specific professions and sectors, are carried out annually to ensure that the Group maintains a favorable position in terms of salaries with respect to the market.

Variable components of compensation, based on the financial performance of the employing company and achievement of individual targets, ensure that performance is fairly rewarded. Initiatives and tools specific to each entity are put in place to reduce any salary gaps between women and men within the same job category.

All of the Group's entities in France with at least 50 employees have a profit-sharing, incentive or company savings plan. These plans accounted for a total expense of €281.7 million in 2018, paid in respect of 2017, an increase of more than 15%.

In France, the mandatory annual negotiation process allows in particular for the discussion of issues relating to salaries. In this

regard, a number of Maisons such as Christian Dior Couture, Givenchy, Hennessy, Kenzo, Le Bon Marché, Groupe Les Echos and Louis Vuitton have negotiated agreements and action plans to guarantee salary levels, increase gender equality, and reduce wage gaps.

To strengthen links between compensation and employees' commitment to sustainable development, some Maisons, such as Parfums Christian Dior, have implemented incentive systems with assessments based on ESG (environmental, social and governance) performance criteria. Veuve Clicquot and Krug also take environmental criteria into account in their profit-sharing agreements, such as reducing water and energy consumption and recycling waste.



# BEING SUPPORTIVE

*Ensuring health  
and safety*

*Looking after employee  
well-being*

*Promoting dialogue*

## ENSURING HEALTH AND SAFETY

LVMH IS COMMITTED TO EMPLOYEE HEALTH AND SAFETY, ENSURING THAT ALL ITS BUSINESS ACTIVITIES COMPLY WITH THE LAWS AND REGULATIONS IN FORCE IN ALL THE COUNTRIES IN WHICH IT OPERATES. THE GROUP INVESTS TO CONTINUOUSLY IMPROVE WORKING CONDITIONS, TAKING INTO ACCOUNT THE CHALLENGES SPECIFIC TO EACH BUSINESS LINE.

While LVMH has a global investment, certification and training program covering health and safety, each individual Maison is responsible for adopting approaches designed to offer the best possible working conditions.

After rising significantly in 2017, total expenditure and investment relating to working conditions once again increased sharply in 2018. This amount equated to 1.1% of gross payroll for all operations worldwide. Half of this investment was used for expenses related to occupational health, protective equipment, and health and safety improvement programs covering compliance for equipment, signage, replacement of protective equipment, fire prevention training, and noise reduction.

### A SHARED PRIORITY

While safety is a priority for all LVMH's business groups, each has its own particular challenges requiring specific responses. For example, the Watches and Jewelry business is the least exposed to work-related accidents, while France – where most of the LVMH Group's Maisons' production facilities are located – is over-represented in this metric. Through human resources departments, the Group raises Maisons' awareness of the importance of employee health and safety. In June 2018, the majority of Maisons took part in the 15<sup>th</sup> Quality of Life in the Workplace Week, on the theme of "Innovating for Quality of Life in the Workplace".

### Health and safety in 2018

#### TRAINING

**47,840**

people completed safety training worldwide,  
up 27.4% from 2017

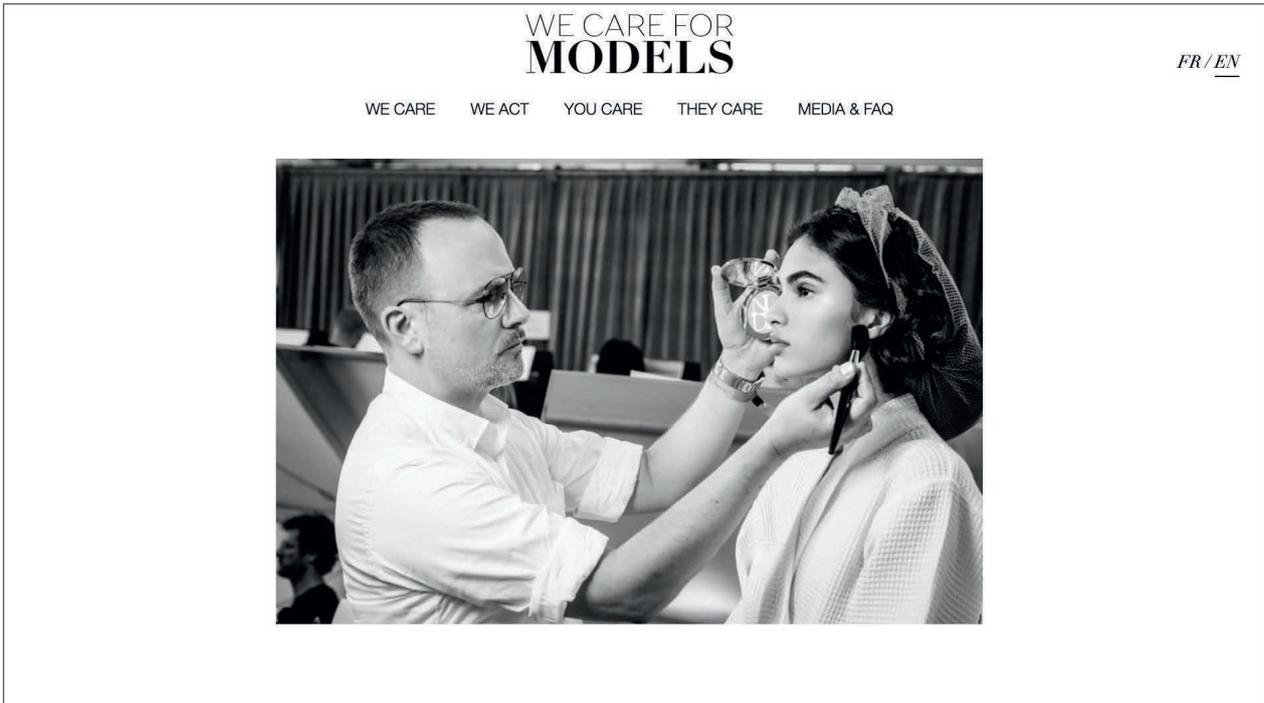
#### INVESTMENTS

**€64.8 million**

invested in improving working conditions in 2018,  
up 24.6% from 2017, including over €32.1 million invested  
in health and safety

#### WORK-RELATED ACCIDENTS

	Number of accidents	Frequency rate	Severity rate	Deaths
2016	1,257	5.58	0.18	0
2017	1,232	5.16	0.16	0
2018	1,416	5.55	0.16	0



## CHARTER ON WORKING RELATIONS WITH FASHION MODELS AND THEIR WELL-BEING, AND THE WECAREFORMODELS.COM WEBSITE

In 2017, LVMH drew up a Charter on Working Relations with Fashion Models and their Well-Being, in consultation with Kering and sector professionals. Among the measures laid down in the charter, the two luxury groups committed to ensuring that their Maisons exclude size 32 models from their castings and only work with models whose agencies have submitted a medical certificate dated within the six months preceding

any fashion shoot or show. They also provide models with access to a psychologist or therapist and, more generally, treat models with respect and professionalism. All LVMH Maisons committed to implementing this charter with immediate effect.

In 2018, magazines *Elle* and *Version Femina* both signed the Charter on Working Relations with Fashion Models and their Well-Being.

Following on from the charter, in February 2018 the Group also launched [wecareformodels.com](http://wecareformodels.com). This website sets out the Group's commitments (on working conditions, well-being and measures relating to underage models) and provides expert advice for models (from nutritionists, psychologists and coaches).

## EXPANDING CERTIFICATION

Since 2015, Bodega Chandon has been building its health and safety system in accordance with the OHSAS 18001 standard. The Maison carries out a risk-mapping survey, and all its production sites should be ISO 45001 (which replaces OHSAS) certified by between 2020 and 2021.

In Italy, Bvlgari began implementing an integrated health, safety and environment system in 2017, with the aim of securing ISO 14001 and ISO 45001 certification. This integrated project, supported by training for 24 internal auditors, has provided opportunities to boost employee engagement.

Fendi has secured OHSAS 18001 certification for all its manufacturing facilities and provides training sessions covering

a wide range of issues such as fire risk prevention, use of hazardous substances and chemicals, risk management, and preventing occupational stress. In 2018, a new audit confirmed Glenmorangie's OHSAS 18001 certification.

Hennessy has set up an Environment, Safety and Quality Department, one of whose aims is to implement a safety certification and management system.

The Louis Vuitton workshop in Issoudin, which secured OHSAS 18001 certification in 2015, annually monitors its working conditions improvement plan, with the support of the Management Committee's Health and Safety Committee.

# LOOKING AFTER EMPLOYEE WELL-BEING

THE MOTIVATION AND WELL-BEING OF THE GROUP'S EMPLOYEES UNDERPIN THE EXCELLENCE OF ITS MAISONS' PRODUCTS AND SERVICES, AND THE MAISONS PAY CLOSE ATTENTION TO WORKPLACE WELL-BEING IN THE BROADEST SENSE, WHICH INCLUDES ADJUSTING WORKING HOURS AND PROMOTING A HEALTHY WORK-LIFE BALANCE.

All of the Group's Maisons are committed to preventing occupational stress, a key factor in workplace well-being. Most Maisons have a psychological support cell of some kind. Hennessy, for example, offers support via a toll-free helpline. In 2018, the Maison also trained its Management Committee and line managers in preventing prejudice and discriminatory practices. In the United States, Make Up For Ever introduced training on preventing workplace violence together with twice-yearly safety inspections at all sites. DFS, Guerlain and Hennessy also run stress management workshops and sessions with relaxation therapists. In Italy, Berluti set up its Working Stress project consisting of four working groups. In Japan,

Louis Vuitton has developed an internal consultation and stress monitoring system that meets the requirements of the Japanese Ministry of Health, Labor and Welfare. Moët Hennessy Diageo has rolled out occupational stress prevention training, completed by 59 managers and 70 other employees in 2018. Site reorganizations sometimes provide opportunities to anticipate employees' expectations in this area. In France, Parfums Christian Dior's Kosmo project will see all its teams brought together at a single site at Neuilly-sur-Seine in 2019. A team of 26 business line ambassadors are helping staff play a part in the relocation by involving them in furniture choices and offering them communication and change management support.

## 2018 absence rate

**4.9%**  
An improvement relative  
to 2017

Factors contributing to the lower rate in 2018:  
- Work-related and commuting accidents (0.1%, vs. 0.2% in 2017)  
- Maternity leave (1.5%, vs. 1.6% in 2017)  
- Unpaid leave (0.4%, vs. 0.5% in 2017)

## Global workforce in 2018

affected by various forms of working time adjustments  
(permanent and fixed-term contracts)

**13%**  
Variable or adjusted  
working hours

**18%**  
Part-time

**50%**  
Shift work or  
alternating hours

## EXAMPLES OF INITIATIVES IMPLEMENTED BY MAISONS

### Employee well-being

- Well-being and peace-of-mind training led by a relaxation therapist
- Prevention and Well-Being in the Workplace training led by an ergonomics specialist or physical therapist
- Monthly Well-Being Lunch and Learn workshops
- Relaxation and massage sessions, yoga classes and sports coaching
- Nutritional advice, fresh fruit, and organic and vegetarian products available at company cafeterias
- Office hand care sessions
- Cleaning days to declutter offices and other areas

### Focusing on site quality

- Visiting innovative sites in order to consider the best solutions for improving working conditions
- Using eco-friendly construction practices when designing new sites and buildings
- Remodeling workspaces and break areas: LED lighting (LVMH Lighting), visual ergonomics, soundproofing, break rooms, employee reception and company cafeterias

## ORGANIZATION OF WORKING TIME

The way working time is organized contributes to employee engagement by meeting growing employee expectations for physical and mental equilibrium and work-life balance. Most Maisons based in France are affected by the opening of stores on Sundays, under the law of August 6, 2015 on growth, activity and equal opportunities. Since 2016, nearly all Maisons with stores in international tourist areas signed an agreement or unilateral commitment allowing them to open on Sundays on a continuous basis.

In line with its traditions, Le Bon Marché has taken the lead in the department store sector by adopting a socially and economically responsible approach. Following the agreement signed in late 2016, Kenzo put in place a committee tasked with monitoring the system on a monthly basis for the first six months and quarterly thereafter. Information meetings about working hours were held with employees at Louis Vuitton workshops, including at Saint-Pourçain. An agreement entered into by Celine in late 2017 gives retail staff the option of choosing how many Sundays they work (12, 18, 26 or over 26); they receive double-time pay for their Sunday shifts plus time off in lieu, which can either be taken in full or paid. Louis Vuitton covers childcare expenses for employees working Sunday or evening shifts, up to a maximum amount updated annually. Agreements signed at Parfums Christian Dior were based on the principle that employees had the choice of accepting or refusing the extended hours and that those who accepted could change their decision later. The agreements also included support measures such as pay increases and time off in lieu, coverage of childcare costs, coverage of commuting costs after 10 p.m., and specific medical monitoring of employees who regularly work in the evening.

## WORK-LIFE BALANCE

Work-life balance is an ongoing area of focus for the Group's Maisons, touching on issues including parenting, career paths for older employees and people with disabilities, and the expectations of employees who are family caregivers.

Through company-wide agreements and specific charters (covering single-parent families, remote working, etc.), Maisons are taking a range of steps to foster work-life balance:

- Childcare in daycare centers or at home
- Permanent or occasional remote working
- Returning to work part-time following maternity leave or after adopting a child
- Social support; financial, administrative and legal assistance; housing support services
- *Prof Express* services providing remote help with homework
- Workplace concierge services
- Resolution of personal issues potentially affecting health, family life or professional life



Beauty and Well-Being Day at Parfums Christian Dior

## PROMOTING DIALOGUE

THE LVMH GROUP'S EMPLOYEE REPRESENTATION SYSTEM HAS SEVERAL TIERS: WORKS COUNCILS AT THE MAISONS; THE GROUP WORKS COUNCIL; AND THE SE WORKS COUNCIL, WHICH HANDLES CROSS-BORDER ISSUES AT THE EUROPEAN LEVEL. THEY MAINTAIN AN ONGOING DIALOGUE BETWEEN ALL LEVELS OF THE ORGANIZATION.

Employee representation is one of the pillars of the LVMH Code of Conduct, which upholds the principles of the Global Compact on fundamental rights in the workplace, such as freedom of association and the right to collective bargaining. The code ensures that all Group employees are able to exercise their rights without distinction, notably as far as their political convictions or union affiliation are concerned. The Supplier Code of Conduct extends the scope of these commitments to the Group's entire ecosystem, in particular the principle of freedom of association: "We require our suppliers to respect and recognize the right of workers to negotiate collectively, and to create or join labor organizations of their choice without any sanction, discrimination or harassment."

The Group's employee representation system has three tiers. The Maisons' works councils handle most employee-related issues, in keeping with the Group's decentralized culture. Dialogue with union and employee representatives has led to agreements on a broad range of issues including gender equality in the workplace, the *compte épargne-temps* system (which allows employees to receive compensation for unused days off), working

on Sundays, well-being and quality of life in the workplace, the *contrat de génération* system (which helped companies hire young people and retain older employees), employing people with disabilities, remote working trials, three-year incentive agreements and vacation bonuses, the mandatory annual bargaining agreement, using video surveillance at work sites, and personal assistance services.

In France, depending on their workforce, the Group's Maisons may have additional bodies such as employee representative bodies and health and safety committees. Pursuant to the French government order of September 2017, the Group's Maisons have until December 31, 2019 to set up a *comité social et économique*, a new type of committee that will either replace the combined staff representative body (if there is one) or combine the Maison's employee representatives, works council and health and safety committee into a single committee.

The Group Works Council was formed in 1985. This body - which covers the whole of France and currently has 30 members, whose terms of office were renewed in 2018 - holds one plenary meeting each year.

### Labor-management relations in France in 2018

**107**  
company-wide agreements

**€24.7 million**  
1.7% of the annual payroll -  
is allocated by the Group's Maisons  
to works councils to fund social  
and cultural activities (up 4.6% from 2017)

Type of meeting	Number
Works councils	626
Employee representatives	559
Health and safety committees	374
Other	250
<b>TOTAL</b>	<b>1,809</b>

## EXAMPLES OF SYSTEMS TO PROMOTE FEEDBACK AND DIALOGUE

- Annual employee opinion and engagement surveys on topics including leadership, company culture, values, quality of life in the workplace, career development, compensation and employee benefits
- Respect and Benevolence Charter to help promote dialogue between employees and management
- Bloom at Work indicator of work fulfillment
- Acting Together approach, designed to help improve how issues are resolved
- Morning HR meetings and an intranet forum for reporting issues and priorities
- Employee assistance and psychological support helpline provided by an external partner
- Designation of a neutral trusted advisor who is external to the employee's company
- Information and discussion portals
- Information and dialogue processes in the workplace
- Whistleblowing systems in some countries

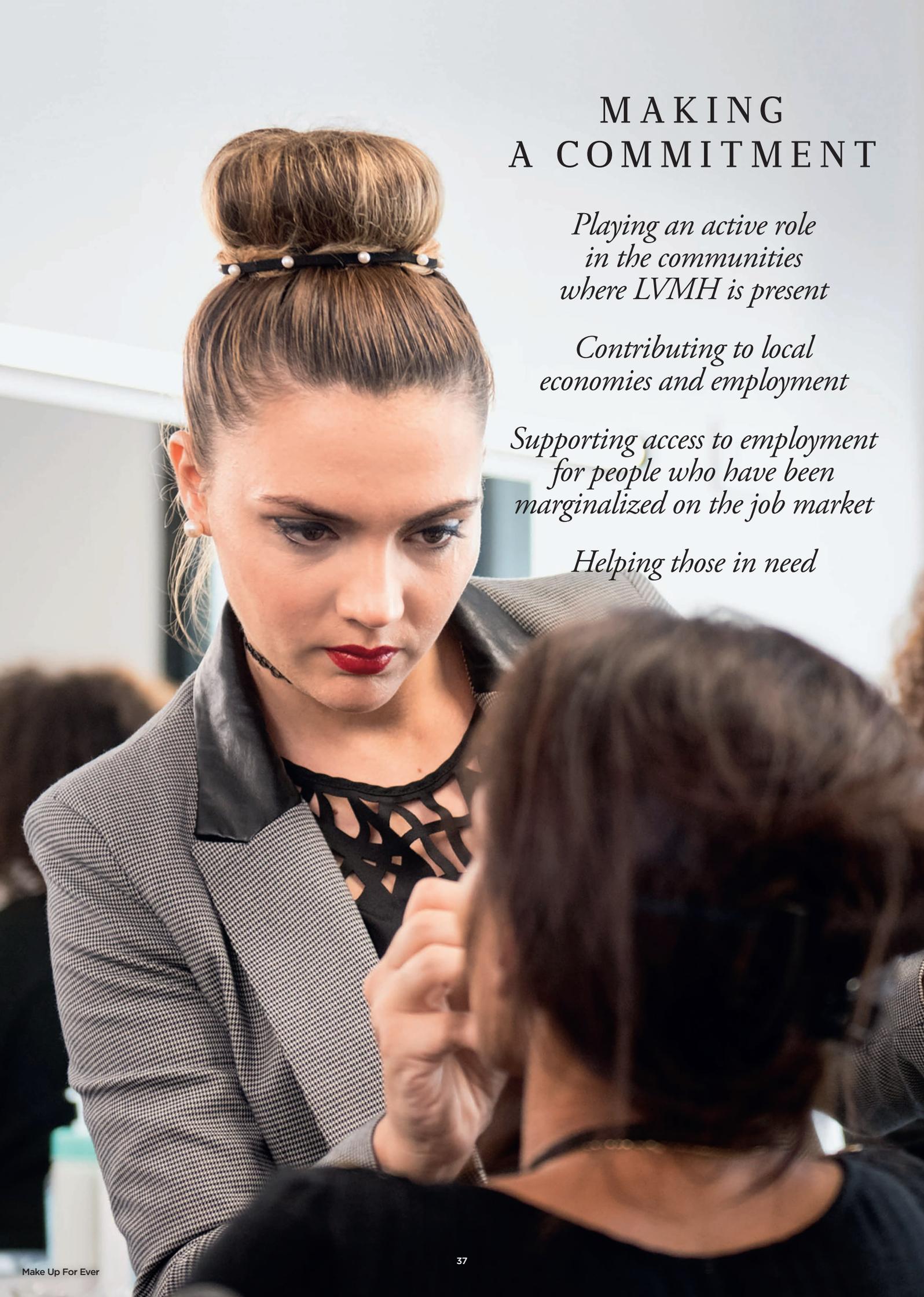
Delegates meet with the Presidents of all the Group's business segments to hear about and discuss the Group's strategic direction, economic and financial issues, employment trends at the Group and future prospects.

The SE Works Council is an employee representative body established in 2014 that has 28 members from the 22 European countries where the Group is present. The committee, which has one full meeting a year, handles transnational issues at the European level.

In addition to the standard channels of communication and whistleblowing systems that already exist at the Maisons, LVMH has set up a centralized whistleblowing system, available in around 10 languages. This system records and processes reports by any employee regarding a violation (or serious risk of violation) of a law, regulation, provision of the LVMH Code of Conduct or any other Group principles, guidelines or policies.

## EMPLOYEE FEEDBACK AND WHISTLEBLOWING

Maisons are making great efforts to encourage employee input and dialogue with management. To this end, they may use satisfaction surveys or put in place more direct methods of gathering feedback.



# MAKING A COMMITMENT

*Playing an active role  
in the communities  
where LVMH is present*

*Contributing to local  
economies and employment*

*Supporting access to employment  
for people who have been  
marginalized on the job market*

*Helping those in need*

# PLAYING AN ACTIVE ROLE IN THE COMMUNITIES WHERE LVMH IS PRESENT

IN 2018, THE LVMH GROUP'S MAISONS ONCE AGAIN DEMONSTRATED THEIR ENGAGEMENT WORLDWIDE IN THE COMMUNITIES WHERE THEY OPERATE BY CONTRIBUTING GROWTH, INNOVATION AND EMPLOYMENT.

## WINES & SPIRITS

To support its growth, in February 2018 Glenmorangie announced an innovative project to expand its historic Tain distillery in northeastern Scotland. This new facility is scheduled for delivery in 2019.

## FASHION & LEATHER GOODS

Louis Vuitton completed the construction of its new workshop in Beaulieu-sur-Layon, in France's Maine-et-Loire department, which opened in early 2019.

Manifattura Thélios - a new eyewear production facility for the LVMH Group's Maisons - was inaugurated in Longarone (Italy) on April 24, 2018.

## PERFUMES & COSMETICS

Founded in 1828, Guerlain celebrated 190 years of creativity in 2018. Its skincare and makeup production site in Chartres, named La Ruche ("The Beehive"), responds to the Maison's ambitions for growth, technological excellence, quality and sustainability.

## WATCHES & JEWELRY

In January 2018, TAG Heuer, Hublot and Zenith presented their latest innovations at Geneva Days.

At Baselworld 2018, in March, Bvlgari celebrated 100 years of watchmaking and set a new world record.

## SELECTIVE RETAILING

Sephora was named Retailer of the Year at the 2018 World Retail Congress in April. This award is testimony to Sephora's exceptional growth over the past decade, which was boosted by its rapid expansion in France.

## OTHER ACTIVITIES

The Jardin d'Acclimatation was reopened on June 2, 2018, in the presence of Anne Hidalgo, Mayor of Paris, and the LVMH Group's Chairman and Chief Executive Officer, Bernard Arnault. In December 2018, LVMH signed an agreement with Belmond to strengthen its position in the luxury hotel sector.

## FONDATION LOUIS VUITTON

The Fondation Louis Vuitton had a record 1.2 million visitors in 2018. One of the year's highlights was the Fondation's hosting of the double-bill *Jean-Michel Basquiat - Egon Schiele* exhibition event.



#### 4<sup>TH</sup> JOURNÉES PARTICULIÈRES

As the heirs and custodians of a vast cultural heritage of craft and design, LVMH and its Maisons work painstakingly to preserve knowledge and skills that are sometimes centuries old, and also to share this cultural legacy with a wide audience. With 180,000 visitors, LVMH's *Journées Particulières* open-

house event enjoyed unprecedented success in 2018. This fourth event, which is truly like no other, took on a new dimension in 2018: 56 of the Group's Maisons were open to the public, and visitors were given the opportunity to discover 77 exceptional sites in 14 countries on five continents, 40 of

which were presented for the first time. Over the three days (October 12-14, 2018), perfumers, watchmakers, jewelers, boot- and luggage-makers, oenologists, coopers, makeup artists and other talented professionals greeted visitors from all walks of life to demonstrate the many skills of their trades and crafts.

# CONTRIBUTING TO LOCAL ECONOMIES AND EMPLOYMENT

THE STEADY GROWTH OF THE GROUP'S MAISONS HAS MADE LVMH A MAJOR CONTRIBUTOR TO THE DEVELOPMENT OF LOCAL ECONOMIES AND COMMUNITIES, EITHER DIRECTLY THROUGH ITS OWN FACILITIES AND STORES, OR INDIRECTLY VIA ITS SUPPLIERS AND PARTNERS, AND BY SUPPORTING ENTREPRENEURSHIP.

The LVMH Group's Maisons create many jobs in the regions where they operate, particularly as a result of the expanding network of directly operated stores. Many of the Group's Maisons have deep roots in the provinces around France, and play a major role in their local economy: Guerlain in Chartres, Hennessy in Cognac, Louis Vuitton in Drôme, Moët & Chandon and Veuve Clicquot in Champagne, and Parfums Christian Dior in Saint-Jean-de-Braye (near Orléans). These Maisons maintain close relationships with local authorities, particularly in the areas of culture, education and employment. Sephora - which has stores throughout France (two-thirds of its workforce is employed outside the Paris region) - regularly carries out a range of measures promoting local job opportunities. Suppliers are a vital link in the LVMH Group's value chain, and the Group does everything it can to maintain and encourage responsible relationships with every company in its ecosystem and to help them implement the best environmental, employment and social practices. In 2018, 1,092 social and/or environmental audits were conducted at the facilities of 877 suppliers and subcontractors. (For more information on supplier relations, please refer to the 2018 Reference Document, p. 50-51). In 2018, Bvlgari brought together around 60 of its suppliers to discuss key issues and actions relating to social and environmental responsibility. Marc Jacobs offered a dedicated CSR

training module to around 60 employees of its suppliers. Working with grape-growers and other partners in the cognac industry, Hennessy supports efforts to preserve ancestral knowledge and skills in areas such as vine-pruning and distillation, and to conserve plant species to help fight trunk diseases. Since 2010, Belvedere in Poland has been pursuing its Raw Spirit program to promote the exchange of practical knowledge, experience and scientific research between employees, alcohol suppliers and researchers at Lodz University of Technology.

## ENCOURAGING ENTREPRENEURSHIP AND SUPPORTING STARTUPS

Entrepreneurial spirit is a fundamental value at LVMH. The Group's active support of startups and female entrepreneurship provides it with a key source of innovation. For the third consecutive year, LVMH was a major partner of the Viva Technology show, which was held from May 24 to 26, 2018. Over 100,000 visitors from 125 countries came to discover the latest innovations of 9,000 startups and hundreds of large companies, which included LVMH and 22 of its Maisons. The

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## LVMH's contribution to job creation

**8,527**

net permanent contract jobs were created in 2018,  
twice as many as in 2017

**€130 million**

invested in R&D

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## LVMH INAUGURATES LA MAISON DES STARTUPS AT STATION F

In early 2018, the LVMH Group launched an accelerator program for startups linked to the luxury goods sector, based at the Station F startup incubator in Paris. LVMH's Maison des Startups

affirms the Group's entrepreneurial spirit by offering entrepreneurs the opportunity to think about the future of luxury and the Group, working with various stakeholders in an innovative ecosystem.

Each year, LVMH's 220-sq.m Maison des Startups makes its 89 workstations and premises available to 50 international startups.

second LVMH Innovation Award was presented at the show. At the 500-sq.m Luxury Lab, 30 startups – selected from among 820 applicants from 58 countries – presented their innovations alongside those of the Group's Maisons. French startup Oyst won first prize with its idea for simplifying online shopping with the click-to-buy button.

## SUPPORTING WOMEN ENTREPRENEURS

With its annual Businesswoman of the Year Award, Veuve Clicquot has been paying tribute to women entrepreneurs since 1972. This pioneering and prestigious award honors the achievements of exceptional women and business leaders. The Clémentine Award – first awarded in 2014 and named after Madame Clicquot's daughter – recognizes women who represent the next generation of female business leaders. In November

2018, Veuve Clicquot presented its 46<sup>th</sup> Businesswoman of the Year Award to Nathalie Balla, co-CEO of La Redoute and Relais Colis, while the Clémentine Award went to Shanty Baehrel, founder of Shanty Biscuits.

After hosting Thomas Mailaender at Les Tanneries Roux in Romans-sur-Isère, in 2018 LVMH Métiers d'Art invited French visual artist and sculptor Amandine Guruceaga to be its second artist in residence. After she completed her artist residency at the Riba Guixà tannery in Catalonia, LVMH Métiers d'Art presented Amandine Guruceaga's chromatic experiments at the Galerie Monteverita in Paris. The *Colour Sparks* exhibition evokes the artist's creative process and her collaboration with the tannery's craftspeople.

# SUPPORTING ACCESS TO EMPLOYMENT FOR PEOPLE WHO HAVE BEEN MARGINALIZED ON THE JOB MARKET

AS PART OF ITS CONTRIBUTION TO REGIONAL DEVELOPMENT, LVMH ENCOURAGES ITS MAISONS TO SUPPORT THE CAUSES IT FEELS ARE MOST IMPORTANT, WHICH INCLUDE ENSURING ACCESS TO EDUCATION FOR YOUNG PEOPLE AND PROMOTING THE SOCIAL INCLUSION AND EMPLOYMENT OF PEOPLE WHO HAVE BEEN MARGINALIZED ON THE JOB MARKET.

To promote the employment and social inclusion of groups that are underrepresented in the labor market, LVMH organizes job coaching sessions led by Group and Maison recruiters and beauty consultants. The objective is to help job-seekers regain self-confidence and prepare for job interviews. Ten sessions were held in 2018, with more than 300 people backed by LVMH's partner initiatives (such as Force Femmes and Nos Quartiers ont des Talents) participating in the program.

## PROMOTING YOUTH EMPLOYMENT

The LVMH Group and its Maisons have developed partnerships with a variety of organizations to promote equal opportunity and help young people enter the job market.

In France, the Group is a long-term partner and board member of nonprofit Nos Quartiers ont des Talents. In 2018, 78 experienced managers were involved in mentoring young people. Since 2007, 569 young people have found jobs after being mentored by a Group employee. LVMH also took part in the *Talents Hub* event run by the nonprofit in October 2018, which

gave over 3,300 young people an opportunity to receive advice and guidance on finding work.

In 2018, LVMH renewed its commitment to the priority education program run by the Institut d'Études Politiques (Sciences Po Paris) for a further three years, offering scholarships and giving young Sciences Po graduates the chance to be mentored by managers from the Group.

Over the past eight years, LVMH has been partnering with the Paris suburbs of Clichy-sous-Bois and Montfermeil to promote social inclusion and employment for young people from underprivileged neighborhoods. Young people benefit from a wide range of initiatives, including business discovery internships for 90 middle school students in 2018, visits to the Group's Maisons, internships for vocational school students and career orientation. Since 2011, a number of young people have had the opportunity to come on board at the Group's Maisons for training or work.

As part of this partnership, the Group sponsors the *Cultures et Création* fashion show in Montfermeil, which highlights talented designers from backgrounds that are underrepresented in the fashion industry. The 2018 LVMH Young Talent CSR Award was awarded to Anne-Solène Rives, who presented her creations

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## Making a commitment to young people

103

work-linked training students from  
underprivileged neighborhoods

588

ninth-grade student interns,  
including 149 from disadvantaged schools

Over 4,500

mentoring and  
sponsorship initiatives



### LVMH SUPPORTS K D'URGENCES

At the *Journée K* event on Wednesday, June 6, 2018, the Jardin d'Acclimatation welcomed 5,500 single parents and children with the support of LVMH staff,

in partnership with other institutions and businesses, including the Paris public benefits office and Unilever. The day provided an opportunity for them

to directly access all the employment, legal and social services often needed by single-parent families.

at the Greenshowroom event in Berlin before beginning work-linked training with Loewe.

In January 2018, LVMH's Institut des Métiers d'Excellence vocational education and training fair was held in Clichy-sous-Bois to present the IME's work-linked training opportunities to nearly 500 middle- and high-school students and their parents, as well as adults looking to change careers and job-seekers.

For its workshops in France, Louis Vuitton partners with Pôle Emploi - the French national employment agency - using work-simulation exercises to recruit and provide in-house training to people having difficulty finding work.

Moët & Chandon and Ruinart have also developed various partnerships with local authorities, educational institutions and organizations working with underprivileged groups. In 2018, the *Vendanges Partagées* initiative enabled 21 highly marginalized job-seekers to find work harvesting grapes. Similarly, Hennessy works with the 100 Chances 100 Emplois nonprofit, whose mission is to support young people having difficulty entering the job market.

## EMPOWERING WOMEN

Even in the beauty industry, women entrepreneurs are under-represented. In 2016, as part of its Sephora Stands program, Sephora launched Sephora Accelerate to support women who have started up businesses in all areas of the beauty industry in various countries around the world. In 2018, ten finalists from six countries participated in a mentoring program with Sephora's

top experts and a week of coaching in San Francisco, where they met potential investors. The program's objective is to support 50 projects by 2020. Furthermore, through Classes for Confidence, Sephora offers women facing major life transitions both beauty classes and coaching to help them regain self-confidence. Over 700 sessions were delivered in the United States in 2018, and the program kicked off in six countries across Europe (France, Russia, Spain, Italy, Greece and Portugal). Since its launch, and thanks to new materials available online, the program has already reached over 40,000 people.

Benefit Cosmetics conducted its fourth annual Bold is Beautiful campaign to raise funds for nonprofits that promote education, professional development and well-being for women. Berluti, Givenchy and Louis Vuitton also joined and promoted this effort in 2018. Nineteen countries participated in this charitable initiative, which since its founding has raised over €9 million for 37 nonprofits including Force Femmes and belle & bien in France, and Girl Develop It, Girls Inc., Step Up and Dress for Success in the United States.

In 2018, Christian Dior Couture continued with its Women@Dior mentoring program aimed at supporting female students by boosting their self-confidence and promoting their place in the working world. Each student has the opportunity to meet and chat with a female employee of Dior at least once a quarter for a year. All mentors are aged under 30 and work either on the design and creative side or in marketing, retail, merchandising, architecture or communications, representing the diversity of the Maison's business lines.

## HELPING THOSE IN NEED

LVMH AND ITS MAISONS SHOW THEIR SUPPORT FOR THE MOST VULNERABLE POPULATIONS AND THOSE IN NEED. THEIR SUPPORT MAY TAKE THE FORM OF EMPLOYEE VOLUNTEERING IN THESE COMMUNITIES, PRODUCT DONATIONS OR FINANCIAL AID.

Each year, the Maisons' many CSR initiatives are celebrated at the Engaged Maisons Dinner. The sixth dinner, held on December 5, 2018, brought together nearly 400 people, including 17 Maison Presidents and numerous partners, opinion leaders, and heads of NGOs and other non-profit organizations. LVMH used the dinner to raise funds for the Robert Debré Hospital in Paris, the leading center for sickle cell anemia, for which a total of €800,000 has been raised since 2011. Special



Sixth Engaged Maisons Dinner

causes close to the Group's heart were also highlighted, such as Kelina, which works to provide care for mothers and children in Benin, and K d'Urgences, which provides human, social and financial support for single-parent families in France. The Group supports many institutions – in France and worldwide – recognized for their initiatives in support of children, senior citizens and people with disabilities, and for their work to prevent major causes of suffering and exclusion, including Fondation Hôpitaux de Paris – Hôpitaux de France, Association Le Pont-Neuf, Save the Children in Japan, the Robin Hood Foundation in New York, Fondation Claude-Pompidou and Association Fraternité Universelle.

In January 2016, Louis Vuitton launched an international partnership with the United Nations International Children's Emergency Fund (UNICEF). More than €6 million has been raised since it was launched, generated by donations and product sales in stores, with funds going to support children in emergencies, notably at Syrian refugee camps in Lebanon and Rohingya refugee camps in Bangladesh. A payroll deduction system for making micro-donations to UNICEF was also introduced in France in 2018.

In 2009, Bvlgari decided to get involved with Save the Children, and has so far donated over \$80 million, helping 1.2 million children. More than 700,000 customers have bought the Maison's Save the Children jewelry, and over 100 projects have been launched in 33 countries around the world.

**€6 million**  
donated since 2016 through  
an international partnership with UNICEF

**\$80 million**  
donated since 2009 by Bvlgari  
to Save the Children

**€400,000**  
in Sephora customer  
micro-donations to NGOs  
Toutes à l'École and Women Safe



## HEALTH AND MEDICAL RESEARCH INITIATIVES

- Bvlgari sponsors the Kids Earth Fund (KEF) in Japan and the Randstad Foundation in Spain, which helps children with disabilities.
- Fendi supports a variety of causes, including AEM (a nonprofit helping children, mainly in Rwanda), the Theodora Children's Charity (whose mission includes brightening up the days of hospitalized children) and the Bambino Gesù pediatric hospital.
- For 15 years, Guerlain has supported *belle & bien*, a nonprofit offering free beauty workshops in hospitals to women with cancer. Several of the Group's Maisons, including Benefit

Cosmetics, Guerlain and Parfums Christian Dior, sit on the organization's board of directors. In October 2018, many employees from Benefit Cosmetics, Chaumet, Christian Dior Couture, Fred, Givenchy, Guerlain, Hennessy, Louis Vuitton, Make Up For Ever, Moët Hennessy Diageo and Parfums Christian Dior donned the colors of *belle & bien* for the Odyssey race. In September 2018, Le Bon Marché once again supported the Virades de l'Espoir charity run, with a record 350 employees participating.

- Parfums Christian Dior recently partnered up with Cheer Up!, a nonprofit that helps teenagers and young adults aged 15 to 30 with cancer look beyond their illness to focus on their future.
- In China, Sephora has been working alongside the international NGO Operation Smile to pay for operations for children with a cleft palate, improving their health and quality of life.
- Several Maisons in France participated in the Course des Héros, a charitable sports event that provides funding to over 200 causes in Paris, Lyon and Bordeaux.

In the United States, Moët Hennessy has partnered with City Harvest, a New York City food bank for those in need. Through its partnership with global nonprofit Dress for Success, low-income women are provided with clothing, job search assistance and job interview training.

In the Asia-Pacific region, Fendi supports volunteering initiatives in partnership with Food Angel, an NGO that distributes meals to those in need. In Singapore, Louis Vuitton and other Maisons collected and distributed food packages to the most vulnerable populations.

## ART FOR CHARITY



In June 2018, the Fondation Louis Vuitton hosted the second *recto/verso* contemporary art exhibition, which ended with a blind auction, with the proceeds going to the French charity Secours Populaire. Over 100 contemporary artists - including Takashi Murakami, Jeff Koons and Xavier Veilhan - agreed to contribute a 40x50cm work that was signed only on the back.

# APPENDICES



# CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

WHILE THE GROUP'S DEVELOPMENT IS ANCHORED IN SHARED SOCIAL RESPONSIBILITY PRINCIPLES, METHODS AND ACTION PLANS, EACH MAISON APPLIES ITS CSR STRATEGY LOCALLY IN ORDER TO ADDRESS ITS SPECIFIC SOCIAL CONTEXT. THE GROUP'S INTERNATIONAL REPORTING SYSTEM HELPS IT MONITOR AND REPORT ON THIS STRATEGY.

The Social Development Department initiates and coordinates the Group-wide corporate social responsibility policy. At Group company level, social responsibility-related matters are managed by the human resources departments. Each HR Department appoints a CSR officer who liaises with LVMH, ensures that his or her Maison's actions are consistent with Group policy, and handles CSR reporting.

The Group meets regularly with its dedicated network of 40 CSR officers at the Maisons, ensuring that strategic priorities are pursued and a consistent approach is taken across the Group. Two or three times a year, the members of the CSR network meet to review the previous year, set shared priorities for the current year, look for collaboration opportunities, share best practices and meet with stakeholders. In 2018, the network of CSR officers met on April 5 and October 30.

## ORGANIZATION OF OUR APPROACH

LVMH's CSR system is organized into three levels:

- Overarching "key processes" that ensure the issues and objectives related to each strategic priority are addressed
- Major Group-wide partnerships and projects
- Initiatives launched by the Maisons to address the specific needs of their local environment and business activities

## INFORMATION, REPORTING AND CONTROL

The Group's social media pages, website and Voices intranet help raise employee awareness of CSR issues and keep them informed of the Group's initiatives. Because social responsibility

is a vital part of any manager's job, all new managers systematically receive training in CSR and their role in its implementation at their induction seminar and online induction session.

Annual quantitative and qualitative reporting provides an overview of the various CSR initiatives the Group's Maisons have taken over the previous twelve months. LVMH uses this consolidated data to report on its social responsibility policy and actions in its Annual Report, its Reference Document and – since 2012 – its Social Responsibility Report.

In addition to the Group's publications, since 2013 some Maisons – such as Guerlain and Parfums Christian Dior – have issued their own CSR reports.

The Group's CSR policy is supervised by an Ethics & Sustainable Development Committee, which was formed in 2016 among the members of the Board of Directors, in order to:

- Ensure that the rules and values set out in the Group's codes and charters are observed
- Help define rules of conduct and principles for action regarding ethics and environmental, workforce-related and social responsibility, which must be followed by the Group's senior executives and employees
- Review the ethical, environmental, workforce-related and social responsibility issues faced by the Group
- Review the environmental, workforce-related and social information contained in the Management Report and submit its opinion on this information to the Board of Directors
- Monitor the functioning of whistleblowing systems put in place at the Group

It has four members appointed by the Board of Directors: Yves-Thibault de Silguy (Chairman), Delphine Arnault, Marie-Laure Sauty de Chalon and Hubert Védérine (appointed in April 2017). The Committee met once over the course of the 2018 fiscal year, with an attendance rate of 75%.

	Talent and expertise	Working conditions	Preventing discrimination and respecting individuality	Engaging with local communities
<b>Key Group processes and charters</b>	<ul style="list-style-type: none"> <li>- Annual organizational and talent review</li> <li>- Apprenticeship Charter</li> </ul>	<ul style="list-style-type: none"> <li>- Investments related to improving working conditions</li> <li>- OHSAS 18001 certification</li> <li>- Charter on Working Relations with Fashion Models and Their Well-Being</li> <li>- <a href="http://wecareformodels.com">wecareformodels.com</a> website</li> </ul>	<ul style="list-style-type: none"> <li>- Recruitment Code of Conduct</li> <li>- Discrimination testing</li> <li>- Partnership with Agefiph</li> <li>- Diversity Charter</li> <li>- Charter for the Employment of People with Disabilities</li> <li>- United Nations Women's Empowerment Principles</li> <li>- StOpE anti-sexism charter</li> </ul>	<ul style="list-style-type: none"> <li>- Investments and open innovation processes related to site locations</li> <li>- Management initiatives</li> <li>- Business Charter for Equal Opportunity in Education</li> </ul>
	<ul style="list-style-type: none"> <li>- Collective bargaining agreements and discussions with trade union and employee representatives</li> <li>- Centralized whistleblowing system that allows any employee to report a violation (or serious risk of violation) of a law, regulation, provision of the LVMH Code of Conduct or any other Group principle, guideline or policy</li> </ul>			
<b>Major Group projects</b>	<ul style="list-style-type: none"> <li>- Partnerships with educational institutions</li> <li>- Inside LVMH</li> <li>- Internal mobility and training programs</li> <li>- Institut des Métiers d'Excellence and promoting apprenticeships</li> <li>- DARE</li> </ul>		<ul style="list-style-type: none"> <li>- Non-discrimination training</li> <li>- EllesVMH program</li> <li>- "50/50 by 2020" target</li> <li>- <i>EXCELLhanCE</i> program</li> <li>- Support for <i>Mission Handicap</i></li> </ul>	<ul style="list-style-type: none"> <li>- Numerous partnerships and events</li> <li>- Employee involvement and mentoring</li> </ul>
	<ul style="list-style-type: none"> <li>- Internal resources: Social Development Department, CSR network, Voices, LVMH Mind, etc.</li> <li>- International and national events</li> </ul>			
<b>Maison initiatives</b>	<ul style="list-style-type: none"> <li>- Specific in-house training programs and structures</li> <li>- Partnerships with specific educational institutions</li> </ul>	<ul style="list-style-type: none"> <li>- Health and safety action plans</li> <li>- Organization of working time and achieving a healthy work-life balance</li> <li>- Quality and design of buildings</li> </ul>	<ul style="list-style-type: none"> <li>- Partnerships with companies specifically employing people with disabilities</li> <li>- Adapted sites</li> </ul>	<ul style="list-style-type: none"> <li>- Impacts relating to Maisons' strong roots in local communities</li> <li>- Numerous corporate giving and partnership initiatives</li> </ul>
	<ul style="list-style-type: none"> <li>- Surveys of Maison employees (strategic plan, job satisfaction, employee engagement, etc.)</li> <li>- Many annual events (quality of life in the workplace, disability, employment, parenthood, etc.)</li> </ul>			

## THE LVMH GROUP'S CSR STRATEGY AND THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

In keeping with the commitments made by LVMH – particularly with respect to the Millennium Development Goals – the Group supports the SDGs drawn up and developed by the United Nations in 2015. The 17 SDGs are a global call for action by 2030 to reduce inequality, make the world a better place for future generations and ensure that all human beings are able to live in peace and prosperity.

The LVMH Group's corporate social responsibility strategy fully supports the 17 SDGs. While the goals are designed to be interdependent, the following table details and connects the existing relationships and levers that exist specifically between the SDGs and the four CSR priorities presented in this report.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
<b>1. Developing talent and skills</b>																	
Special ties with schools and building a digital presence																	
Preserving expertise																	
Awareness and training programs, and career paths at an international Group																	
Compensation and incentive programs																	
<b>2. Quality of life in the workplace</b>																	
Health and safety issues																	
Programs and initiatives for well-being at work																	
Labor relations and satisfaction surveys																	
<b>3. Preventing discrimination and respecting individuality</b>																	
Promoting gender equality in the workplace																	
Promoting employment for people with disabilities																	
Providing career support for older employees																	
<b>4. Supporting local communities and regional development</b>																	
Jobs, suppliers and regional development																	
Supporting integration through employment																	
Supporting vulnerable populations and those in need																	

■ Strong, direct contribution to meeting the goal (related to business lines) ■ Other contribution to meeting the goal (indirect or voluntary)

This table only takes account of LVMH's contribution to workforce-related and social issues.

- |                                |  |  |
|--------------------------------|--|--|
| 1. No poverty                  | 8. Decent work and economic growth         | 13. Climate action                         |
| 2. Zero hunger                 | 9. Industry, innovation and infrastructure | 14. Life below water                       |
| 3. Good health and well-being  | 10. Reduced inequalities                   | 15. Life on land                           |
| 4. Quality education           | 11. Sustainable cities and communities     | 16. Peace, justice and strong institutions |
| 5. Gender equality             | 12. Responsible consumption and production | 17. Partnerships for the goals             |
| 6. Clean water and sanitation  |  |  |
| 7. Affordable and clean energy |  |  |

## CROSS-REFERENCE TABLE: STATEMENT OF NON-FINANCIAL PERFORMANCE

One of the key topics of the 2018 Social Responsibility Report is the Group's policies for addressing the three main CSR risks identified in the LVMH Group's statement of non-financial performance, which may be found in the Management Report section of the 2018 Reference Document.

For a description of these policies and what they have achieved, please refer to the following pages of this report:

Risks	Policies	Results
<ul style="list-style-type: none"> <li>- Loss of key skills and expertise</li> <li>- Difficulty recruiting talented people</li> </ul>	<ul style="list-style-type: none"> <li>- Academic partnerships p. 10-11, 22-23</li> <li>- Institut des Métiers d'Excellence p. 24-25, 42, 48</li> <li>- Training and support for employees p. 26-29</li> <li>- <i>EXCELLhanCE</i> program to promote training and employment for people with disabilities p. 10, 20, 48</li> <li>- Support for high-potential female employees to help them move into key positions p. 15-17</li> </ul>	<ul style="list-style-type: none"> <li>- Breakdown of movements of employees working under permanent contracts by business group and geographic region <i>2018 Reference Document</i> p. 90</li> <li>- Training investment p. 12, 26</li> <li>- Internal mobility data p. 12, 28</li> <li>- Awards, recognition and rankings obtained as an employer p. 13</li> </ul>
<ul style="list-style-type: none"> <li>- Harm to the health and safety of employees and third parties</li> </ul>	<ul style="list-style-type: none"> <li>- LVMH Code of Conduct p. 9, 35-36, 48 <i>2018 Reference Document</i> p. 54-55</li> <li>- Whistleblowing system</li> <li>- Charter on Working Relations with Fashion Models p. 4, 9, 32, 48</li> <li>- Investments in health and safety p. 12, 31</li> <li>- Staff training in health and safety p. 12, 31</li> <li>- Social audits of suppliers and subcontractors including a health and safety dimension p. 40</li> <li>- Measures relating to the use of chemicals and cosmetovigilance <i>2018 Reference Document</i> p. 52</li> <li>- Promoting responsible consumption of wines and spirits <i>2018 Reference Document</i> p. 52-53</li> </ul>	<ul style="list-style-type: none"> <li>- Breakdown, frequency and severity of work-related accidents p. 31</li> <li>- Amounts invested in health and safety, and in awareness-raising actions p. 12, 31-34</li> <li>- Data relating to social audits that include a health and safety dimension <i>2018 Reference Document</i> p. 50-51</li> <li>- Training sessions for employees and suppliers focusing on the LVMH Restricted Substances List <i>2018 Reference Document</i> p. 52</li> </ul>
<ul style="list-style-type: none"> <li>- Workplace discrimination</li> </ul>	<ul style="list-style-type: none"> <li>- LVMH Code of Conduct p. 9, 35-36, 48 <i>2018 Reference Document</i> p. 54-55</li> <li>- Whistleblowing system</li> <li>- Recruitment Code of Conduct p. 9, 15, 48</li> <li>- Specific training for recruiters p. 15, 48</li> <li>- Independent controls on recruitment practices p. 15, 48</li> <li>- <i>EXCELLhanCE</i> program to promote training and employment for people with disabilities p. 10, 20, 48</li> <li>- Support for high-potential female employees to help them move into key positions p. 15-17</li> </ul>	<ul style="list-style-type: none"> <li>- Proportion of employees with disabilities p. 12, 19</li> <li>- Proportion of women in key positions p. 12, 15</li> <li>- Number of participants in the coaching program for high-potential female employees p. 15-16, 26</li> <li>- Number of participants in the <i>EXCELLhanCE</i> program p. 20</li> </ul>

## CROSS-REFERENCE TABLE: GLOBAL REPORTING INITIATIVE INDICATORS (STANDARDS)

	2018 Social Responsibility Report	2018 Reference Document
<b>Employment</b>		
401. Employment	p. 12, 19-20, 22, 28, 38-45	p. 87-88
<b>Health and safety</b>		
403. Occupational health and safety	p. 31-32, 33-34	p. 94-95
416. Customer health and safety	-	p. 52-53, 104
<b>Training</b>		
404. Training and education	p. 24-29, 31, 42-43	p. 70, 90-91, 92-94
<b>Equal treatment</b>		
405. Diversity and equal opportunity	p. 8, 15-20, 28, 40-45	p. 91-92, 92-93, 94, 98-101
<b>Regional, economic and social impact</b>		
202. Market presence	p. 10-11, 22-25	p. 10-12, 13-32
203. Indirect economic impacts	p. 38-45	p. 98-102
<b>Stakeholder relations</b>		
402. Labor/management relations	p. 35-36	p. 95-96
<b>Subcontractors and suppliers</b>		
204. Procurement practices	p. 9, 10, 20, 40	See "Supply sources and subcontracting", p. 14-32
414. Supplier social assessment		p. 47, 50-52, 74-76
<b>Actions in support of human rights</b>		
406. Non-discrimination	p. 8-11, 15-20, 42-45	p. 47, 86, 91-94, 99, 100-101
407. Freedom of association and collective bargaining	p. 8-11, 35-36	p. 47, 49, 95-96
408. Child labor	p. 8-11, 24-25, 43-44	p. 46, 47, 49, 50-52, 86, 98-101
409. Forced or compulsory labor	p. 8-11	p. 46, 47, 49, 50-52, 86, 98-101
410. Security practices	p. 10-11, 48	p. 46, 47, 49, 56-57, 86
412. Human rights assessment	-	p. 46, 47, 49, 50-52, 56-57, 86, 95-96, 98-101
413. Local communities	p. 38-45	p. 98-102
<b>Fair business practice</b>		
205. Anti-corruption	-	p. 46-47, 49, 53-55, 130, 148
206. Anti-competitive behavior	-	p. 48, 104-105, 111
415. Public policy	p. 8-11, 15, 20, 47-49	p. 46-55, 70-71, 86, 98
417. Marketing and labeling	-	p. 52-53, 73-74, 104-105
418. Customer privacy	-	p. 55, 106
419. Socioeconomic compliance	-	p. 46-55, 70-71, 74, 94, 106, 110-115, 151, 233

#### Photographs

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