

2015
**Social Responsibility
Report**



LVMH
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This 2015 Social Responsibility Report describes the LVMH group's corporate social responsibility (CSR) policy. For additional information on the LVMH group's social responsibility data, please refer to the cross-reference table on pages 50 and 51.

This document is a free translation into English of the original French "Rapport Responsabilité sociale 2015", hereafter referred to as the "2015 Social Responsibility Report". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

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LVMH is active in six business groups:

WINES & SPIRITS

The LVMH Wines & Spirits business group focuses its growth on the high-end segments of the market. The world leader in champagne, LVMH also produces still and sparkling wines from the world's most famous wine-growing regions. The Group is also the world leader in cognac with Hennessy and is expanding its presence in the luxury spirits segment in addition to this historical business. The portfolio of brands is served by a powerful international distribution network.

FASHION & LEATHER GOODS

Louis Vuitton, Fendi, Donna Karan, Loewe, Marc Jacobs, Céline, Kenzo, Givenchy, Thomas Pink, Pucci, Berluti, Rossimoda and Edun are the brands that form the Fashion & Leather Goods business group. This outstanding group of brands from both sides of the Atlantic has 1,566 stores throughout the world. While respecting the identity and creative positioning of each of its brands, LVMH supports their development by providing shared resources. In 2013, the business group welcomed Loro Piana, a paragon of excellence, renowned for its devotion to quality and the finest materials.

PERFUMES & COSMETICS

LVMH, a major player in the perfumes, make-up and skincare sector, relies primarily on a portfolio of brands comprised of French companies with an international presence: Christian Dior, Guerlain, Givenchy and Kenzo. The Group also supports the development of high-potential brands: Benefit and Fresh, two rapidly-growing American brands; Acqua di Parma, whose fragrances symbolize Italian elegance; Parfums Loewe, one of the leaders in the Spanish market; and Make Up For Ever, a firm favorite of professional make-up artists which has recorded outstanding growth by marketing its products to the general public.

WATCHES & JEWELRY

Counted among the most dynamic brands on the market, LVMH's Watches & Jewelry companies operate in two segments: high-quality watchmaking on the one hand and jewelry and fine jewelry on the other. A quest for excellence, creativity and innovation guide them in this area every day. The watchmaking side capitalizes on the complementary positioning of its brands: TAG Heuer's international stature, Hublot's strong dynamic of innovation, Zenith's age-old expertise and Dior's creativity. In jewelry and fine jewelry, Bvlgari, Chaumet, Fred and De Beers employ their bold creativity and perfectly mastered skills to constantly surprise their customers and offer them the objects of their desire.

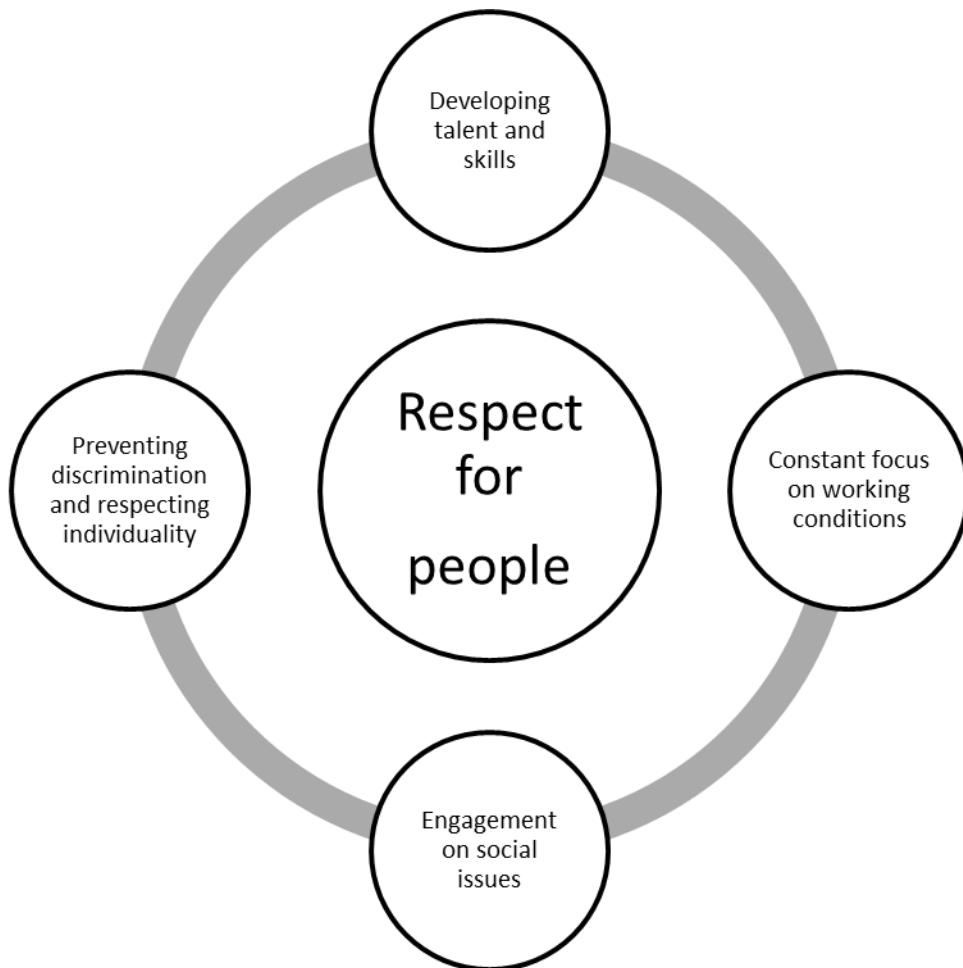
SELECTIVE RETAILING

LVMH's Selective Retailing companies operate in Europe, America, Asia and the Middle East. Their operations are conducted in two segments: retailing designed for customers who are international travelers (travel retail), with DFS and Starboard Cruise Services, major players in their markets; and the selective retailing concepts represented by Sephora, the most innovative company in the beauty segment, and Le Bon Marché Rive Gauche, a department store with a unique atmosphere located in Paris.

OTHER ACTIVITIES

These companies are all about being ambassadors for culture and a certain *art de vivre*. That approach is part of the quest for excellence pursued by each of these Group companies: from Groupe Les Echos, which includes key business and cultural press titles, to Royal Van Lent, which markets custom-designed yachts under the Feadship name, and Cheval Blanc, which is developing a collection of exceptional hotels.

ONE FUNDAMENTAL VALUE: FOUR AREAS OF APPLICATION



LVMH's corporate social responsibility policy is adapted by individual Group companies to incorporate their own action plans according to their specific priorities and identity.

Social responsibility is managed at Group level by means of guidelines (LVMH Code of Conduct, Recruitment Code of Conduct, etc.) and annual reporting based on quantitative and qualitative data. It is coordinated by a network of Group company corporate social responsibility (CSR) correspondents.

Since fiscal year 2011, LVMH has documented its social responsibility actions in a dedicated report.

FOUNDATIONS OF THE GROUP'S SOCIAL RESPONSIBILITY POLICY

Forged over generations by alliances between Group companies – weaving together their traditions of excellence and creative passion – LVMH has built its leading position on a unique portfolio of iconic brands. These Group companies derive their energy from their exceptional heritage, innovative mindset, and receptive outlook. The Group supports their development in a spirit of entrepreneurship, long-term vision, and respect for the sources of their strength and uniqueness.

As ambassadors of an authentic *art de vivre*, it is our responsibility to set the right example in every aspect of our business, from product design to the experience that customers have throughout their relationships with our brands; from investment choices to social and environmental initiatives.

Because what we do requires a diverse range of talent, we are committed to training teams that embody excellence. Because passing on skills is an integral part of our culture, we want to use that to promote social inclusion and employment. Because our crafts make the most of nature at its purest and most beautiful, we see preserving the environment as a strategic imperative.

The values and actions encompassed by our sustainable development attitude emerge from a tradition that dates back to the origins of our Group companies and forms an integral part of our heritage. Our long-term success depends not only on the Group's solid business model and profitable growth strategy, but also on our unwavering commitment to creativity, excellence and sustainability in all of our development and corporate citizenship goals.

◆ PEOPLE:

To encourage all our employees to reach their full career potential and achieve their aspirations, to develop diversity and the wealth of human resources at our companies in all the countries where we operate, and encourage initiatives in these areas. Outside our own company, to contribute to the knowledge and preservation of our crafts and our expertise as artisans and designers.

◆ ECONOMIC PERFORMANCE:

To combine economic growth, sustainability and commitments to creativity and excellence. To apply our creative passion to the *art de vivre* to which our customers aspire. To strengthen our position as a global leader, and to set the standard for managing and developing high-quality brands.

◆ ENVIRONMENT:

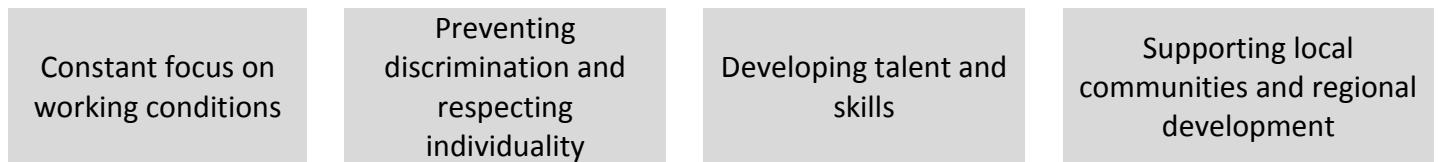
To work together to preserve the planet's resources, to design and develop products that are compatible with environmental concerns, to report on our policies and projects and the progress achieved in meeting our objectives. To contribute to environmental protection above and beyond the factors directly related to our operations, by entering into active partnerships with cooperating business groups, local authorities and associations.

◆ CORPORATE CITIZENSHIP:

To implement a patronage program for the widest possible public benefit, the components of which reflect and transmit our fundamental values. To provide active support for major causes, humanitarian projects and public health programs, and develop initiatives in support of art and young people.

Each of LVMH's six business groups is unique, but they are all united by a shared view of their social responsibility, for which key priorities have been drawn up and tested over the past few years through dialogue between the Group and its stakeholders. The Group's social responsibility is focused on four priorities for all its companies, which it aims to apply throughout the world: developing talent and skills, constant attention to working conditions, preventing all forms of discrimination, and corporate involvement in regional solidarity actions to help local populations.

The four priorities of social responsibility



These four priorities are the four most fundamental values shared by the Group's companies, which operate very independently of one another. Outside the scope of any overarching initiatives, Group companies are entirely free to identify other issues specific to their businesses and their environment. They implement their approach and draw up action plans according to their business and their own specific considerations.

As part of its 2015 annual reporting, the LVMH group sent all its Group companies a qualitative

questionnaire that included the following question: "What are your CSR priorities?" All the Group companies with a significant impact on Group reporting responded, totaling more than 40 entities, showing that the four social responsibility priorities defined by the Group were indeed taken into account.

Lastly, dialogue and collaboration between business groups and among Group companies is vital. It has made it possible to identify the key human resource management issues, which are often shared and interconnected.

Main social responsibility issues

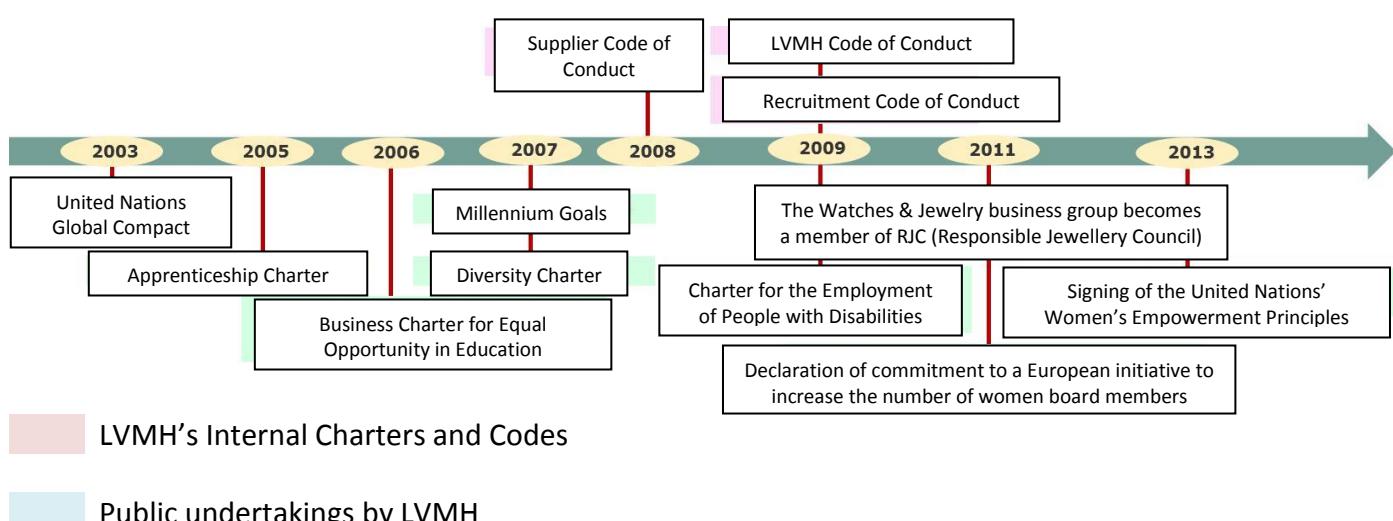


LVMH's international commitments

The international charters and commitments signed by LVMH provide the framework for the Group and its companies' actions and responsibilities. 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. It is committed to aligning its operations and strategy with the UN Global Compact's ten 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, OECD guidelines, the International Labor Organization's Fundamental Conventions, the United Nations' Millennium Development Goals and Women's Empowerment Principles, and the French Diversity Charter. These commitments are included in the LVMH Code of Conduct and

transposed into principles that are disseminated throughout all Group companies.

Taking each individual and his or her freedom and dignity, personal growth and health into consideration in each decision forms the core of LVMH's social responsibility approach, to which all Group companies adhere. Accordingly, all Group companies have policies and practices for preventing discrimination and ensuring equal opportunity and treatment irrespective of gender, race, religion and political opinion, etc. as defined in the conventions of the International Labor Organization. This culture and these practices also generate respect for freedom of association, respect for people, and the prohibition of child labor and forced labor.



Corporate social responsibility (CSR) management

In keeping with its history, its size as a major international corporation, and the very different characteristics of its business lines, LVMH's organization is both unified and decentralized. While the Group's development is consolidated around its common social responsibility principles, methods and action plans, the risks and opportunities resulting from the incorporation of social issues need to be managed by each Group company and at a local level.

As such, within Group companies and their subsidiaries, managing the social responsibility policy falls under the remit of the Director of Human Resources, assisted by a local CSR correspondent in charge of liaising with LVMH, checking that the Group company's actions are in line with the Group-wide approach and carrying out CSR reporting, the objective being to ensure that individual company measures are relevant and consistent with the broad areas for action set out by the Group.

At Group level, strategic priorities and overall policy consistency are pursued through ongoing dialogue between the Social Development Department and CSR correspondents at each Group company who are connected through the CSR network. They meet twice a year to review the preceding year, set shared priorities for the current year, look for ways to collaborate and share their best practices. In 2015, the CSR network met on February 19 and October 29, in Paris.

CSR management is guided by international reporting that covers Group companies with more than 50 employees. This reporting enables an annual inventory to be produced of the social responsibility measures taken over the previous

twelve months. It covers the four main subject areas of the Group's CSR policy. Each reporting topic explicitly references the conventions and recommendations of the International Labor Organization.

LVMH reports on its social responsibility approach in its Annual Report, its Reference Document and – since fiscal year 2011 – the Social Responsibility Report. In parallel, since 2013 – particularly as a result of the specific French regulations resulting from the Grenelle II Act – some Group companies have developed their own social responsibility reports, including Loewe, Parfums Christian Dior, Guerlain, LVMH Fragrance Brands and Le Bon Marché.

Multi-level management

Aim	Materials, resources and networks
Social responsibility strategy coordination	<ul style="list-style-type: none">▪ LVMH Social Development Department▪ CSR Committee composed of 40 social responsibility correspondents
Special support for persons with disabilities	<ul style="list-style-type: none">▪ The <i>Mission Handicap</i> initiative and a network of 30 disability correspondents
Special monitoring of the position of women within the company	<ul style="list-style-type: none">▪ <i>EllesVMH</i>: a community with more than 900 members worldwide (women and men), a discussion platform and intranet for sharing information and best practices
Collaborative working and information sharing	<ul style="list-style-type: none">▪ <i>Voices</i>: an intranet dedicated to the entire human resources community▪ <i>LVMH Mind</i>: an intranet dedicated to CSR, available to all staff▪ Social Responsibility Newsletter▪ Reference Document▪ Annual Report▪ Social Responsibility Report

Relationships with stakeholders

Throughout the year, LVMH fosters dialogue and relationships with its stakeholders. The Group answers their questions and provides them with a range of information, particularly concerning the social impact of its activities. This dialogue is structured in very different ways depending on the circumstances.

Special attention is paid to providing information to and raising awareness among Group company employees. This takes place through the Group's *Voices* intranet and a semi-annual CSR newsletter. Integration seminars for the Group's new hires help raise their awareness of its culture, values, key management principles and knowledge of its

brands. These seminars include an introduction to social responsibility issues.

As regards other stakeholders, the table below provides a simplified overview of the main types of relationship forged by LVMH. They differ depending on the issues pertaining to the Group as a whole, the business groups, Group companies, and each geographical area.

In parallel with the types of relationships maintained with stakeholders, the Group's corporate partnerships are shown separately. Showing such formal partnerships separately reflects their specific features given the resulting commitments for all parties concerned.

The LVMH group's main partnerships

CSR (Corporate Social Responsibility)	<p>LVMH is a member of ORSE (<i>Observatoire sur la Responsabilité Sociétale des Entreprises</i>, a French CSR think tank)</p>	
Non-discrimination	<p>LVMH has been a member of AFMD (<i>Association Française des Managers de la Diversité</i>, a French organization promoting diversity in managerial practices) since 2013, on its board of directors since 2014 and on its executive board since 2015.</p> <p>► See “③ Preventing discrimination and respecting individuality”</p>	
Disability	<p>Agreement with AGEFIPH (a French organization that promotes private-sector employment of people with disabilities): LVMH, Parfums Christian Dior, Veuve Clicquot. Group companies are involved in the LVMH EXCELLhanCE program: LVMH, Parfums Christian Dior, Veuve Clicquot, Benefit Cosmetics, Le Bon Marché, Berluti, Louis Vuitton, Make Up For Ever and Chaumet.</p> <p>LVMH co-founded ARPEJEH (which helps young people with disabilities achieve their educational goals) in 2008 and has chaired the organization since 2012.</p>	 
Suppliers	<p>Member of Sedex (Supplier Ethical Data Exchange).</p>	
Developing skills and preserving expertise	<p>Partnership with a number of specialist schools and educational establishments</p> <p>► See “① Developing talent and skills”</p>	
Helping disadvantaged individuals find work	<p>Partnership with Clichy-sous-Bois and Montfermeil</p> <p>► See “④ Supporting local communities and regional development”</p>	 
Help for underprivileged populations	<p>► See “④ Supporting local communities and regional development”</p>	
Medical research and support for people suffering from medical conditions	<p>► See “④ Supporting local communities and regional development”</p>	

Type of relationship with stakeholder (excluding partnerships)

Type of stakeholder	Regularly throughout the year	Occasionally (depending on projects and requests)
Internal stakeholders		
	<ul style="list-style-type: none"> ▪ Relationships and dialogue with employee representative bodies: Joint European Company Works Council (SEWC), Group Works Council and individual company Works Councils <ul style="list-style-type: none"> ▪ Health and Safety Committees ▪ Special employee networks (e.g. EllesVMH) 	<ul style="list-style-type: none"> ▪ Collective bargaining agreements on specific subjects ▪ Satisfaction surveys and measuring employee engagement
External stakeholders		
States, multi-lateral institutions, government departments, local authorities and supervisory bodies	<ul style="list-style-type: none"> ▪ Relations resulting from Group companies' many interactions relating to international, national and local regulations of all kinds ▪ Relations with regulators (such as the Autorité des Marchés Financiers, France's financial markets regulator) ▪ Various reporting requirements (work accidents, occupational illnesses, taxes, etc.) 	<ul style="list-style-type: none"> ▪ Signature of undertakings (on diversity, apprenticeships, etc.) ▪ Triaing best practices ▪ Involvement in projects connecting various parties within a given locality
Investors, shareholders and non-financial ratings organizations	<ul style="list-style-type: none"> ▪ Shareholders' Meetings and Shareholders' Club ▪ In conjunction with the Financial Communications Department: <ul style="list-style-type: none"> - attending roadshows (financial and non-financial analysts) - responding to rating agencies' ESG (Environmental, Social and Governance) questionnaires 	<ul style="list-style-type: none"> ▪ Occasional requests from investors, asset managers and ratings organizations (in conjunction with the Financial Communications Department) ▪ Involvement in conferences, working groups and public conversations
Other external stakeholders		
- contractual (See also the "Partnerships" table)	<ul style="list-style-type: none"> ▪ Managing customer relationships ▪ Relationships with suppliers, subcontractors and commercial partners ▪ Statutory auditors and other external auditors ▪ Certification bodies ▪ Membership in expert and academic groups ▪ Membership in industry and market organizations (employers' unions, trade federations, etc.) 	<ul style="list-style-type: none"> ▪ Handling customer complaints ▪ Supplier and subcontractor questionnaires and audits
- non-contractual	<ul style="list-style-type: none"> ▪ NGOs, public interest bodies ▪ Consumer organizations ▪ The media 	<ul style="list-style-type: none"> ▪ Occasional or subject-based NGO and consumer organization campaigns ▪ Relations with local community organizations, depending on plans to set up new sites/facilities

Non-financial ratings

- LVMH is a signatory of the United Nations Global Compact and in November 2015 published its COP (Communication On Progress) in respect of the “GC Advanced” level



- At the end of 2015, the LVMH group was selected for an “unsolicited rating” in the main indices based on ESG (Environmental, Social and Governance) criteria:

LVMH has been a member of the Euronext Vigeo Eurozone 120 index since it was launched in June 2013, replacing the ASPI Eurozone index (Advanced Sustainable Performance Index).



In September 2015, LVMH was confirmed as a member of the FTSE4Good Global 100.



On September 21, 2015, LVMH was confirmed as a member of the updated Excellence Europe Ethibel Sustainability Index (ESI).



On February 23, 2016, LVMH was once again awarded Forum Ethibel’s “Ethibel Excellence” seal of approval. This award recognizes the companies that have shown the strongest CSR commitment and are likely to figure in the investment registers of SRI (socially responsible investment) funds.



- Of the other assessments and rankings of a general nature that are not part of an audit specifically requested by LVMH, the following are worthy of note:

On June 30, 2015, LVMH was selected by OFI Asset Management in the *Impliqué* (engaged) category among the 43 companies in its *OFI Leader ISR* (SRI leader) portfolio.



In November 2015, LVMH was given a score of 57.7 out of 100 for the 2014 fiscal year by CFIE (a French organization that promotes CSR and SRI) in its 2015 annual study on the workforce-related and environmental information in companies’ annual reports.



In November 2013, LVMH was rated “B” by the sustainability ratings agency Inrate (on a scale of 12 scores ranging from D- to A+) as part of its analysis of stocks listed on Stoxx Europe 50. LVMH had one of the best scores among the six French companies in the index.



1. DEVELOPING TALENT AND SKILLS

Identifying and recruiting talent, along with preserving strategic skills and expertise, are decisive elements in the short-, medium- and long-term success of the LVMH group and each of its entities. In this highly competitive world, where creativity and expertise are of the utmost importance, it is essential to be able to enlist the highest-performing, most appropriate and most promising talent.



Recruitment – a key moment

The LVMH way ► As the Group's companies develop in constantly evolving marketplaces, and new growth drivers such as digital technology and innovative partnerships come to the fore, we have been able to provide varied career opportunities at every level of the organization, prompting a cross-pollination of skills between different business segments.

LVMH was ranked the **number-one preferred company** by business school students in France according to the 2015 Universum poll, marking its tenth consecutive year in this coveted position.

27,927 people were recruited under permanent contracts, including 2,764 in France and 9,486 in the United States.

5,546 people were recruited in France under fixed-term contracts. The seasonal sales peaks at the end-of-year holiday season and the harvest season are two main reasons for using fixed-term contracts.

The overall turnover rate (**21.8%**) was stable compared with the previous years. It showed marked differences across geographic regions. The highest rates were recorded in the North America, Asia and Other regions, where labor markets are more flexible.

Voluntary staff turnover over the past three years was also relatively stable, going from 15.8% in 2013 to **16.0%** in 2015.

LVMH has put an action plan in place to make the career opportunities within what the Group calls its “ecosystem” better known. With the wide reach of its brands, growth and international expansion, the LVMH group naturally attracts talent from the world of luxury goods, and beyond, from all innovative fields. It also focuses on raising awareness of the full extent of its highly diverse range of professions to guarantee excellence across all its business lines.

For many years, the Group has maintained special ties with business and engineering schools and universities, enabling it to develop its reputation and that of its companies among students and give them a window onto major career tracks and prospects. In 2015, LVMH had many privileged partnerships based on the Group's main recruitment priorities.

Design is a key focus of programs at Central Saint Martins in London and Parsons School of Design in New York. To help young designers launch their careers, every year since 2011 the LVMH Grand Prix scholarship has been awarded to three students from the prestigious London fashion design school Central Saint Martins. The aim of this scholarship is to provide financial aid to students in their last year of fashion design and offer them new opportunities, especially at LVMH companies, which are always eager to welcome and train new talent. In February 2015, Bvlgari also entered into a long-term partnership with Central Saint Martins to develop and support student creativity through a design competition. At its 67th annual Fashion Benefit on May 20, 2015, Parsons School of Design presented LVMH with an honorary award for its commitment to promoting creativity. Marc Jacobs, an alumnus of the school, was also recognized for his career.

LVMH supports luxury brand management through the LVMH Chair at ESSEC, SDA Bocconi in Italy, and the Luxury Business Management track at Singapore Management University. In March 2015, LVMH and ESSEC announced the renewal for another four years of the LVMH Chair, the world's oldest program specialized in the luxury industry, founded in 1991. ESSEC's new *Savoir-Faire d'Exception* Chair was inaugurated in

January 2016 as part of its luxury track. LVMH is involved, alongside other partners, through its champagne house Dom Pérignon. Every year, the Chair will enable some twenty students to learn about the challenges connected to these singular skills and strategies to ensure their international reach. Future managers, investors, craftspeople and entrepreneurs will have the chance to take part in research programs in partnership with the LVMH group and Dom Pérignon in particular.

Excellence in the Customer Experience was the driving force behind the launch of a new partnership with HEC to found the General Management and Retail Excellence chair, which aims to create a teaching and research program dedicated to luxury brand management. Drawing on the expertise of HEC professors along with managers from many different LVMH companies, this long-term partnership will set a new benchmark in its field through wide-reaching educational initiatives. The chair will train the talent of tomorrow in all the different components of retail in the luxury industry, from sales and merchandising to logistics. It will allow students involved in the program to gain access to career opportunities in this highly sought-after field of specialization, while enabling LVMH to make direct contact with a high-potential, multicultural, mobile, international talent pool. This partnership is also a chance to broaden the scope of research on key issues for the luxury industry.

To help attract more engineers, in March 2015, LVMH pledged to support and take part in the activities of the Supply Chain Chair at the École Centrale Paris until 2018, alongside three other partners. Louis Vuitton, Parfums Christian Dior, Guerlain, Sephora, Moët Hennessy and their employees will take part in all the initiatives implemented as part of this chair. This partnership has five key objectives: train the talent of tomorrow, make contact with engineering students, connect the academic and business worlds, create a platform for dialogue for the business world, and provide LVMH talent with ongoing training. In November 2014, the Group was also the official sponsor of X-Forum, the École Polytechnique's annual career fair. The

aim of this sponsorship initiative was to raise awareness of the career opportunities for engineers at LVMH.

Locally, a larger number of Group companies have also developed multiple specific partnerships, such as Hublot's partnership with École Polytechnique Fédérale de Lausanne. Moët Hennessy and École Ferrières have joined forces in a partnership to help cultivate excellence in hotel management, gastronomy, wine and luxury programs. Located 25 kilometers from Paris, the newly inaugurated school opened its doors on November 3, 2015. Lastly, digital entrepreneurship was the focus of a new collaboration with Telecom Paris Tech.

Alongside the key partnerships forged with schools and universities, the LVMH group aims to encourage and cultivate the talent of the next generation of designers. With this in mind, in 2014 LVMH created a benchmark award: the LVMH Prize for Young Fashion Designers. On May 22, 2015, the final awards ceremony was held at the Fondation Louis Vuitton for the second year running, with the top prize going to design duo Marques'Almeida. The panel of judges was composed of nine creative directors of LVMH companies – J.W. Anderson (Loewe), Nicolas

Ghesquière (Louis Vuitton), Marc Jacobs (Marc Jacobs), Karl Lagerfeld (Fendi), Humberto Leon and Carol Lim (Kenzo), Phoebe Philo (Céline), Raf Simons (Dior) and Riccardo Tisci (Givenchy) – along with Delphine Arnault (Executive Vice President of Louis Vuitton), Jean-Paul Claverie (Advisor to Bernard Arnault and Head of Corporate Philanthropy for LVMH) and Pierre-Yves Roussel (Chairman and CEO of the LVMH Fashion Group). The jury announced their choice following presentations by each of the seven finalists. Portuguese designers Marta Marques and Paulo Almeida met during their studies at the CITEX fashion school in Porto. After attending Central Saint Martins College in London, they decided to combine their talent, creating the womenswear brand Marques'Almeida in April 2011. They received a €300,000 grant and a one-year mentorship from LVMH experts. The jury awarded its Special Prize to Simon Porte Jacquemus. His brand Jacquemus – his mother's maiden name – has since enjoyed growing success and is sold at numerous prestigious points of sale in France and other countries, including Le Bon Marché in Paris and Dover Street Market in London. Simon Porte Jacquemus received a grant of €150,000 and a year-long mentorship from LVMH experts.

Building a digital presence

In addition to the Group's on-campus presence and partnerships, LVMH continued to develop its digital presence in 2015. Special emphasis was placed on its reputation as an employer, focusing in particular on describing its "ecosystem" on social media, especially LinkedIn, the world's largest professional network. This year, according to a survey of this leading professional networking site, LVMH's content made it the most influential luxury brand on LinkedIn. These new digital tools help reach a wider audience of students while streamlining the job application experience and encouraging a diverse pool of candidates to apply. Examples of these highly innovative initiatives include the "InMind" application (for digitizing CVs submitted on student forums), virtual job forums, pre-recorded

video interviews and an online presence on platforms such as jobteaser.com.

As previously reported, in May 2014, Business of Fashion launched BoF Careers, "the global marketplace for fashion talent". The LVMH group was involved in this launch as one of the main partners. The only talent pool of its kind, BoF Careers has positioned itself as a crossroads where talent and the leaders of the luxury and fashion industries can meet. The LVMH group has launched its own careers page on this platform (www.businessoffashion.com/lvmh). This dedicated online space serves as a portal into the Group, featuring a large number of job listings covering the entire product life cycle, from design to distribution.

Employer brand recognition

The LVMH group's determination to give itself the means to reinforce its image as an employer of choice is aimed at meeting its companies' increasing demand for top talent. In March 2015, for the tenth year running, initiatives taken by all Group companies were popular with students at France's top business schools, who ranked LVMH first among preferred companies in the Universum poll on the most attractive employers. The ranking is based on responses from more than 39,742 students at 126 higher education institutions. For the first time this year, Universum also added responses from 8,441 alumni of the 126 schools and universities. The results largely confirm the ranking order chosen by the students. LVMH is the preferred employer of business school alumni and the fifth-favorite employer among engineering school alumni.

In April 2015, LVMH also reaffirmed its position as the preferred employer among business school

students for the seventh year in a row in the Trendence France 2015 ranking, a study carried out on more than 22,000 students and young graduates of 158 schools and universities. Won over by the diverse range of business sectors and professions, the large number of Group companies and the scope of its geographic presence, this vital force of young students rallied behind LVMH, making the Group the uncontested leader in terms of attractiveness. The reputation of the Group's employer brand has also continued to grow in European rankings and now features among the top names.

Alongside these Group-wide initiatives, several Group companies including Sephora, Parfums Christian Dior, Louis Vuitton and Guerlain also have their own employer communication campaigns in order to attract the best candidates.

Employee professional development

The LVMH way ► The annual organizational and talent review run by the human resources department in close conjunction with operational managers forms the backbone of the LVMH group's human resources policy. It is an opportunity to prepare a range of training courses in line with market conditions and staffing requirements, and to build career paths for employee mobility.

€110.6m invested in training worldwide, up 12.6% in 2015 over 2014

2.4% of total payroll

€878 per employee, up 9.2% in 2015 over 2014

61.4% of employees received training

282,438 days of training (i.e. 1,977,066 hours)

2.2 days of training per person, on average

17,049 hours of training devoted to the environment

36.6% more hours of safety-related training

2,400 managers took advantage of internal mobility opportunities within the Group in 2015

73% of senior executive positions filled internally

Strategic review

In a group that is intrinsically decentralized, the human resources department is responsible for promoting cross-functional skills exchange and cooperation, while supporting the career development of the Group's talent through coherent, comprehensive practices. Human resources coordination is expanding to new frontiers in Latin America and Oceania, supplementing existing mobility committees in areas where the Group has a long-standing HR presence: Europe, the United States, Asia and specifically Japan. LVMH supports its high-potential individuals through the FuturA in-house talent development program. These staff are selected first and foremost on the basis of their potential, their creative capacity and the values that drive them.

The annual Organizational Management Review of the Group's talent pool and organization is a cross-disciplinary initiative that involves all Group companies and subsidiaries, aimed at identifying internal talent and ensuring succession to key positions. As part of this review, mobility

meetings are held between Group companies and different regions to help provide an array of succession options. More than 70 position-level and regional mobility committee meetings were held in 2015. As a result, 73% of senior executive positions have now been filled by existing staff.

In 2015, the organizational and talent review was performed with special attention to indicators of cultural and gender diversity. This approach revealed a talent pool of 1,000 key individuals from 30 different countries, with women accounting for 60% of the "high-potential" group.

The personalized support given to employees has been improved by upgrading the quality of career discussions and annual interviews, with training for HR and line managers all around the world.

Managers naturally play a key role in cultivating this type of organizational and career development. This skill is now a criterion by which they are systematically assessed at their annual performance and career reviews.

Awareness and training programs

No matter how diverse the businesses and teams concerned may be, the LVMH group and its companies always design their training activities with the aim of satisfying business requirements as well as personal expectations regarding career development.

In 2015, training investments by Group companies throughout the world represented a total of €110.6 million, or 2.4% of total payroll. Investment increased once again, by 12.6% compared to 2014 (€98.2 million) and up 58.5% compared to 2011 (€69.8 million). The average training investment per full-time equivalent person amounts to approximately €878. In 2015,

the total number of training days amounted to more than 282,438 days, representing an equivalent of around 1,228 people receiving full-time training for the entire year. In total, 61.4% of employees received training in 2015 and the average number of days of training was 2.2 days per employee. A diverse selection of training programs is available to management and non-management employees for career development at the Group's boutiques, manufacturing facilities, and administrative offices. A substantial portion of training also takes place on the job on a daily basis and is not factored into LVMH's consolidated indicators.

Enabling everyone to get to know the Group better

Each of our Group companies has forged its own culture, which is closely linked to its identity and strategy. Each one also has a Group-related dimension, which is a powerful means for engaging our employees. In our regions and in some countries, we already have programs in place for inducting new employees, sharing the wealth of our ecosystem with them, and making them feel part of the Group.

LVMH holds integration seminars for new hires focusing on its culture, its values, its key management principles and knowledge of its brands. These seminars include an introduction to social responsibility issues. A total of 30,043 employees under permanent or fixed-term contracts attended seminars of this type in 2015.

In 2015, we decided to step up this approach by creating our LVMH VIEW e-learning module to ensure that all of our managers would have an opportunity to discover the Group. Our 70 Group companies contributed to this training tool, which gives new hires their first experience of the LVMH group and its brands. Interactive and fun, it enables employees to learn about our values, companies and products while empowering them to become ambassadors for the Group. When the module was launched in July 2015, all LVMH executives and managers, regardless of their length of service with the Group, were invited to participate and over 6,000 employees have logged on so far. Currently available in French and English, the module will be expanded to Spanish, Italian, Mandarin and Japanese in 2016, and to all employees in the near future.

Supporting digital transformation

The changes brought about by digital technology are having a profound impact on the behavior of both luxury consumers and LVMH group employees. In order to evolve in step with those changes, the Executive Development and Digital

teams have built specific tools, which they have made available to Group companies.

An online training course called Digital Discovery enables management staff to acquire a shared vocabulary and a core of critical skills for dealing

with the implications of the digital revolution, including new tools, trends and customer behaviors, combined with insights on regional differences. This training program explores all the key topics selected with our in-house experts, from our main functional job categories – marketing/communications, retail and general management – to our five primary business groups.

In another initiative, Digital Journey, the Executive Committees of Group companies are invited to attend a special session where they can draw inspiration from new ways of working, experiment with new technologies, familiarize themselves with new tools, and interact with stakeholders in the digital community. There are also regional initiatives. In China, our human resources teams have helped steer organizational change as part of a digital-age strategy to recruit the most digitally savvy people and offer them attractive career prospects.

On September 25, 2015, Louis Vuitton held an event that may very well have been the first of its kind in the luxury world: the Unlock the Future of Luxury Hackathon. This event was attended by developers, designers, data analysts and other

self-professed geeks at the Group company's historic home in Asnières. Selected from among nearly 400 candidates, 58 developers took part in this unprecedented event. Half of them were students from École Polytechnique, École Centrale Paris, Télécom ParisTech and Paris Dauphine University in France as well as Queen Mary University in London. In total, more than nine prestigious schools and universities were represented. The reason they were there was to develop an innovative application to get to know our customers better and anticipate changes in the luxury world by tracking trends. Divided up into teams, they had 48 hours to rise to the challenge and plunge into the data provided to them, with the help of code and algorithms. The participants could exchange ideas with Louis Vuitton mentors: employees from a range of different professions including digital technology, marketing, communications and human resources. After two days of exploring and analyzing over 1,000 gigabytes of data, each team presented its project to a jury made up of Big Data professionals, Louis Vuitton employees and event partners. In the end, the jury decided to reward the creativity of two teams, each of which won a trip to San Francisco and an €8,000 grant.

Retail-specific challenges

Another challenge involves expanding the retail skills of the Group's global organization. LVMH's retail network, which is one of a kind in both size and quality, serves as a foundation for customer relationships and brand experiences. To this end, retail support and sharing initiatives have been set up – designed globally but implemented locally – to give Group companies a helping hand on the ground.

In China, the Retail Academy designs professional development programs that are suited to the pace, context and constraints of store operations, covering subjects such as interpersonal communication, understanding luxury, and the best ways for managers to coach their employees. These programs are open to the management

staff of all our locally represented brands. Since we started offering them in 2012, more than 300 managers have signed up.

Retail-specific initiatives have also been developed in the United States. The brands have formed special working groups to design customer relations training courses, outline shared career paths and implement dedicated programs for their indirect retail networks. All of these initiatives are contributing to our Group companies' success in providing our customers with great experiences and support.

Sephora continues to innovate on the customer experience front through *Sephora Lab*, an internal program that gets employees involved to

develop new creative concepts as part of a collaborative innovation approach. When it was launched in Europe in 2012, the program's main objective was to generate innovative new ideas by stimulating the creativity of employees – or “labmakers”. During this initial phase of development, the participants generated new ideas for enhancing the customer experience, before conceptualizing them and presenting their projects. Their assignment was to make the shopping experience even more exceptional. In 2015, Sephora Lab reached a major milestone: the idea-generating phase was supplemented with a co-design and concept implementation phase. Participants were provided with digital tools to help them give shape to the ideas generated during the brainstorming phase. The next step is to create a genuine internal start-up

with the aim of being able to rapidly launch new concepts. Another goal of the program is extending the brainstorming experience to all employees using a digital tool. Sephora Lab has been a success so far, already generating a number of concepts since 2012. The Gift Factory, a sophisticated personalized gift-wrapping service, has proved highly successful and is now available at 90 stores in 13 countries in Europe, Southeast Asia and the Middle East. The Mini Beautic smart sample distributor has been launched at two stores in France. The challenges and obstacles encountered by Sephora Lab only prove the importance of taking risks as part of a resolutely pro-innovation approach. This pioneering model has even inspired Sephora teams outside France, with a Sephora Innovation Lab opening in the United States in 2015.

Internal mobility

The Group has made internal mobility – whether geographic or cross-functional – one of the pillars of its human resources policy. LVMH Human Resources has always prided itself on offering a wealth of career development options and international opportunities. The Group's ecosystem provides an environment that is particularly conducive to career development, with its diversity of business lines and professional roles, the number of brands operated and the Group's international dimension enabling employees to build individualized career paths and gain new skills, expertise and experience. All employees can take an active role in their own career development using the MOVe internal job board, which can be accessed from anywhere in the world via the Group intranet.

In terms of results, 2,400 managers took advantage of internal mobility opportunities within the Group in 2015. LVMH also fosters

mobility between professional categories by encouraging its employees to acquire new skills, especially through certificate or degree programs.

Thanks to the engagement and close collaboration of our HR managers at Group companies around the world, especially through regular talent reviews, 73% of senior management vacancies have been filled via internal promotions.

Specific working groups are now organized for retail, digital, finance and supply chain jobs, in addition to the 70 internal transfer review boards for different seniority levels and regions. This approach is underpinned by far-reaching changes in the tools and information systems used for human resources management and the integration of social media into an even more proactive talent outreach process.

Linking compensation packages with ESG performance

The LVMH way ► Group companies offer compensation packages that are competitively positioned with respect to the market in order to attract and motivate talented staff. To reinforce the link between the different compensation packages and employee commitment to sustainable development, a growing number of Group companies take into account certain ESG (Environmental, Social and Governance) criteria in their annual employee reviews.

3% increase in the proportion of employees who earn more than €2,251 per month (gross)

International salary surveys, in relation to specific professions and sectors, are carried out annually and are used to permanently ensure that the Group maintains a favorable position against the markets. By means of variable pay components based on both individual performance and their employing companies, managers have a vested interest in Group companies' success.

All companies in France with at least 50 employees have an incentive scheme, profit sharing or a company savings plan. These plans accounted for a total expense of €176.2 million in

2015, paid in respect of 2014, an increase compared to the previous year.

Certain Group companies have implemented an incentive program with assessments based on ESG (Environmental, Social and Governance) performance criteria. For example, under the three-year incentive agreement signed at Parfums Christian Dior in 2014 – applicable in 2014, 2015 and 2016 – a new waste recovery indicator was added: "Brand Waste Recycling", which tracks the proportion of brand waste recycled.

Knowledge preservation

The LVMH way ► The LVMH group has always been actively engaged in training initiatives – especially apprenticeships – to ensure that the expertise that makes up the cultural heritage of craft and design professions is preserved and handed down to future generations.

1,054 young people on apprenticeship or work-and-training contracts in France in 2015, including **99** young people trained at Institut des Métiers d'Excellence since it was founded in 2014

Institut des Métiers d'Excellence

Launched in 2014, the Institut des Métiers d'Excellence (IME) is a professional training program that helps the Group ensure the successful transmission of its expertise by encouraging younger generations to pursue professions in the fields of craftsmanship, design and sales. This initiative reflects the Group's desire to better meet its companies' current and future requirements and expectations. In 2014, IME signed its first partnership agreements with the BJOP jewelry school, the ECSCP Paris couture

school and the Compagnons du Devoir et du Tour de France. IME opened an LVMH class at each of these schools, providing apprentices with professional training in jewelry making, couture flou and leatherworking. In 2015, IME entered into new partnerships with Avize Viti Campus, EMA Sup Paris and the École Boulle/Greta CDMA arts and design continuing education program, opening four new professional course tracks in couture tailleur, wine and winemaking, sales and retail design, with the number of apprentices

growing from 28 to 99. Chaired by Bernard Arnault, the Group's Chairman and CEO, the back-to-school ceremony held at the Fondation Louis Vuitton on October 27, 2015 marked the official launch of Institut des Métiers d'Excellence, attended by the Group Executive Committee, educational partners, training specialists, industry experts, program mentors, the Presidents of the 21 participating Group companies, and of course the classes of 2014 and 2015. Designs by the class of 2014 inspired by the Fondation Louis Vuitton were exhibited and presented to guests at the ceremony.

As a signatory of the Apprenticeship Charter, the Group devotes considerable efforts to the development of apprenticeship opportunities, which facilitate young people's access to qualifications. As of December 31, 2015, there were more than 1,054 young people on apprenticeship or work-and-training contracts (including Institut de Métiers d'Excellence) at all of the Group's French companies.

Preserving expertise at Group companies

To further anticipate their requirements and smooth the knowledge transfer process, some Group companies have created their own training structures to meet ever more specific challenges.

For example, in March 2012, Berluti set up its *Académie du Savoir-Faire* in Ferrara (Italy) to revive the ancestral craft of shoemaking in the heart of the Emilia-Romagna region. Berluti's *Académie du Savoir-Faire* selects and trains the company's next generation of luxury shoemakers and leatherworkers. In August 2015, Berluti opened its new footwear and leather goods workshop in Ferrara (northern Italy). Spanning over 8,000 square meters, the new facility is built to accommodate the company's growth. With this new site, Berluti can double the number of artisans working in its workshops while at the same time totally rethinking the ecosystem in which its shoes and leather goods are made.

In the last quarter of 2015, Loro Piana launched its *Académie de l'art des métiers*, which has three main goals: supporting the textile market in its geographic areas by sponsoring local specialized

schools, in-house production management training and in-house professional training. Its objectives for 2015 and 2016 are to forge strong partnerships with the most outstanding schools and to reinforce production management and technical skills among all employees in its production departments. Every year, Loro Piana offers training courses for sales staff at its Company Retail Excellence Academy. In 2014, some 1,000 employees – or 90% of the staff concerned – attended training in at least one of the 20 courses developed in-house.

In February 2016, Fendi inaugurated Massoli Academy alongside Sartoria Massoli, a couture workshop with which it has worked closely since 1982. This ambitious project aims to transfer unique dressmaking expertise to new generations of artisans and preserve the prestige of "Made in Italy" craftsmanship. Massoli Academy trains talented young people in the traditional skills and meticulous craftsmanship required for haute couture creations.

One of the longest-standing initiatives aimed at ensuring that skills and excellence are passed on to future generations is the school of leather goods founded by Louis Vuitton in 2010 at the firm's historic Asnières workshops.

In September 2013, Christian Dior Couture also opened its own training institute (*Ecole des Savoir-Faire*), the goal of which is to preserve and develop the company's expertise, attract younger generations to craft trades in the world of fashion, help young craftspeople find work, expand the practice of apprenticeships and ultimately create a rigorous study program that lets students participate in the *Meilleur Apprenti de France* and *Meilleur Ouvrier de France* competitions. Every year at Christian Dior Couture's workshops, masters and apprentices work together in pairs, passing down the tradition of excellence.

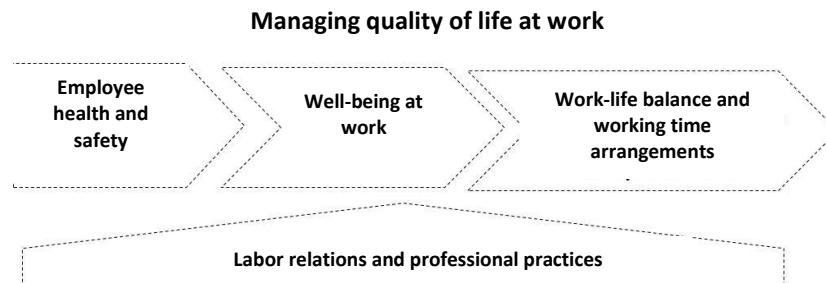
Moët Hennessy Asia Pacific has set up a school for sales managers in partnership with a local university, while developing new training programs to promote workplace efficiency, analytical thinking and women's leadership.

Lastly, in Spain, Loewe officially opened its leather crafts training center near Madrid in February 2013. The context of this initiative is the doubling in size of its production center, and the resulting increase in training and hiring. To date, 99 people have been trained and 66 have been recruited. Loewe's objective was to make its training center a center of excellence recognized as such by the Spanish authorities and the international community of leather industry experts. It has been a resounding success: in 2015, the school received the "Entrepreneurs and Employment" excellence award presented by the Spanish magazine *Expansión* and presided over by the State Secretary for Employment (Ministry

of Labor and Social Security). This award is highly regarded in Spain in the field of human resources, and presenting it to Loewe is a way of recognizing the company's role in preserving a local culture of high-quality craftsmanship, its commitment to creating stable employment for jobseekers with no initial training, and its capacity to work in close collaboration with the local communities of Madrid. Moreover, full use was made of Loewe's training center throughout 2015 to enhance the versatility of its craftspeople, providing them with training in skills and techniques that could be developed even further. Twenty-two employees completed a total of 740 hours of training in 11 different key skills.

2. MANAGING QUALITY OF LIFE AT WORK

The skills and motivation of the Group's employees are what underpin the excellence of the products and services offered by its brands. Their working conditions must enable them to express those skills and motivation as best they can, and to feel fulfilled in carrying out their tasks. That is why the Group's commitment to managing quality of life at work is closely focused on meeting employees' needs.



Health and safety issues

The LVMH way ► For LVMH, respecting all employees regardless of gender and ensuring their health and safety are two fundamental components of its social responsibility policy. LVMH raises awareness at its companies, via their human resources departments, of the importance of protecting employees' health and safety.

€54m was spent on improving health and safety and working conditions in 2015, of which €35.5m went specifically toward health and safety (up 15.6% in 2015 compared with 2014).

34,693 Group company employees received safety training worldwide (up 36.6% in 2015 compared with 2014).

Work accidents:

	Number of accidents	Frequency rate	Severity rate	Deaths
2014	1,055	4.75	0.13	0
2015	1,077	4.70	0.14	0

Workplace safety issues take different forms depending on the business group. For instance, Watches & Jewelry sees the fewest work accidents whereas Wines & Spirits has the highest frequency and severity rates due to the nature of its business. Similarly, the geographical breakdown of the number of accidents shows that France – where most LVMH companies'

production takes place – is more heavily represented. In 2015, there were 1,077 lost-time work accidents which resulted in 32,306 lost working days. Frequency rates have been improving steadily for several years, while severity rates have slightly increased.

The total amount spent on and invested in improving health, safety and working conditions stood at over €54 million in 2015, or 1.2% of the Group's gross payroll worldwide. As such, 34,693 Group company employees received safety training worldwide, 36.6% more than in 2014 (25,390 employees). Of this total investment, €35.5 million was invested more specifically in health and safety in 2015, significantly more than in 2014 (up 15.6% from €30.7 million).

These issues come to the fore in employees' day-to-day working environments, which is why it is the responsibility of Group companies to implement appropriate health and safety policies. Health, safety and ergonomics assessments, giving rise to structured action plans, are carried out at production sites, workshops and vineyards as well as stores and offices. Processes to improve workstation ergonomics are implemented and workstations are redesigned to help retain staff.

In Wines & Spirits, Krug and Veuve Clicquot have the "Quality of Life at Work" company-wide agreement, which contains a section on occupational hazards focused on three priorities: reducing physical strain, cutting the number of work accidents in half and preventing occupational stress. Before this agreement was signed, a special workshop had already been set up for employees with medical restrictions, disabilities or an inability to work. At Glenmorangie in Scotland, the brand's "zero accident" policy remains a cornerstone of its entire health and safety culture. Parfums Christian Dior is implementing an initiative to improve the ergonomics of workstations used by head office staff, mobile employees and point-of-sale staff in conjunction with employee representatives. At Guerlain, a number of ergonomics initiatives have been implemented at manufacturing facilities and in boutiques, particularly at the new *La Ruche* manufacturing facility in Chartres, inaugurated in 2015. Special attention was paid to ergonomics at this facility from the very beginning of the construction process, including single-level manufacturing areas, simpler optimized workflows, high-performance ventilation systems on powder-manufacturing equipment and new

emulsion equipment. On the safety front, the facility has a checkweigher for hazardous materials and security systems that automatically shut off equipment if any abnormalities are detected. Site safety is further enhanced and optimized by a building management system.

Similarly, Louis Vuitton is gradually rolling out an initiative addressing health policy, work organization, the physical work environment and a training plan for its manufacturing workshops and logistics warehouses. In 2015, Louis Vuitton had several different studies run on physical strain at its stores in France. While these studies helped identify areas where operations and equipment could be improved (such as carpeting and seating), no stores were found to induce physical strain. At its workshops, a number of initiatives were launched to observe employees' postures and movements and improve workstation ergonomics. Lastly, at Make Up For Ever, a safety training program for all employees was launched in October 2015 at the Porte Maillot site in Paris. An ergonomics, health and safety awareness guide is distributed to all employees, and the health and safety committee is very pro-active in analyzing any "critical" information submitted by representatives and employees.

Regarding workplace health and safety management certification, in 2015 the Louis Vuitton workshop in Issoudun obtained OHSAS 18001 certification as part of the "Cap Santé" ("Destination: Health") program, in collaboration with Id'Quation. This program is monitored annually under the PACT working conditions improvement plan, and is part of the work done by the Executive Committee's Health and Safety Committee. In 2015, Glenmorangie successfully reaffirmed commitment to OHSAS 18001 via a new certification audit. A key goal for Glenmorangie in 2015 was to improve its control of major accident hazards (COMAH). Lastly, Fendi obtained OHSAS 18001 certification for the Sesto Fiorentino logistics facility, the Porto San Giorgio shoe workshop and the Florence workshop. Hennessy created an Environmental Safety Quality Management Department, one of the aims of which is to implement a safety certification and management system by 2018.

Group company programs and initiatives for well-being at work

The LVMH way ► The skills and motivation of the Group's employees are what underpin the excellence of the products and services offered by its brands. As such, Group companies take a much broader view of "well-being at work" that goes beyond health and safety issues. Employees' working conditions must enable them to express their motivation as completely as possible and feel fulfilled in carrying out their tasks.

The overall absence rate was **4.8%** in 2015, lower than in previous years (5.0% in 2014 and 4.9% in 2013). This slight decrease was partly due to the decline in paid absences (0.3% in 2015 versus 0.5% in 2014).

All Group companies are committed to preventing occupational stress, and pay particular attention to stressful situations their employees might encounter. In 2015, Moët Hennessy Diageo launched a comprehensive program including an awareness day and practical workshops on the topic of "Managing performance with kindness," in which 63 of the company's managers participated. The second phase of the program is scheduled for 2016, with the development of a questionnaire on managers' leadership practices aimed at identifying their needs and the implementation of training modules, including one on occupational stress. In the same vein, in 2015, LVMH Fragrance Brands launched an action plan on preventing occupational stress, which was presented to employee representatives at meetings of local and European works' councils and the health and safety committees, as well as managers. At Moët & Chandon, the agreement on preventing occupational stress includes an alert procedure for emergency situations, a stress level assessment at each employee medical visit, and an action plan. Moët & Chandon launched coaching sessions on workplace well-being and trained its management-level staff and supervisors (executive committees, department heads and managers) in preventing occupational stress, while LVMH Watches & Jewelry held training sessions in China on managing stress at work. At the store level, Sephora Italy ran tests to assess its employees' stress levels, while TAG Heuer gave its staff training on "robbery awareness" to reduce in-store stress levels. More generally, in recent years agreements and

addenda to existing agreements on topics including occupational stress prevention have been signed at Group companies in France.

Beyond preventing occupational stress, the ambition of the Group's companies is to improve employee well-being at work. Increasing numbers of them are offering services such as relaxation sessions, massages and sports classes. Berluti, for example, offers its employees weekly sports and yoga classes at preferential rates. In 2015, Céline held two well-being at work training sessions in the form of open workshops – first for older employees, then for all employees – on stress management, including self-massage, yoga and laughter therapy workshops. In Spain, Moët Hennessy introduced 20-minute massage breaks to help employees relax at the most stressful times of the year. In China, Louis Vuitton has set up a company library and reading nook available to all employees, stocked with magazines and tablet computers. In Argentina, Moët & Chandon, working in tandem with the in-house medical department, has created a more nutritionally balanced menu for the staff cafeteria. A number of the Group's companies in France participated in the 12th well-being at work week from June 15 to 19, 2015. On this occasion, Christian Dior Couture, for example, held workshops on a range of topics including sleep, nutrition, time and energy management, and the use of personal resources in the professional sphere. Employees also had the opportunity to enjoy seated massages based on the Japanese "anma" relaxation method.

Building quality and design is also an important consideration that Group companies take into account during the construction and renovation of their sites. An emblematic example of this in 2015 was Guerlain's inauguration of its new skincare and make-up manufacturing facility in Chartres on February 6, 2015, attended by Bernard Arnault, the Group's Chairman and CEO, and Manuel Valls, French Prime Minister. Named La Ruche ("The Beehive"), the site was designed to meet the company's ambitions for growth, technological excellence, quality and sustainability. To ease the transition to the new site, all the employees concerned by the move

were consulted at every step of the project, from how to optimize workspaces to what to call the new facility, along with the choice of furniture and layout. More than 300 trees were planted and two central landscaped patios were installed to create a bright, pleasant environment.

More generally, at Group level, as part of a project looking at the possibility of standardizing healthcare benefits, a study of the systems in place in each country has been launched along with discussions on how common core benefits might be implemented.

Work-life balance and flexible working time arrangements

The LVMH way ► Respect for people involves taking into account a number of separate factors. Offering flexible working hours and services that help employees achieve a satisfactory work-life balance is a way of meeting employees' growing expectations in terms of physical well-being, time management and dealing with family responsibilities.

As of December 31, 2015, part-time employees made up **19%** of the total workforce, or 24,363 individuals out of 125,346. Worldwide, **13%** of employees had variable or adjusted working hours and **49%** worked as a team or alternated their working hours.

Global workforce using various forms of working time adjustments:

Employees concerned (as %)	Global workforce in 2015
Variable/adjusted schedules	13%
Part-time	19%
Teamwork or alternating hours	49%

Work-life balance is a vital component of quality of life at work. This topic is one of the ongoing objectives of the Group's companies and touches on a number of different issues including parenting, career paths for older employees and the expectations of employees who are family caregivers. For example, at Moët Hennessy in the United States, a new flexible working hours policy has been set up, allowing one day of working at home per quarter. Céline offers flexible working hours for employees returning from maternity leave (80% part-time working, for example) and has increased the number of days off employees can take if their children are sick. In the same vein, De Beers Diamond Jewellers pays in full for paternity leave. At the beginning of the school year, Kenzo allows flexible working time for employees who wish to accompany their children under age 12 to school. In China, Louis Vuitton held its first "Louis Vuitton China Family Day" in Shanghai on June 1, 2015, which was attended by 35 families – more than 108 people.

Workplace concierge services and childcare are becoming more widespread within the Group. For example, Berluti has set up a company concierge service to help smooth the work-life balance, and Le Bon Marché has partnered with a daycare network and started offering flexible working arrangements for employees with children under the age of three at La Grande Epicerie. In Saint-Jean de Braye, Parfums Christian Dior was instrumental in setting up a multi-company daycare center with 30 spaces reserved for its employees' children. It celebrated its one-year anniversary in September 2015. Head office staff have a similar arrangement, with 30 spaces reserved for their children from the start of the school year in September 2014 at inter-company daycare centers in the Paris region. At the Group's headquarters sites, a coffee break get-together for Paris daycare centers was scheduled for February 9 and March 10, 2016, in partnership with People & Baby. A company concierge service has been open since 2012 for sites reporting to the head office.

Labor relations

The LVMH way ► The LVMH group's employee representation system is comprised of three levels:

- the individual Group companies' Works Councils,
- the Group Works Council,
- the European Company (SE) Works Council for LVMH SE, which handles transnational issues at the European level.

In France:

1,709 meetings

105 company-wide agreements

Type of meeting	Number
Works Council	579
Employee representatives	507
Health and Safety Committee	351
Other	272
Total	1,709

A budget of over **€19.8** million (**1.9%** of total payroll) was allocated to social and cultural activities in France via contributions to Works Councils.

Total catering costs for all Group employees represent a budget of **€21.8** million.

Over the past few years, the LVMH group has taken on a strong European dimension, and the

conversion of its legal structure into that of an SE (European Company) was in line with this

development. As part of this conversion, an European Company (SE) Works Council for LVMH SE was created, made up of 28 members from the 21 European countries where the Group has a presence. The rules for this representative body were laid down in an agreement that was signed unanimously on July 7, 2014, by the elected employee representatives from these 21 countries and by the Group's Executive Management. The first plenary meeting of the European Company (SE) Works Council was held on March 26, 2015, and the next one was scheduled for April 7, 2016.

As a result, the LVMH group's employee representation system is now comprised of three levels:

- the Works Councils handle most employee-related issues, in keeping with the Group's culture of decentralization;
- the Group Works' Council, created in 1985, is currently composed of 29 members who hold plenary meetings every year: employee representatives are given information and hold discussions with the Presidents of all the business groups on strategic orientations, economic and

financial issues and Group human resources-related aspects;

- lastly, the European Company (SE) Works Council for LVMH SE handles transnational issues at the European level.

In France, Group companies have one or more of the following, depending on their workforce: a works council, a combined staff representative body ("Délégation Unique du Personnel"), employee representatives, and health and safety committees. The Group Works Council was formed in 1985.

Over the course of 2015, employee representatives attended 1,709 meetings (compared to 1,566 in 2014), leading to the signing of 105 company-wide agreements. In France, Moët & Chandon, Veuve Clicquot, Hennessy, Sephora and Guerlain in particular have signed workplace health and safety agreements in force since 2014. Lastly, an agreement on quality of life was signed at Veuve Clicquot on December 1, 2015, and an agreement on working on Sundays was signed at Guerlain on December 17, 2015.

Group company satisfaction surveys

At the same time, Group companies are making great efforts to encourage employee input and discussion with management. To this end, they may use satisfaction surveys concerning any of the following:

- Wines & Spirits: Belvedere Vodka, Estates & Wines, Glenmorangie, Moët & Chandon, Moët Hennessy Diageo, Moët Hennessy, Hennessy;
- Fashion & Leather Goods: Louis Vuitton, Céline, Fendi, Loewe;
- Watches & Jewelry: Bvlgari;
- Selective Retailing: Sephora;
- Other activities: Les Echos, Royal Van Lent, Starboard Cruise Services.

Group companies may also employ more direct methods of gathering information and feedback. For example, Hennessy continued to pursue its CAPTEN corporate project, which is aimed at getting employees involved in topics including skills transfer, company values and sustainable development. Progress recap sessions are held

regularly with the company's personnel. For the past two years, all manufacturing departments have held daily information sessions and monthly information and discussion meetings with teams. All well-frequented areas are gradually being equipped with information screens to complement existing communication media (displays, intranet and in-house newsletter). Also in Wines & Spirits, Moët & Chandon continued to hold its "HR Mornings", which provide a forum for direct discussion with employees on topics that they care about or have expressed concerns about in satisfaction surveys, such as the *contrat de génération* (a French government measure promoting the employment of younger and older employees), job mobility, training policies and compensation. In 2015, Loewe continued its work to improve job satisfaction based on the process begun in 2013 with workshops at its sites in Madrid, China and the Asia-Pacific region. Bvlgari in Hong Kong and Macao organizes regular meetings between holding company

management and store managers to get feedback on staff requests and needs. Fendi organizes monthly meetings and team-building exercises for its staff in the Asia-Pacific region to improve communication within teams, bring about meaningful engagement, and increase job satisfaction. Feedback and reporting by employees is actively encouraged at many Group companies, such as Chaumet, on certain critical subjects such as health and safety risks. At

Sephora, in France, a system for submitting concerns via an intranet forum has been set up for employees. Although whistleblowing procedures are not authorized by French regulations, some Group companies operating outside France, such as De Beers Diamond Jewellers and Bvlgari, have been able to establish such procedures in certain countries.

3. PREVENTING DISCRIMINATION AND RESPECTING INDIVIDUALITY

The people who make up LVMH constitute the Group's most prized asset. This human capital is something that the Group intends to develop to enable employees to find personal fulfilment through their work. From the recruitment of talent to career guidance for all employees, the Group's human resources policy is a key performance driver. The LVMH group's CSR policy therefore consists of preventing any risk of discrimination, and aims to respect each person's individuality.



Develop appropriate Group-wide processes

The LVMH way ► The LVMH Code of Conduct for Recruitment has been widely disseminated to all employees active in recruitment processes across the Group. It sets out the ethics of recruitment at LVMH through fourteen undertakings. Particular emphasis is given to preventing any form of discrimination and to promoting diversity.

1. Promoting diversity and equal opportunity.
2. Ensuring a clear and transparent hiring process.
3. Posting job vacancies on our various HR websites.
4. Prioritizing the professional development of our employees.
5. Systematically verifying whether job applicants are involved in a hiring process with another Group company.
6. Treating applicants the way we treat our customers: with respect and attention before, during and after interviews.
7. Ensuring the confidentiality of job applications.
8. Using tried and tested methods to select applicants, with a focus on the importance of interviews.
9. Keeping applicants informed of next steps and the timeframe of the hiring process.
10. Providing all applicants with qualitative, constructive feedback post-interview.
11. Basing our compensation policy on the principles of fairness and transparency.
12. Completing the hiring process with an effective orientation program for new employees.
13. Making sure that external providers know and comply with our Recruitment Code of Conduct.
14. Constantly aiming for excellence and improvement.

*recruitment
code of conduct*
LVMH

"OUR GROUP IS A SOURCE OF DREAMS AND PLEASURE, BUT THIS IN NO WAY LESSENS OUR OBLIGATION TO CLEARLY RECOGNIZE OUR RESPONSIBILITIES. IN MANY WAYS, THE LUXURY INDUSTRY -SYNONYMOUS WITH BEAUTY- HAS EVEN GREATER RESPONSIBILITY THAN OTHERS TO BE EXEMPLARY".

BERNARD ARNAULT

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DECEMBER 2009 |

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The Recruitment Code of Conduct, adopted in December 2009, is supplemented by a training course on “Recruiting without discriminating”. This course has been compulsory for all of the Group's recruiters since 2011. Special modules are gradually being rolled out country by country so as to relate the LVMH group's undertakings to national legislation (Italy and the United States in 2014). LVMH also uses mandatory anti-discrimination training to raise awareness at its companies of the importance of recruiting people from all walks of life, including those with disabilities and without. Group companies regularly hire persons with disabilities all around the world, such as at Louis Vuitton in Japan, where the staff includes 30 individuals with disabilities.

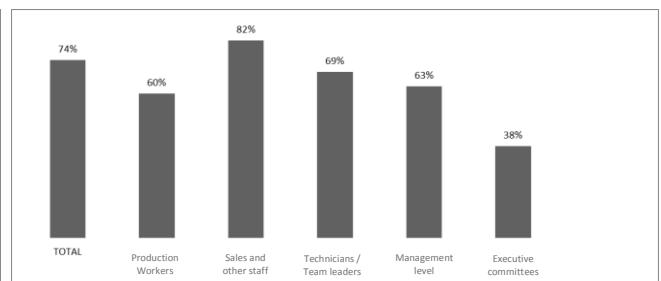
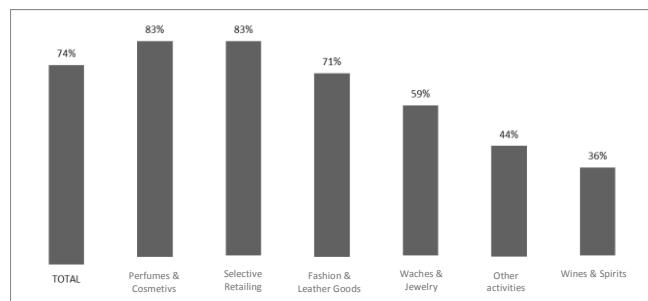
Lastly, to complement this system and ensure its effectiveness, since 2008 LVMH has organized ongoing checks of its hiring practices by having an

independent firm test its published job offers for discrimination. The 2014-2015 campaign took place worldwide. At the end of each test campaign, the findings are shared with Group companies' human resources departments. During voluntary testing for discriminatory practices, one of the criteria potentially tested for is disability. Discrimination test campaigns are a means of managing the recruitment discrimination prevention mechanism.

With regard to the links between continued employment and preventing discrimination, various policies and best practices have been applied by Group companies. Examples include preparing and supporting employees returning from parental leave, adapting the workstations and working time for older employees, or providing staff with disabilities with a suitable working environment.

Promoting gender equality in the workplace

The LVMH way ► Gender equality is an integral part of LVMH's corporate culture. Women account for three-quarters of the Group's workforce. This strong female presence is an essential characteristic of the Group. It is related in part to the very nature of LVMH's businesses, which have a strong feminine component.



In 2015, women accounted for 74% of the total workforce, 63% of management-level staff and 38% of Executive Committee members. The high proportion of female employees is attributable in particular to the nature of the Group's businesses, notably Perfumes & Cosmetics (83% of employees are female), Selective Retailing (83%) and Fashion & Leather Goods (71%). In contrast, men make up the majority in Wines & Spirits,

where they account for 64% of the workforce. Improving the representation of women in this business group, 44% of new hires in 2015 were women.

Initiatives and tools specific to each entity are put in place to reduce any salary gaps between women and men within the same professional category.

Demonstrating the Group's strong culture of gender equality, 41 Group companies committed to upholding the United Nations' Women's Empowerment Principles (WEP). In October 2014, all Group companies based in the United States (Belvedere Vodka, Marc Jacobs, Donna Karan, Edun, Benefit Cosmetics, Fresh, Nude Skincare, and Starboard Cruise Services) became WEP signatories. The seven Women's Empowerment Principles relate in particular to education, training and professional development for women as well as a commitment to promote gender equality at the highest corporate levels.

Drivers

EllesVMH was launched in 2007 to foster the career development of talented women and help them realize their potential at LVMH. In 2015, corporate initiatives rallied more than 900 people around this issue. Fifteen career development and networking events were held by the regional EllesVMH chapters formed by women from all of the Group's companies and business groups on its various markets.

Running in parallel with the EllesVMH program, Group companies are also developing their own initiatives and best practices. These initiatives are aimed at addressing the most commonly identified areas for improvement regarding women's career development: ambition, self-marketing, international mobility and work-life balance. In Singapore, on July 11, 2015, 50 women managers participated in a forum on women in leadership, with talks by senior executives of the Group. In the United Kingdom, more than 150 people took part in meetings on gender equality over the course of the entire year. On September 23, 2015, 80 people attended a conference on ambition and work-life balance led by Group senior executives. This event was followed by a private visit of the Louis Vuitton "Series 3" exhibition, which doubled as a professional networking opportunity for participants. In France, the *Odyssée* conference cycle was launched to cover the same types of themes, led by managers from the Group's various business lines and companies. In 2015 it featured talks by representatives of Guerlain,

Sephora, Moët Hennessy, Fred and Louis Vuitton, drawing more than 300 attendees. Lastly, in the United States, some of the Group's women senior executives shared their experiences with 90 female participants. In New York on October 16, 2015, EllesVMH was recognized for its many initiatives in recent years, winning the Corporate Empowerment for Women Award.

LVMH particularly tracks the development of women employees during its annual organizational review, with a set of key objectives and metrics. The Group provides annual coaching for the most promising of its female talents, to smooth their transition into executive roles. In 2015, 30 people took part in this comprehensive program. In Japan, this training program was specifically adapted to provide eleven female participants from different Group companies with three days of training over a five-month period.

Group companies also pursue their own initiatives in this area. In Italy, for example, Fendi assembled 80 managers for a one-day session to work on gender equality in their teams. On the occasion of International Women's Day, Guerlain held a talk on inspiring, proactive women at its store at 68 Champs-Élysées in Paris. Lastly, Hennessy organized the third *Vignoble au féminin* event, a forum for women winemakers to meet and share ideas, designed to encourage women to pursue careers in the Wines & Spirits industry. Following the previous year's themes of women entrepreneurs and feminine creativity, the 2015 event welcomed around a hundred female attendees from the Wines & Spirits world at the Fondation Louis Vuitton for a conversation on the topic of knowledge transmission. Is the transmission of wine expertise different when women are involved? Do women engage with the question of heritage differently than men? Do they have a distinctively female approach to tradition and innovation? These and other issues were addressed by guest speakers Mercedes Erra, founder of the BETC ad agency and Executive President of Havas Worldwide, and Virginie Taupenot-Daniel, a Burgundy winemaker and co-founder of the association Femmes et Vins de Bourgogne. Hennessy also renewed its company-wide agreement on gender equality in the workplace, set up a rest day donation

program and started an internal career track development project to promote a diversity of employee profiles in both male-dominated and female-dominated roles.

LVMH will be continuing its efforts in 2016 to reach its target of 40% female representation on Executive Committees. In 2015, 38% of Executive

Committee members were women (37% in 2013). LVMH's objective is to provide an environment of excellence where all talents can achieve their potential. Five Group companies are chaired by women: Krug, Fred, Loewe, Acqua di Parma and Starboard Cruise Services.

Fostering the employment of people with disabilities

The LVMH way ► Support for the workplace inclusion and employment of people with disabilities has been the driving force behind LVMH's corporate social responsibility policy since 2007. This emphasis on disability issues reflects the Group's values of respect for individuality, equal standards for all, and empowerment to meet those standards.

Proportion of employees with disabilities in 2015:
4.5% in France
1.0% worldwide

The value of services procured from the supported employment sector is: **€6.2m** representing an increase of **26.5%** in 2015 compared to 2014.

Number of jobs created externally: **156 FTE** (Full Time Equivalent).

The Group's redoubled efforts have enabled it to increase the proportion of its employees with disabilities in France to 4.5% according to official standards (sum of direct and indirect employment) at the end of 2015. Internationally, as the situation and the definition of disabilities is dependent on local legislation, the proportion of staff with disabilities stands at 1%.

Organization, internal programs and partnerships

The Group's commitment to this subject is embodied in *Mission Handicap LVMH*. Created in 2007, it steers Group policy in this area and is made up of a network of 30 disability coordinators appointed at the Group companies. The purpose of the *Mission Handicap* initiative is to implement any measures aimed at encouraging the recruitment and continued

employment of individuals with disabilities. It also provides awareness-raising for employees, promotes the training and hiring of persons with disabilities, and builds various partnerships with organizations and institutions working towards the social inclusion and workplace integration of individuals with disabilities.

LVMH works with organizations that support young people with disabilities in training programs, and with organizations that foster employment and social inclusion. LVMH chairs ARPEJEH, an association that brings together some sixty French companies to offer advice and guidance to junior and senior high school students with disabilities. Group employees are involved in this initiative and more than sixty young people were able to take part in it in 2015.

In 2014, LVMH started the *EXCELLhanCE* initiative, an original training program to improve the employment prospects of people with disabilities. *EXCELLhanCE* receives assistance and support from AGEFIPH, the French agency responsible for facilitating the employment and retention of workers with disabilities, which led to the signing of a partnership agreement between the Group and AGEFIPH. The initiative enables individuals with disabilities to simultaneously gain a qualification, meaningful experience in Group companies, and specific expertise in the luxury goods sector. It is based on extended courses lasting from 12 to 24 months in three fields: sales, logistics and human resources management. Candidates are selected by means of the *Handi-Talents* processes, based on work-related simulation exercises adapted for candidates with disabilities. These innovative recruitment sessions make recruitment objective and allow skills that are transferable to a professional environment to be identified. In 2014, 24 people were able to join the *EXCELLhanCE* program, and in 2015 the human resources management class proved a great success, with four working students graduating. The logistics program welcomed three new working students. The first working students in the sales and logistics classes will graduate in 2016, when two new classes will start. On December 3, 2015, the International Day of Persons with Disabilities, the Group was awarded the "2015 diversity trophy" in the "training" category for its *EXCELLhanCE* program. The trophy was presented by Anne Saüt, CEO and founder of Diversity Conseil, a human resources consulting firm that started this award ten years ago to highlight high-impact and exemplary actions taken by companies to promote diversity. The winner is chosen by a panel of qualified and recognized professionals in their field.

LVMH celebrated the International Day of Persons with Disabilities organized by the United Nations on December 3, 2015. The goal was to send a far-reaching message of inclusiveness in the workforce and to demonstrate that, in the words of Chantal Gaemperle, LVMH's Director of Human Resources and Synergies, "a disability is no obstacle to original design, excellent craftsmanship and service, and timeless expertise." To mark the occasion, eight short

videos presenting eight successful initiatives in the employment and social inclusion of persons with disabilities were sent out via a newsletter and the Voices intranet. The eight winning best practices came from LVMH Watches & Jewelry in China, Loewe in Spain, Sephora in the United States, Veuve Clicquot and Parfums Christian Dior in France, LVMH Watches & Jewelry in Japan, Donna Karan in the United Kingdom, and Louis Vuitton in Russia. These best practices were selected via a worldwide call for proposals put out to Group companies in the spring of 2015. In the first selection round, *Mission Handicap* received 25 submissions, eight of which were selected as the basis for shorts videos of three minutes each. The winning practices reflect the diversity both of the Group's business lines and of its geographic locations.

Job preservation situations are usually handled on a case-by-case basis. Group companies strive to offer solutions to enable employees with a declared disability to continue working, for example by adjusting their working conditions or helping them transfer to a different job. In March 2011, Moët & Chandon founded MHEA (Moët Hennessy Entreprise Adaptée). A fully autonomous entity, MHEA maintains a disabled employment rate of 100% and provides the best possible working conditions for employees affected by disabilities, without any change in the terms of their compensation, alongside locally recruited workers with disabilities. MHEA had 18 staff in 2015, and about forty people have been employed on fixed-term or permanent contracts since the company opened, enabling them to start working again. Other Group companies have decided to develop production lines adapted to employees with medical conditions (Guerlain, Parfums Christian Dior, among others).

However, efforts towards the employment and training of people with disabilities extends way beyond France, however. In Switzerland, for example, Hublot gave a permanent contract to an individual seeking re-employment after a serious accident left him with a disability. In Italy, Berluti welcomes individuals with disabilities on training courses at its Academy of Expertise. In Spain, Sephora has produced a special induction booklet to smooth the integration of employees with

disabilities. In Japan, Group companies are demonstrating particular awareness of the issue; for instance, Louis Vuitton, Bvlgari and Loewe in terms of recruitment. Many Group companies have adapted their workspaces to accommodate employees with special needs, such as Moët & Chandon, Hennessy, Berluti, Céline, Donna Karan, Kenzo, Parfums Christian Dior, LVMH Fragrance Brands and Tag Heuer.

LVMH also encourages its Group companies to develop their relations with companies in France that employ permanently or temporarily severely disabled people and provide them with special facilities and support (sometimes known as “sheltered” employment). On July 17, 2014, at the launch of the new LVMH directory of supported employment suppliers, the *Mission Handicap* unit organized an event where Group companies went to meet some people working at such suppliers. This event also enabled Group companies to share their best practices in the field. Guerlain, for example, has opted to outsource the cleaning of all its linen from its

store at 68, avenue des Champs-Elysées (Paris) to a supported employment provider. In 2015 Guerlain also launched the *ESAT Award* for assistants in order to encourage them to use ESATs already listed by Guerlain's or the Group's purchasing department as often as possible. At the Group level in France, services entrusted to such employers amounted to €6.2 million in 2015, an increase of 26.5% versus 2014.

On July 1, 2014, LVMH extended its partnership agreement with AGEFIPH, the French agency to promote private sector employment of those with disabilities, and the leading organization in the field, for the *EXCELLhanCE* program. The commitment of Group companies has also been demonstrated through AGEFIPH agreements signed by both Veuve Clicquot and Parfums Christian Dior. Hennessy meanwhile has been accredited since 2011, with a three-year renewal agreed in 2013.

The LVMH way ► The importance of knowledge preservation in the Group's various business lines makes skills transfer central to the Group's policy on older employees. Older employees are expert craftspeople with a lifetime of invaluable know-how behind them, which is why they are called on to add further value by mentoring other employees.

13% of Group employees worldwide are over the age of 50.

21.9% in France.

Under the leadership of the Group Human Resources Department, the companies of the LVMH group endeavor to implement a comprehensive approach to career management and development for older employees. They have been able to adapt this policy to their specific needs as pinpointed through diagnostic testing. In France, employees aged 50 and up accounted for a much larger proportion of the workforce (21.9%) than in other countries (13%) in 2015. It thus makes sense that the issue of helping older workers to find and keep jobs should be handled differently according to geography.

In France, 23 Group companies have made commitments, either through agreements or action plans, to encourage the recruitment, employment and career development of employees over the age of 50. All of the Group's French companies, regardless of their size, have negotiated or introduced a *contrat de génération* with three specific aims, namely to improve the long-term access of young people to work, to keep over-50s in work, and to transfer skills and knowledge between generations. Human resources managers at all Group companies have received training on how to conduct a mid-career interview, according to a program established by the Group's Human Resources Department. These interviews take place within Group companies (Moët & Chandon, Hennessy, Berluti, Parfums Christian Dior, Le Bon Marché, etc.) in order to better manage the careers of older employees and systematically offer employees over the age of 50 an appropriate appraisal.

Depending on their situation, Group companies may place an emphasis on certain specific aspects, such as hiring or training, sharing know-how or preparing for retirement.

The Group's anti-discrimination policy organically leads to the hiring of older employees. Fred welcomed two senior recruits among the additions to its sales team in 2015. Seniors serve as mentors in the craftsmanship school at Louis Vuitton's workshops, and at Rossimoda's in-house trade school they help provide training that enables them to share their know-how and experience.

Senior employees already have valuable expertise, but their own continuing professional development is also a priority, as can be seen at Louis Vuitton, Guerlain and Bvlgari, for example. At Guerlain and Bvlgari in Asia, it is reflected in a special effort in terms of training and mobility.

Group companies pay close attention to the issue of continued employment for workers over 50. Specific efforts have focused on workstation ergonomics, the reduction of physical strain, and working conditions more generally, especially for the positions most exposed to physical or mental stress in workshops and at production facilities, such as at Louis Vuitton for example. Domaine Chandon in Argentina has set up an adapted workshop to enable the retention of senior operators who are no longer able to perform certain tasks. Employees nearing retirement may be offered flexible working time arrangements. Céline offers support to those nearing the end of their career, notably by encouraging requests to

move to part-time working, and for retirement-related courses and workstation adaptations. Givenchy has agreed on over-50s working from home as part of the *contrat de génération*. Chaumet is making retirement interviews with older employees the norm, while LVMH Fragrance Brands offers employees over 57 years old the option to work from home one day a month, or to work part-time with their social security contributions maintained and pension benefits calculated on a full-time basis.

The transition to retirement can be challenging to prepare for. Hennessy, Hublot and LVMH Fragrance Brands are good examples of how Group companies prepare their employees for this difficult step. Retirement information meetings (“retirement workshops”) are organized at Hennessy and Louis Vuitton, enabling employees to best prepare for the switch from working life to retirement.

4. SUPPORTING LOCAL COMMUNITIES AND REGIONAL DEVELOPMENT

As some of the biggest employers in their local labor markets, the Group's companies are committed to developing their businesses while addressing the specific social and economic needs of the regions in which they operate. Their contributions to regional development have included many ties with organizations that help local communities to find jobs for marginalized individuals, bring aid to populations in need, and care for the ill.



Jobs and regional development

The LVMH way ► Many of the Group's companies have been operating in specific regions of France and Europe for a long time, and play a major role in creating jobs there.

4,057 “net jobs” created, of which 3,687 on permanent contracts in 2015 around the world.

Research and development spending:

€97m

i.e. an increase of 22.8% in 2015 versus 2014 (€79m)

LVMH follows a policy of preserving and adding jobs. Many of its companies have been operating in specific regions of France and Europe for a long time, and play a major role in creating jobs there: Parfums Christian Dior in Saint-Jean de Braye (near Orléans), Veuve Clicquot and Moët & Chandon in the Champagne region, and Hennessy in the Cognac region. This year a net total of nearly 3,700 permanent jobs were added. Layoffs (terminations for business reasons unrelated to worker performance) accounted for just 4.3% of all terminations.

Thanks to the strong and consistent growth achieved by its brands, many sales positions are

created in all countries where the Group is present, particularly as a result of the expansion of the brands' own retail networks. Sephora regularly takes steps in favor of local employment; the company has stores throughout France and two-thirds of the company's workforce is located outside the Paris region.

In Italy, in March 2012, Berluti decided to base its “Academy of Expertise” in the heart of the Emilia-Romagna region, where unemployment is notoriously high and which suffered badly from a serious earthquake in May 2012. This is a demonstration of Berluti's desire to tackle a local development issue with social, ethical and

economic repercussions, in partnership with the local public sector.

Parfums Christian Dior has a long-established production facility in Cosmetic Valley, and in this respect is key to the development of employment in the Perfumes & Cosmetics industries with a total of 1,676 permanent and fixed-term staff at the Saint-Jean de Braye site at the end of 2015. The site's manufacturing and logistics facilities have thus been central to a growth plan, enabling the hiring of more than 430 new employees between January 2011 and December 2015, with 200 net new jobs created in manufacturing, packaging and logistics.

GIE LVMH Recherche is a major research hub in Cosmetic Valley, where it has achieved state-of-the-art breakthroughs benefiting all of the LVMH group's Perfumes & Cosmetics companies. Founded in 1981, GIE LVMH Recherche makes it possible for Group companies to independently develop future products in way that does not harm either people or the planet. In 2013, LVMH Recherche consolidated its presence in Cosmetic Valley with the creation of Hélios, its new research center at the Parfums Christian Dior site in Saint-Jean de Braye. Its teams are composed of 300 employees working in more than 20 different fields, offering their cutting-edge expertise in an open working environment that facilitates sharing and discussion. Its ultra-modern connectivity and technological capacities are made available for use by LVMH Recherche researchers as well as various partner organizations, such as the Cosmet'up project, effectively launched in 2014 to encourage sharing via an open innovation process. Alongside public and private organizations, LVMH's research and development division contributes to an ongoing tradition of

innovation. Cosmet'up is based on the creation of two "mirror" technology centers: one at the University of Orléans for fundamental research, and the other at Hélios working on individual support for concept validation.

Parfums Christian Dior is involved in the Grasse region, helping revitalize the area through the cultivation of flowers for perfume-making. It enters into exclusive partnerships with producers and purchases their entire harvest. Dior has stepped up its ongoing involvement in the Grasse region, setting up its fragrance lab (*Laboratoire de Création Parfums*) there and restoring La Colle Noire, the house where Monsieur Dior lived.

Guerlain's new Skincare and Make-up production site in Chartres, called *La Ruche*, was designed to accommodate the company's goals of growth, technological excellence, quality and sustainability. Since Guerlain opened its first workshop in 1828 in Paris, all of its products have been manufactured in France. *La Ruche* provides double the manufacturing space compared to the previous facility and is located at the heart of the *Cosmetic Valley* competitiveness cluster, further supporting Guerlain's "Made in France" commitment. It covers the entire manufacturing chain, from the receiving of raw materials to the packaging of finished products, with no interference between workflows.

The local supply sourcing criterion is a focus for many Group companies, in particular when it comes to choosing services providers. For example, in its purchasing policy, Hennessy prioritizes local suppliers, especially for the work on its new packaging unit, for which 55% of purchases will be made with local businesses.

The LVMH way ► The LVMH group considers its relations with suppliers to be an essential part of its value chain. As such, the Group places a priority on maintaining and promoting responsible relations with its partners, suppliers and subcontractors.

At the Group level, **1,027** social and/or environmental audits were carried out in 2015 – more than 90% of which were by specialized external service providers – at **877** of our suppliers.

For 2015, suppliers and audits break down as follows, by region:

	Europe	Asia	North America	Other
Breakdown of suppliers (as %)	64	18	9	9
Breakdown of audits ^(a) (as %)	48	48	2	2

(a) Of which 2% preliminary audits, 56% initial audits, and 42% follow-up audits.

Driven by the desire to interact closely with its suppliers, the Group helps them implement and comply with social and environmental best practices, while raising awareness and providing training on the sustainable development and responsible purchasing issues specific to their business. It is also important to raise awareness among internal staff who are directly or indirectly involved in relations with suppliers (buyers, production teams, etc.). To improve its supply chain's performance for Tier 1 suppliers and beyond, in 2014 the Group decided to join Sedex. Sedex is a non-profit organization that aims to promote responsible, ethical improvements to current practices in supply chains. Its approach is based on two main objectives: for suppliers, lightening the administrative load related to the proliferation of requests for audits, certifications, etc.; for the Group, pooling supplier audits and assessments, not only among Group companies but also with other Sedex members. As of end-2015, more than 800 supplier sites had joined the Sedex platform.

On March 5, 2015, the Group celebrated the second year of LVMH RISE (Results In Social Entrepreneurship), an ambitious new development program that connects budding talent at LVMH with social entrepreneurs, providing our employees with additional tools to

expand their skillsets. Founded with the aim of fostering a mutually beneficial, enriching experience for all participants, RISE gives social entrepreneurs the chance to get periodic targeted support from an LVMH group professional. LVMH employees in turn benefit from this personalized career development opportunity, which lets them explore a different world and inspires them to think outside the box to find the best solutions for their social entrepreneur partners. At the end of the program, the two-person teams spent a day sharing the tangible results obtained over the course of a unique, enriching year. By instilling a genuine spirit of entrepreneurship in participants, helping them gain a wide range of skills, preparing them to deal with uncertainty and expanding their horizons, the program is a win-win experience for everyone involved.

Among various local initiatives, on November 24, 2015, Veuve Clicquot once again celebrated women entrepreneurs by awarding its 2015 Women in Business award (the 44th such award) to Stéphanie Wismer Cassin. Stéphanie Wismer Cassin entered the world of entrepreneurship at the age of 23 and is now Chairman and CEO of Jador. She demonstrated a major commitment to corporate social responsibility in a new project called *Biilink*, a social media platform promoting

women's initiatives. *Biilink* has even moved beyond the digital realm, becoming a genuine consulting and services agency.

Jobs for those with difficulties finding and retaining employment

The LVMH way ► LVMH encourages its companies 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. The Group is aware of education's role in improving living conditions, social inclusion and workplace integration. The values of excellence and skills transfer promoted by the Group are a good catalyst for such improvement. The Group's companies have developed partnerships with local authorities and non-profit organizations to support the social inclusion and workforce integration of the most disadvantaged people.

Nos Quartiers ont des Talents:

122 experienced managers have mentored more than **100** young people. At the end of 2015, **117** mentees were still participating.

Since 2007, **397** young people have found jobs after being mentored by a Group employee.

Jobstyle sessions:

In 2015, **14** sessions were held and more than **200** people participated.

The same focus on excellence that has enabled the Group's companies to succeed drives our efforts to provide educational opportunities for young people. Group companies have developed numerous partnerships with schools located near their sites. Louis Vuitton, for example, has set up partnership arrangements between its production facilities in the French departments of Ardèche and Drôme and local schools to provide vocational training that leads to a CAP diploma in leather work and a BTS Production Technician diploma. Likewise, a partnership has been initiated between its Paris boutiques and a vocational high school in Seine-Saint-Denis. The partnership may also include support to improve the living conditions of disadvantaged students, as is the case with Parfums Christian Dior's "Project WeCan" initiative in Hong Kong.

To promote the employment and social inclusion of young people through education regardless of their environment and background, LVMH supports the "Priority Education Agreements" program run by the Institut d'Etudes Politiques

(Sciences Po) in Paris by offering young people scholarships and mentoring by Group managers.

The employability of persons with disabilities also depends on what they were originally trained to do. LVMH chairs the ARPEJEH charity (supporting the educational goals of students with disabilities), an organization with some 60 member companies involved in training young people with disabilities. Group employees have spent time and energy working on five specific actions led by the ARPEJEH to benefit these young people.

Launched in 2014, the Institut des Métiers d'Excellence (IME) is a professional training program specific to LVMH that helps the Group ensure the successful transmission of its expertise by encouraging younger generations to pursue professions in the fields of craftsmanship, design and sales.

LVMH actively supports access to employment. In France, the Group has forged a lasting partnership with the charity *Nos Quartiers ont*

des Talents and joined its board. *Nos Quartiers ont des Talents* works to improve access to employment for young graduates from difficult neighborhoods or disadvantaged communities. It offers them the chance to be mentored by a working manager. In 2015, 122 of the Group's managers mentored more than 100 young people. At the end of 2015 117 mentees were still participating. Since 2007, 397 young people have found jobs after being mentored by a Group employee.

Kanye West gave a series of concerts at the Fondation Louis Vuitton from March 7 to 10, 2015. The funds raised thanks to this exceptional concert series were donated to two youth-oriented charitable organizations: *Nos Quartiers ont des Talents* and *Donda's House*. Each organization received more than €120,000 to expand their support. *Donda's House* promotes art education for young people to foster their creative development and well-being. The association was founded in honor of Kanye West's mother, Dr. Donda West, who was a professor and doctor of education.

To improve access to employment, LVMH runs *Jobstyle* (employment coaching) sessions involving recruiters from Group companies and beauticians from Make Up For Ever and Sephora. The goal is to give job candidates all the resources they need to fully prepare for a job interview and thus develop their self-confidence. The program is aimed at groups that are underrepresented in the labor market, supported by our partners who are active in the fields of education, disability and integration. In 2015, 14 sessions were held and more than 200 people were able to participate.

Similarly, since 2013, Parfums Christian Dior has been one of the promoters of the "2 000 emplois, 2 000 sourires" (2,000 jobs, 2,000 smiles) forum. Held on April 23, 2015 in Cosmetic Valley (France), this forum aims to make it easier for 16-25 year-olds to get their first job by offering human contact and putting jobseekers into direct contact with recruiters from local firms.

Hennessy also participates in the "100 Chances 100 Emplois" (100 chances, 100 jobs) program in

the Cognac area, which it managed until mid-2015.

Moët & Chandon is a "reference company" at the local public jobs office of Epernay (SPEL) and collaborates on Local Jobs and Skills Management (GTEC) actions in the area managed by the Epernay employment center. Moët & Chandon also participates in the authorization committee of the "Initiative Marne Pays de Champagne" project, in charge of promoting the creation of micro-businesses. Moët & Chandon is a major partner to local organizations that promote employment and social inclusion; the second-biggest local investor in educational projects after the city of Epernay; a partner in the work discovery week for students initiative organized by the local chapter of MEDEF, the French employers' association; and a member of AJE, an association that connects young people and businesses, which awarded the company its "AJE label" for its engagement in initiatives to promote learning through entrepreneurship.

Lastly, since 2010 LVMH has formed a partnership with Montfermeil, which was extended to Clichy-sous-Bois in 2014. These are two adjoining cosmopolitan towns in the suburbs of Paris. Driven by a common desire for excellence, this partnership helps facilitate the social cohesion and inclusion of young people from underprivileged areas. A wide range of actions are taken on behalf of young people: "company discovery" internships offered to 60 junior high school students in 2015, tours of Group companies, preparation of pupils attending vocational colleges, and help with job hunting. On February 7, 2015, the Group sponsored the *Cultures et Création* show, a participative event focused on creativity and sharing that is helping change attitudes about lower-income urban areas and highlighting local creative talents. LVMH provides young people with upstream training in the form of master classes and holds meetings with Group designers and craftspeople, including at Guerlain in 2015. LVMH awards a "Young Talent" trophy, thereby giving young people who are passionate about, but remote from, the world of fashion, the chance to come into the limelight. The 2015 Jeune Talent winner, Audiane Cojean, got to

exhibit designs at Greenshowroom, a trade fair dedicated to environmentally responsible fashion that was held during Fashion Week in Berlin from July 7 to 10. Since the program was launched, four young people have had the opportunity to

Supporting vulnerable populations

Independently of its conventional sponsorship initiatives, the LVMH group also devotes attention to the needs of low-income populations in the areas where it operates. Support from Group companies may come in the form of employees' community engagement, and may also involve donations of funds or other needed resources.

Among the many charitable practices of the Group's companies, the following are examples of multifaceted initiatives in support of jobs and the community.

Bulgari is supporting young children's education worldwide through Save The Children. Bulgari celebrated this initiative with the publication of Stop Think Give, a book by Fabrizio Ferri that presents a collection of portraits of 250 international celebrities who have contributed to the success of this global partnership since its creation in 2009. Bulgari's recent donation of €500,000 to the organization to support its humanitarian response to the earthquake in Nepal shows that this partnership is still going strong.

In Japan, Louis Vuitton works closely with Kokkyo naki Kodomotachi – a non-profit organization that supports children from Iwate-ken, a town that was destroyed by the earthquake and tsunami of March 11, 2011 – by helping to make sure that children who live in temporary housing get extra educational support, organizing Christmas festivities for nearly 500 children, and working with the local community on various solidarity and environmental projects.

In the United States, the Sephora Values Inside Out program started its last year at the beginning of 2015. Sephora stores in the United States were invited to choose local charities to support by collecting funds and volunteering. Over the year,

join Group companies under a long-term work-education program at Paris' couture union school.

99 stores participated and supported 87 different non-profit organizations. With the assistance of local partners, over €4 million was collected. Sephora's store network also supports *Toutes à l'école* by selling a special item through its boutique network (particularly in France, Spain and the Middle East), the proceeds of which go to the organization during the end-of-year holiday season. Founded in 2005 by Tina Kieffer, *Toutes à l'école* is a non-profit that promotes high-level education for young girls in emerging economies.

Benefit Cosmetics started a program called *Bold is Beautiful* in four countries (the United States, the United Kingdom, France and Australia), the objective of which is to raise funds for organizations that seek to empower women, promote their self-confidence and develop their potential. The company's employees succeeded in raising \$2.9 million for local charities and they also were able to volunteer their services to such organizations as *Dress For Success*, *Girl Develop It*, *Girls Inc*, *Step Up*, *Belle et Bien*, and *Force Femmes*.

In November 2015, for the third year running, Guerlain pledged its commitment to men's health issues by supporting *Movember*, a good cause with a sense of humor embraced by the Perfumes & Cosmetics business group. Every November, *Movember* encourages men to let their mustaches grow to raise awareness and raise money for medical research. Since 2003, millions of people have joined the movement and helped the organization fund more than 1,000 men's health-oriented research programs, especially for prostate cancer research. Guerlain employees once again took part in supporting this cause.

All of these partnership and initiatives were celebrated at the Engaged Maisons Dinner, held on November 26, 2015 and attended by Antonio Belloni, Group Managing Director, and Chantal Gaemperle, the Group's Director of Human

Resources and Synergies. Every year since 2013, this event has brought together internal stakeholders who play an active role in social responsibility and the external partners of Group companies and the Group as a whole. Held for the third time, this event was attended by more than 330 people, including 11 company Presidents and three Executive Committee members, as well as numerous partners, opinion

leaders, and heads of NGOs and other non-profit organizations. On this occasion, LVMH made donations of €100,000 to the sickle-cell anemia center of the Robert Debré hospital in Paris and €30,000 to Kelina, a non-profit founded by Flora Coquerel (Miss France 2014) for the construction of a maternity ward in the town of Akarade, in north-western Benin.

Main reporting methodologies

 As indicated in the introduction, this 2015 Social Responsibility Report is a companion document to LVMH's 2015 Reference Document and only uses certain social and workforce information covered by LVMH's four social responsibility pillars.

Training and organization: Since 2010, all staff members involved in Group workforce reporting have had access to an e-learning module. The purpose of this online training tool is to familiarize users with the objectives of workforce reporting, and deepen understanding of key indicators and the calculation methodology used. Control procedures have also been reinforced within each organizational entity. To ensure the quality of the data reported, Group companies' Directors of Human Resources appoint a reporter for each company under their responsibility, who is in charge of collecting and declaring all employee-related data, as well as a reviewer who is responsible for checking the data declared by the reporter and certifying that it is accurate by providing an electronic signature during the validation phase of the questionnaire completed online. Following these two preliminary validation stages, the Group company's Director of Human Resources, the supervisor, provides his or her final validation by signing a letter of representation.

Protocol: The reconciliation of organizational and legal entities ensures consistency between the workforce and financial reporting systems. Accordingly, the scope of workforce reporting covers all staff employed by Group companies consolidated on a full or proportional basis, but does not include equity-accounted entities. For each of the social responsibility metrics, a description states its relevance, defines the data, and sets out the procedure to be applied to collect the data and the various checks made when entering the data. Furthermore, computer checks are implemented throughout the reporting cycle to confirm the reliability and consistency of the data entered.

Group reporting on employee-related issues includes a survey of corporate social responsibility practices and actions, called CSR reporting. This survey, which is run on all Group companies, covers the most common social responsibility issues: respect for human rights, diversity and preventing discrimination, skills development, working conditions, listening to and dialoging with employees, and engaging with local communities. For each of these topics, the survey form includes references to the conventions and recommendations of the International Labor Organization.

Scope: The headcounts published in the report relate to all consolidated companies as of December 31, including LVMH's share in joint ventures. Other employee-related indicators were calculated for a scope of 626 organizational entities covering more than 99% of the global workforce and encompass all staff employed during the fiscal year, including those employed by joint ventures. When some metrics have been calculated solely for entities in France, this is explicitly stated, depending on the data and metrics examined.

LVMH's employees in China are included in the number of staff working under permanent contracts (11,309 as of December 31, 2015). Although Chinese law limits the duration of employment contracts, which become permanent only after several years, the LVMH group considers employees working under such contracts as permanent, given the nature of Chinese labor legislation.

Verification: Since fiscal year 2007, a selection of metrics from the Group's annual social responsibility report has been verified by one of the Statutory Auditors. For the 2015 fiscal year, company data was verified by Ernst & Young, in accordance with Article R.225-105-2 of the French Commercial Code. This includes the verification of the presence of social and workforce responsibility information in accordance with the provisions of the order of May 13, 2013. Findings are presented in the 2015 Reference Document (p. 103).

GRI (version G4) indicators used:

2015 Social Responsibility Report	2015 Reference Document
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2015 Social Responsibility Report	2015 Reference Document
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Employment:

9 LA1	pp. 15 and 33-40	pp. 70-74 and 77-80
10 LA12	–	pp. 58-61

Local, economic and social impact:

EC7	SO1	pp. 41-47	pp. 87-89
EC8	SO2		

Health and safety:

LA5 LA7	pp. 25-32	pp. 83 and 84
LA6 LA8		

Relationships with stakeholders:

16	27	pp. 11-13, 30 and 41-47	pp. 84-89
24	37		
25	EC7		
26			

Training:

LA9	pp. 18-25	pp. 81-82
LA10		
LA11		

Equality of treatment:

LA3	pp. 33-40	pp. 77-80
LA12		

Subcontractors and suppliers:

12	HR9	pp. 43-44	pp. 85-86
LA14	HR10		
LA15	HR11		
EN33	SO9		
HR5	SO10		
HR6	EN32		

Summary report of social responsibility data

Subject areas and indicators from France's statutory order of April 24, 2012 (Grenelle II)

2015 Social Responsibility Report	2015 Reference Document
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Workforce data:

a] Employment:

total headcount and breakdown by age group, gender and region	pp. 15 and 34-35	pp. 70-72
hiring and dismissals	–	pp. 72-74
remuneration and changes	p. 22	pp. 76-77

b] Organization of work:

working time arrangements	pp. 28-29	p. 75
absence rate	p. 28	p. 76

c] Labor relations:

organization of social dialogue, in particular staff information and consultation procedures, and for negotiations with employees	pp. 30-32	p. 84
overview of collective agreements	pp. 30-32	p. 84

d] Health and safety:

occupational health and safety conditions	pp. 25-28	p. 83
workplace accidents, especially frequency and severity, plus occupational illnesses	p. 25	p. 83
review of agreements signed with trade unions or employee representatives in regards to occupational health and safety conditions	pp. 30-31	p. 84

e] Training:

training policies implemented	pp. 18-22 and 23-24	pp. 81-82
total number of training hours	p. 18	p. 81

f] Equality of treatment:

measures taken to improve male-female equality	pp. 34-36	pp. 77 and 78-79
measures taken in favor of the employment and integration of people with disabilities	pp. 36-38	pp. 77, 80 and 88-89
anti-discrimination policies	pp. 32-34 and 34-38	pp. 72-73, 77-80 and 87-89

g] Promoting and complying with the fundamental ILO conventions:

respect for freedom of association and the right to collective bargaining	pp. 9 and 30-31	pp. 77 and 89
elimination of discrimination with respect to employment and occupation	pp. 9-10, 33-34 and 34-38	pp. 72-73, 77-80 and 87-89
elimination of forced or compulsory labor	p. 9	pp. 72-73, 77 and 89
effective abolition of child labor	p. 9	pp. 72-73, 77 and 89

Data on corporate commitments in favor of sustainability:

a] Impact of the company's operations locally, economically and socially:

in respect to employment and regional development	pp. 41-43	pp. 85-89
on neighboring or local populations	pp. 44-47	pp. 87-89

b] Relationships maintained with persons or organizations affected by the company's operations, in particular in the field of social or workplace integration, educational establishments, environmental protection agencies, consumer associations and neighboring populations:

state of dialogue with such persons or organizations	pp. 11-13	pp. 84-89
partnership or patronage activities	pp. 12 and 43-47	pp. 84-89

c] Subcontractors and suppliers:

inclusion of social and environmental issues in procurement policy	pp. 43-44	pp. 85-86
significance of subcontracting and inclusion of their social and environmental responsibility in dealings with suppliers and subcontractors		

d] Ethical practices:

anti-corruption initiatives	pp. 77, 85-86 and 89
measures implemented to promote consumer health and safety	p. 102

e] Other human rights initiatives under 3°	pp. 77-80 and 89
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