

# Naturally Creative

LVMH and the Environment 2000 / 2001





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## Preamble

# LVMH issues its first environmental report

For a long time, only businesses considered to be polluters or businesses in the heavy industry sectors were required to publish an “Environmental” report. This is no longer true, not only because public opinion now believes that environmental protection is a general priority but because, even more importantly, businesses must publicly demonstrate the veracity of all their commitments, including, “naturally”, their commitments in this highly sensitive area. In fact, businesses can no longer rest on the laurels of their past environmental performances. They must now communicate and explain their performance; they must now provide better controls and strive to improve their environmental record. Only with this type of proactive attitude will businesses be able to reduce environmental impacts, anticipate changes, and solve any ecological problems.

To succeed in these efforts, businesses must provide every year qualitative or quantitative data, indicators on the resources that they consume, the energy they use, the wastes they generate in order to manufacture and sell packaging and products. This is the purpose of this document, which is intended to be a teaching and information tool for the shareholders, employees and suppliers of LVMH group, but also for consumers and observers – organizations, rating agencies, public authorities, and international organizations. By reporting on the commitments

of our management, by describing our environmental strategy and the organization implemented to apply that strategy, by reporting through facts and figures the significant programs we have initiated, or the efforts we have made in training, innovation, recovery and recycling, this first report fulfills our obligation to provide transparency, it records our voluntary efforts, and encourages LVMH group companies to greater vigilance, awareness, and progress.

In the three parts of this report, you will find a more detailed portrait of what has already been outlined in one chapter of the LVMH annual report. This report details the environmental dimension of the businesses, investments, and results of the five business units of our company: Wines & Spirits, Fashion & Leather Goods, Fragrances & Cosmetics, Selective Retailing, and Watches & Jewelry. This report presents a detailed description of the environmental initiatives taken in the year 2000 by the companies of the Group, primarily in France where 90% of our production is performed. It reviews the actions taken by LVMH, the world’s leading luxury group, to preserve the biosphere and ecosystems. With sales of 11.6 billion Euros, (84% of which were from international operations), 53,000 men and women in its 1,250 stores and production sites, all the LVMH 50 prestigious brands, from Château d’Yquem founded in 1593 to more recent companies, believe that environmental protection is critical in the construction of a life style.



A man with grey hair, wearing a dark blue suit, white shirt, and blue tie, is sitting and smiling. He is positioned in the lower half of the frame. The background is a lush green wall with many small blue butterflies scattered throughout. The lighting is soft and natural.

t

he relationship between LVMH and environmental protection is a long-standing one, both natural and sustainable. As in any human activity, we use the air, water and land around us. These are universal assets, but they are not unlimited. We at LVMH know this. These resources are not assets that we shall leave to our children as an inheritance. They form a capital that we are borrowing from future generations. We will be required to restore this capital to them. For individuals and for businesses, this commitment implies certain duties.

Protection, prudence, care are the principles that must be applied if we are to reconcile economic development with the overall well-being of humanity.

# Naturally Creative

by Bernard Arnault,  
Chairman and Chief Executive Officer  
of LVMH Group



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The United Nations, non-governmental organizations, public authorities, private entrepreneurs – a growing number of residents on our planet are coming to recognize this fact.

For LVMH, an environmentally sound approach is closely linked to our values and our businesses. Indeed, the style of life that we strive to uphold and the humanity in each of us that we strive to enhance, are forged in the name of these very traditions. Our worldwide presence, from Rio to Kyoto, certainly makes it easier for us to appreciate the fragility of our planet, the expectations, hopes, and dangers felt by six billion men and women. In this delicate struggle for our planet, we have some major advantages over other players. We neither alter nor destroy. On the contrary, we transform, we improve, we recycle by investing in the infinitely renewable energies of time, passion, excellence and talent.

Rare essences of fragrances, grapes from the sun-drenched Cognac vineyards, precious leathers that become fine leather goods, and the fabrics woven with gestures repeated across the ages. Such traditions instill a profound respect for nature which translates into efforts to preserve beautiful landscapes, protect biodiversity and ensure consumer health, harmless production methods, and the impeccable quality of proven products.

I believe that it takes more than concern, no matter how sincere and consistent, to get the job done. Environmental safety is a multi-faceted balance that must be constantly redefined and rediscovered.

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Faced with these constant changes, rekindling dreams and pleasure does not absolve us of our responsibility, of our duty to think clearly. Indeed, the luxury industry, which is more synonymous with beauty than any other, must aim to be an example. We assume this responsibility.

First of all, we need to provide a framework for this goal. On behalf of the 53,000 LVMH employees, we have drawn up a global charter that defines environmental protection criteria and goals. We must also coordinate our efforts to avoid working in isolation. That is why LVMH has integrated an Environmental Affairs Department as part of its core management organization. The department works every day to spread the special culture of the environmental impact assessment, coordinates actions and encourages all of our subsidiaries to adopt the “best ecological practices” at all levels of production. We must assess their results, if possible, with the right tools.

We are proud that Pommery and Hennessy, the world leaders in wines and spirits, have earned the highest ISO certifications. We must share this ambition with our employees who must be continually trained in environmental awareness, with our shareholders for whom this new report is also intended, with associations which must be supported in the name of public interest and genuine local-level involvement. Meanwhile we must renew our efforts to better inform consumers and shareholders.

Are these new constraints? No, for us at LVMH they are simple realities that must become priorities and assets to be developed.

In fact, Environmental protection is not merely an issue of generosity or philanthropy. It is critical to our future. For companies, it is a factor of progress and competitiveness while for society it represents a tangible proof of freedom and a new way of thinking. LVMH has already met this triple challenge. Tradition cannot be separated from innovation, nor nature from creation.





global,

earth, local,  
training,



# Committing ourselves through an environmental policy at all stages of our business

As a condition of life, and the source of quality life for humanity today and tomorrow, the environment has gradually become one of the major responsibilities of businesses, on a par with economic and social results. Consumer concerns, questions raised by not-for-profit groups, the introduction of a European environmental law underline the critical nature of environmental issues. In response to these expectations, to strictly comply with, and often exceed its environmental obligations, LVMH Group has set up a special organization and equipped itself with the resources required to mobilize its staff and inform its industrial and commercial partners. The success of the Group's environmental policy depends, first and foremost, on

*the men and women* of the Group, their cooperation, their talents, and their expertise. Our goal is to prepare the future by making environmental protection an integral part of the professional actions that create our tradition of luxury quality and excellence.

sustainable development,  
eco-management



# The LVMH Charter, a shared benchmark

LVMH implements the concept of sustainable development\* declared at the 1992 Rio Summit, which links economic growth, social progress, and respect for natural resources.

The Group believes that our own development must integrate the search for a better quality of life for our customers, employees, shareholders, and the regions and various communities affected by our production and distribution operations throughout the world. Therefore, our environmental responsibility is considered in our overall planning and at every stage of our activities, along with our economic and social responsibilities. The Group's approach is guided by five major principles.

1

## **Aim for a high level of environmental performance**

Since LVMH develops its activities internationally, the group strives to align its practices with highest environmental protection standards worldwide.



## **Foster a collective purpose**

Since the environment is everyone's responsibility, LVMH considers it a priority to train and raise the awareness of its employees. In order to maintain a high level of environmental performance, the Group believes it is vital for each company to set specific environmental targets and establish a management system dedicated to this approach.

2

## **Control environmental hazards**

In addition to complying strictly with compulsory environmental regulations, the Group intends to focus its strategy on risk, assigning the necessary human and equipment resources to this task.



3

## **Follow-through on product disposal**

In addition to designing its products to provide excellence and safety for consumers, LVMH strives to meet its duty to be prudent and careful by committing itself to improving its management and follow-through of the environmental aspects linked to the life cycle of its products.

4



## **Make commitments outside the company**

To serve the interests of the largest number of people, in the spirit of partnership and solidarity that must guide the use of our natural resources, LVMH intends to help protect the environment beyond those aspects directly linked to its activities. Since we believe that raising environmental protection awareness is a pressing need, we intend to forge active partnerships with groups of companies, local communities and associations working towards this goal.

5

\* See Glossary p. 24.



# Environmentally sensitive management

Implementing more efficient environmentally-friendly practices requires modern management and advanced technologies, but more importantly, the awareness and mobilization of all employees. By organizing its structures and stimulating initiatives, LVMH group wants to link local initiatives and safety.

## a NETWORKED ORGANIZATION

LVMH's stated desire to implement a global environmental policy translated into the creation of the Group environmental department in the early 1990's, which reports to the Chief Financial Officer who is a member of the executive committee. The environment is a priority and a performance criterion just like the more traditional social and economic indicators. All group companies, which have local environmental responsibilities, have an environment officer who is part of the action and information network coordinated and led by the Group environmental department.



Our Environmental Commission provides a forum for these officers to exchange ideas and experiences, to set targets and action plans through regular meetings.



Environmental Commission



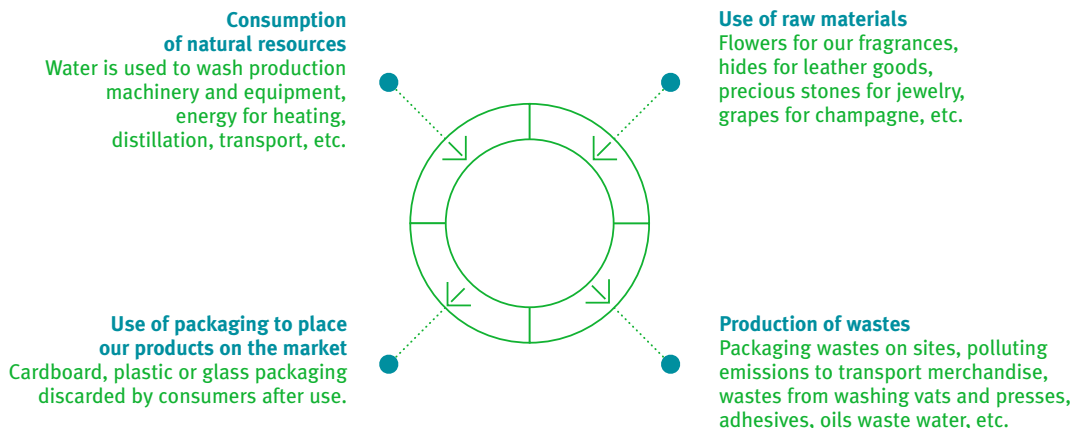
## OVERVIEW

- ENVIRONMENTAL PIONEERS**  
 Hennessy and Pommery were the first sites worldwide, among all the companies in the Wines & Spirits sector, to be certified for their environmental management\*. Hennessy earned the ISO 14001\* environmental certification in May 1998. In October of the same year, Pommery earned both ISO 14001\* and ISO 9001 (quality) certifications.



- LVMH HONORED FOR ITS ENVIRONMENTAL MANAGEMENT**  
 In a recent study on the environmental management of 652 major European groups, the Royal Nivra, the association of certified accountants in the Netherlands, ranked LVMH as the leader among French business. LVMH is also listed on the "socially responsible" ethical market index FTSE4GOOD Europe. The Group ranks among the top 50 capitalizations. The Group was selected by Agence ARESE to feature in the ARESE Sustainable Performance Index Eurozone®, its European index for sustainable development.

## The environmental impacts of the activity of the LVMH group



\* See Glossary p. 24.



## Z • O • O • M

• **THE WINES & SPIRITS SECTOR IN NATURE SCHOOL**  
Pommery, with more than 3,000 hours of training since 1997, continues to raise employee awareness of quality standards and the environment.



At Hennessy, 1,500 hours of training have been devoted to environmental regulations and analysis since 1999. This program is supported by information meetings on the results obtained, the program for the year, and good environmental practices.

At Veuve Clicquot Ponsardin, all wine-making employees have been trained in managing water and effluents\* from pressing, integrated grape production\* and safety.

Moët & Chandon has integrated the environment in many of its training sessions: efforts to maintain healthy vineyards, water and environment, integrated grape production\* for all wine growers, soils and fertilization, application of pesticides, for a total of more than 600 hours in 2000-2001.

• **EDUCATION AT THE TOP**  
In 2000, the directors of the Finance and Communications departments of the Group companies participated in environmental awareness sessions. A similar program is under way for the CEOs of the companies, organized by business unit.



EXPENDITURE LINKED TO SAFETY AND THE ENVIRONMENT IN 2000 (IN FRF MILLIONS)

Parfums Christian Dior	9.5
Parfums Givenchy	6
Louis Vuitton Malletier	23.5
Hennessy	9.5
Moët & Chandon	12
Pommery	2
Veuve Clicquot Ponsardin	8
Holding	1.5
<b>Total</b>	<b>72</b>



## dIVERSIFIED RESOURCES

Exchanges among Environment Commission members are facilitated by the use of new technologies. All environmental officers have access to a computerized database which offers a broad range of tools:

- monitoring of international regulations and environmental technologies;
- common environmental indicators;
- training modules by theme (wastes / water / regulations / awareness) for all levels of the organization;
- an in-house newsletter;
- an "environmental technical guide" for all site environmental managers.



## CONTINUED EFFORTS TO RAISE AWARENESS, EDUCATE AND TRAIN

Environmental protection is not a slogan, but a learning process. Paying attention to the environment in each daily gesture assumes a mobilized, motivated and competent work force. That is why LVMH Group companies conduct numerous programs to raise awareness, educate and train their 53,000 employees. Since 1995, the employees at French production sites have benefited from training modules developed by the Environment Commission.

\* See Glossary p. 24.

# A proactive policy

A proactive corporate policy requires constant adaptation to real situations. It must anticipate crises and include a plan to mobilize partners.

The number of environmental laws and regulations continues to increase: the imperial decree of 1810 on unhealthy establishments, the 1930 law on landscape protection, the 1976 law governing listed plants, and the Barnier law of 1995 have all been incorporated in the Environmental Code, the European water directive of October 23, 2000.

## DEVELOP ENVIRONMENTAL AUDITS

Since 1995, 16 environmental audits have been conducted by external private firms on the production sites of Guerlain, Veuve Clicquot Ponsardin, Pommery, Moët & Chandon, Hennessy and Louis Vuitton Malletier. This trend is expected to be extended to all the sites of the LVMH group. The positive experience of Hennessy and Pommery which have been reinforcing these inspections with regular environmental audits since 1996, has encouraged the Group to continue investing in 2002, in the training of internal auditors, who will be full-scale "environmental" specialists.

## ANTICIPATE CRISES

To be prepared for any and all situations, the Group conducts an active environmental risk management policy. Crisis management teams at all our manufacturing sites develop Safety Procedures (organization, simulation, review and update) using a common method that includes:

- identification and analysis of the risk categories in each sector;
- development of a suitable organization and structures;
- implementation of an effective communication network and information tools.

## JOIN FORCES WITH OUR PARTNERS

To ensure effective environmental control, the companies of the Group are conducting an awareness program with their suppliers and subcontractors.



### PREVENTING FIRES

Hennessy, which stores huge quantities of flammable brandy, has invested in fire-fighting equipment that corresponds to the equipment of a city of 4,000 inhabitants: more than 3,000 detectors, 1,800 extinguishers... The company has a special safety team, composed of 12 permanent firemen and 16 volunteers. At Moët & Chandon, 150 people (20% of the workforce) have been trained to form an emergency team in the event of fire. The company works with local fire departments that visit its sites every year and use the company's facilities four times a year for training.

### PARTNERS FOR THE ENVIRONMENT

Educated in the environment procedures of Hennessy and Pommery, all their partners have made a commitment to train their staffs, guarantee correct product use, and ensure clean work sites and waste removal.

### COMPUTER ASSISTANCE FOR ENVIRONMENTALLY-FRIENDLY PACKAGING

A computer tool to improve packaging was created for the Group's new product designers (purchasing, marketing, design-development departments). It provides them with the environmental requirements demanded from various suppliers and sub-contractors: glass and corrugated manufacturers, printers and transport companies. Louis Vuitton Malletier demands recyclable materials, printed with inks that do not contain heavy metals, from the suppliers of the bags that hold its boutique products.

### ALL COLORS ARE "GREEN"

Kenzo Mode, through systematic environmental requirements, induces its fabric suppliers to comply with regulations governing nitrogen dyes and the use of nickel.

### AN AMBASSADOR FOR INTEGRATED GRAPE PRODUCTION

In a program that is unique to the Champagne sector, Veuve Clicquot Ponsardin employs a specially trained wine-making specialist to increase awareness among its 900 grape suppliers and encourage them to adopt environmentally sound growing practices.





research, **tradition**, innovation,  
raw materials,

# Design

in harmony with people and nature,  
uniting tradition and innovation



We transform natural products and create the miracle of fine leather goods, fragrances, jewelry, fabrics, and spirits. Quite often, it is right from the design stage that we need to pay attention to natural balances and the preservation of biodiversity. Environmental concern must be an integral factor in defining investment and innovation strategies.

For luxury to remain synonymous with refinement – and with sound judgement – all the teams of the LVMH group, right from the pre-manufacturing processes (research, purchasing, marketing) strive to combine the visible requirements of elegance with the more discrete, but equally vital, requirements of environmental quality. This is a necessity that our brands integrate in the development of our products and in the choice of packaging for those products.

*Loyal to its values*, its history of excellence and its international reputation, LVMH group intends to combine its noble traditional businesses with new scientific contributions. That is why the group participates in public debates regarding the exercise of our new environmental responsibilities.



resources,  
recycling, biodiversity, health, culture



# Reducing wastes at the source

Designing packaging that prevents the waste of raw materials and generates smaller waste volumes is a principle of both good management and respect for the environment.



The principle of reducing waste at the source has since been extended to many other products, with priority given to three elements: making lighter packages, using recycled materials, and designing refillable bottles.

We start studying a product's packaging from the product's design stage.

The design/development, purchasing and marketing teams work with suppliers in multi-disciplinary groups and use a value analysis\* method to reconcile impeccable quality and aesthetics for the consumer with marketing requirements, optimized manufacturing processes, and our desire to use raw materials sparingly.

## WELL-DESIGNED PACKAGES

Programs to make lighter packaging are critical and are coordinated at Group level.

Striking the right balance between the container and its contents, between the packaging and what is inside, is a priority that demonstrates respect for the consumer, to assist the consumer in preserving natural sites and landscapes, and to avoid overusing forests and plantations. This can only be done if we thoroughly understand the effects of the product on the biosphere\*, from manufacture to disposal. This is the role of Life Cycle Analysis\*, a method applied by LVMH group since 1993, in its initial study on the path followed by a standard Hennessy product, a six-bottle case of VSOP produced in Cognac and sold in Germany.



## OVERVIEW

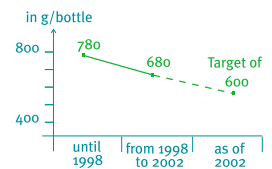
### • LIGHTER BOXES

At Hennessy, the development teams have redesigned cardboard boxes, resulting in a smaller surface area and fewer inserts. Hennessy saved 16.6 tons of cardboard in 2000. A small change with big effects – by reducing the corrugated inserts from 90 g/m<sup>2</sup> to 80 g/m<sup>2</sup>, packaging for Parfums Christian Dior, Kenzo Parfums, Parfums Givenchy, Guerlain products was reduced by 186 tons of cardboard without losing any aesthetic qualities.

### • GLASS – A PRECIOUS MATERIAL

In 2000, Hennessy saved 837 tons of glass. This was the result of a program to reduce packaging volumes (by 30 to 100 g per unit) started in 1999 for a large part of the company's products: X.O., V.S.O.P. Privilège, V.S. 70 cl, V.S. 75 cl, Hennessy Pure White.

#### AN EXAMPLE OF GLASS REDUCTION: THE XO 70 CL BOTTLE FROM HENNESSY



Parfums Christian Dior teams started working with the supplier to reduce the size of the half-moons on the Dolce Vita bottles right from the early design stage so as to reduce the number of glass chippings during manufacture. This resulted in a reduction of 10 tons in 2000.

\* See Glossary p. 24.



## **m**ORE RECYCLED MATERIALS

Recycling offers two major environmental advantages. The recovery of raw materials from used products and their consequent reinjection into the natural cycle (composting) or the industrial process (selective sorting, then treatment in different sectors) prevents the uncontrolled disposal of these materials and reduces the collection of resources from the eco-system. It is for these reasons that LVMH group has decided to use recycled materials to package its products.



## **r**EFILLABLE BOTTLES

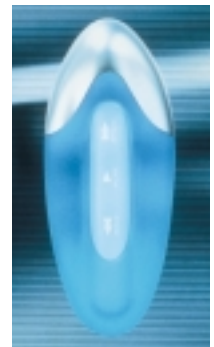
Why throw out what is beautiful and represents, in addition to a wealth of creativity and painstaking craftsmanship, a capsule of energy and raw materials? The Fragrances & Cosmetics companies of LVMH group now strive to design their bottles as beautiful objects worth preserving and — more courageous and innovative, capable of being refilled.



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• **A SECOND LIFE FOR PACKAGING**  
In 1999, at **Veuve Clicquot Ponsardin**, the six-bottle case of champagne was modified to incorporate a larger proportion of recycled cardboard. Now recycled products account for 61% of the box, including corrugated inner wall and paper, instead of the previous 22%. The result: savings of 232 tons of raw materials, preserved trees and reduced wastes. At **Louis Vuitton Malletier**, 85% of the corrugated packaging used to transport products is totally composed of recycled fibers.

• **A BOTTLE FOR LIFE**  
In 2000, **Parfums Givenchy** developed a refillable bottle for its **Oblique** line. The box contains, in addition to the bottle, two glass refills that can be refilled indefinitely after use.



# Respect for life

This is truly the mission of a group whose businesses contribute to the development of a standard of civilization. This standard clearly cannot endure unless we protect our health and preserve biodiversity. Every day, on every site, every decision must spring from these priorities.



## • A GARDEN FOR THOSE WHO LOVE LIFE

The Group's action in the **Jardin d'Acclimatation** in Paris symbolizes its attention to nature conservation and promotion. The program is designed to make this 150-year old children's park one of the most beautiful in Paris. Violent storms in France in December 1999 uprooted more than 250 trees; more than double that number have been replanted. Areas that were condemned only a short time ago have been reseeded and reopened for visitors. The early learning role of the Jardin d'Acclimatation is expressed through workshops on the theme of nature: gardening, theater, calligraphy. Children come to learn how to manufacture plant pigments using traditional techniques or to create their own fragrance. The Garden has also re-emphasized its exotic role with the "Mademoiselle Li" teahouse, a 5,000 m<sup>2</sup> Korean garden offered by the City of Seoul, scheduled for commissioning at the end of 2001.

## • INEXHAUSTIBLE FORESTS

As a major user of oak casks, **Hennessy** acquired a 450-acre oak forest in the Cher region in 1970, which is managed by the "Coopérative Forestière du Centre" at Bourges. In preparation for the future, the company has developed a 15-year management plan for its forest with the Centre Régional de la Propriété Forestière and the support

of state-approved forestry experts. A very well-protected future, as **Hennessy** is replanting trees that can only be cut after 120 to 150 years!

## • ADHESIVES, NOT SOLVENTS

For the manufacture of its luggage line, **Louis Vuitton** is gradually eliminating the use of solvent-based adhesives, which release airborne particles that present a health hazard, in its own plants and in those of its subcontractors. To replace them **Louis Vuitton** is developing water-based adhesives which offer equivalent performances in partnership with its suppliers. As at the end of 2000, two of these adhesives had reached the industrial production stage. In addition, the use of three solvent-based adhesives was completely eliminated by optimizing manufacturing processes.

## • HEALTH QUALITY FIRST

To ensure the safety and optimum quality of their food products, all the companies of the Wines and Spirits division apply at all their sites the HACCP method (Hazard Analysis Critical Control Point), which entails evaluating, controlling and reducing any risk of damage to the safe quality of the product at every stage of production.

## bIODIVERSITY PRESERVED

Preserving biological diversity is a vital issue for the evolution of life on earth. LVMH Group has built its businesses on a sustainable relationship with the natural environment, and consequently uses elements that are neutral or without impact on our ecosystems, either by growing plants or raising animals, or by using surplus elements.

In this way, it complies in an exemplary manner with the regulations protecting rare species.



The companies of the Fashion & Leather Goods and Watches & Jewelry sectors rigorously enforce the international CITES\* convention on endangered species. This agreement was designed to combat, through an import and export permit system, the overexploitation of certain endangered animal and plant species because of international trade.

## hEALTH – A PRIORITY

LVMH Group particularly monitors the health and safety of its employees and communities living near its sites during the development of its products. This is a top priority for its laboratories and development teams.



\* See Glossary p. 24.



# Participating in the **community** debate on the environment

Integrating environmental preservation as an asset for sustainable economic development represents a profound change.

Since time immemorial, humanity has either been indifferent to nature or perceived nature has something to fight against.

Reconciling the two and bringing them closer together, entails a revolution that cannot take place without public debate.

LVMH is an active participant.



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## OVERVIEW

By actively participating in several environmental protection associations, LVMH group is helping to gradually change the mentalities of society as a whole. It is the attitude of a responsible citizen committed to enhancing collective thinking and contributing to a fundamental debate.



- **IN THE BEGINNING WAS THE WORD**  
LVMH works with Orée, an association of manufacturers, communities and associations, to harness its expertise to design information tools that can help small and medium businesses to devise more environmentally-friendly policies: an environmental self-diagnostic guide, a guide to managing environmental risks, an employee awareness kit, etc. With the French branch of "Friends of the Earth", ADEME (the French Environmental and Energy Control Agency) and the

Order of Certified Public Accountants, LVMH group has prepared a guide "For a report integrating environment and economy" to assist businesses in reporting their sustainable development activities.

- **ROADS OF WISDOM**  
In another project with Orée, LVMH has started an in-depth group study on the environmental aspects of transports and logistics, whose impact on the greenhouse effect\* is a major challenge for coming years. A handbook entitled "Environmental Recommendations for transporting goods" has

been published to provide transport companies with ways to improve the awareness of their subcontractors or develop multi-modal transport systems.

- **A BASIC DEBATE: "MAN AND THE CLIMATE"**  
Bernard Arnault, LVMH group CEO, works personally with the Montaigne Institute, an organization of corporate executives, academics and community representatives. In 2001, the organization decided to conduct a study on the global warming phenomenon entitled "Man and the Climate".





water, soils, biotopes, respect,  
cooperation,



# Applying

this commitment to the manufacture of precious items and luxury objects, while preserving the Earth's resources

The logic of

*sustainable development\**

which combines the production of wealth with preservation of the environment must now prevail. LVMH group carries out all its activities, most of which are closely linked to nature, in this perspective.

Our Group does not perceive the environment as a burden, but rather a source of inspiration, a model to be translated, recreated and preserved.

A sense of history, the importance of values, the wisdom of traditions, tried and tested gestures, can all be combined with entrepreneurial spirit, creativity and innovation to save rare resources like water and energy and preserve the integrity of our ecosystems. Our products, our brands, our companies cannot afford to remain neutral in relation to the environment. We must be active environmental protectors.



rural areas, responsibility, prudence,  
local authorities, beauty

\* See Glossary p. 24.

# Saving the planet's resources

Our planet is unique, and its riches are not infinite. Human activity must now be guided by the concern to leave to future generations the vital resources, water, and energy that they will need.



## • REUSED WATER

**Veuve Clicquot Ponsardin** has equipped its production lines with bottle washers that recycle rinse water. So far, the first two lines save 4 500 m<sup>3</sup> a year with this equipment.



## • CAPITALIZED WATER

**Hennessy** has placed all its cooling systems in a close circuit in order to reuse the water.



## U SING OUR WATER RESOURCES SPARINGLY

Water on Earth appears to be abundant, yet less than 1% of this water is easily available for consumption by six billion people. According to a UNDP (United Nations Development Program) report, 75% of the planet's population will suffer from what is known as "Hydric stress" by 2009. The Earth's water resources are unevenly distributed, and are at the center of conflicts which could intensify as these resources become rarer. Therefore, each agricultural, industrial, and commercial activity must manage water as a precious resource. It is a question of survival and solidarity that is

being seriously addressed by the companies of the Wines & Spirits division of the LVMH group. Indeed, to obtain optimum quality for champagne or cognac, the presses and vats must be regularly cleaned thoroughly. A perfect product must be pure. However, to limit the use of water required for the cleaning, the companies are developing simple measures, such as training their employees in water conservation and the use of shut-off-nozzles on hoses, or more technical solutions such as closed circuit air conditioners and bottle washers, automated rinsing sequences and many more.

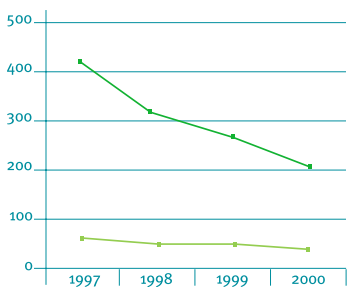


## WATER USED (M<sup>3</sup>)

<b>Parfums Christian Dior</b>	<b>333,550</b>
<b>Givenchy</b>	<b>28,216</b>
<b>Guerlain</b>	<b>29,392</b>
<b>Louis Vuitton</b>	<b>25,433</b>
<b>Hennessy</b>	<b>89,678</b>
<b>Moët &amp; Chandon</b>	<b>158,086</b>
<b>Pommery</b>	<b>17,418</b>
<b>Veuve Clicquot Ponsardin</b>	<b>48,179</b>
<b>Total</b>	<b>729,952</b>

Veuve Clicquot Ponsardin: The data cover 79% of production.

## CHANGE IN WATER USE AT POMMERY FROM 1997 TO 2000 (VINEYARD AND WINE-PRODUCTION SITE)



Litres of water used by litre of vinified/pressed must:  
— vinified — pressed





**Z • O • O • M**

• **LESS AND BETTER ENERGY**

At Hennessy, all the sectors are equipped with “low consumption” bulbs. On the packaging lines, the conveyor motors are driven by speed variators that avoid overconsumption. Analysis of pressure programs during distillation has reduced gas consumption by 20%.

• **A SELECTIVE TRANSPORT POLICY**

For transporting goods, a ship produces 80 times less CO<sub>2</sub> than a plane. Continuing a long tradition, Hennessy prefers to carry all its cognac outside Europe by ship. In 2000, 87% of the Hennessy and Hine cognac shipments worldwide (34 million bottles), were made by ship.

• **WASTES FULL OF ENERGY**

In cognac distillation, the equivalent of 90% of the volume of the distilled wine is thrown out in the form of vinasses, an organically\* rich substance that represents a significant pollution risk. To handle this at the regional level, Hennessy has partnered since 1984 with other cognac companies to create a processing site for the vinasses. Using a methane production process, the site cleans up 99,6% of these wastes and produces a bio-gas that generates thermal and electrical energy in quantities that are more than sufficient to operate the site. The surplus is resold to Electricité de France.

Today, this site handles the wastes from three Hennessy distilleries and the 24 other distilleries that work with Hennessy under contract.



**C**ONTROLLING ENERGY

Energy use is at the heart of environmental problems and sustainable development. Burning fossil fuels in boilers, engines, for heating, light or transport entails extracting resources that are becoming rarer, causes local pollution, and emits greenhouse gases that threaten the climate balance of the planet. Saving energy and using it efficiently are global challenges. LVMH group has integrated these challenges into a total program to streamline energy use on its production sites. It provides financial assistance to its companies to conduct prior energy diagnoses in order to identify ways of optimizing their energy use.

**TOTAL ENERGY USE (kWh)**

Parfums Christian Dior	69,092,813
Parfums Givenchy	7,497,052
Guerlain	6,327,501
Louis Vuitton Malletier	14,165,981
Hennessy	25,903,528
Moët & Chandon	25,250,848
Pommery	8,186,642
Veuve Clicquot Ponsardin	12,152,357
<b>Total</b>	<b>168,576,722</b>

Veuve Clicquot Ponsardin: The data cover 79% of production.

# Protecting our ecosystems\*

Nature is rife with marvelous but fragile balances that must be preserved by integrating a policy of prudence and prevention into our human activities. This entails a collective effort which LVMH group has committed itself to alongside national partners such as the French water agencies, local authorities, associations, and suppliers.



• **A BREATH OF AIR TO TRANSFORM POLLUTANTS INTO PERFECT FERTILIZERS**



In partnership with university researchers and the Water Agency of Seine Normandie, **Veuve Clicquot Ponsardin** has constructed a pilot aerated storage treatment tank on its site at Avenay Val d'Or. With a capacity of 2 500 m<sup>3</sup>, it treats all the effluents\* from the Veuve Clicquot pressing center and two **Pommery** centers in two months. Air is injected into the tank to oxygenate the effluents\* and accelerate their decomposition through fermentation. The recovered sludge is mixed with resinous barks, to provide a fertilizing agent sprayed on the vines.

• **FERTILE REGIONAL COOPERATION**  
**Moët & Chandon** cooperates closely with the Water Agency in Seine Normandie, which has jurisdiction for the region, to solve its effluent\* problems. In the village of Courtemont (1/3 of the grapes pressed every year), the effluents\* are stored, then carried through pipes to soils

where they are **sprayed**, in a proportion calculated on the basis of the soil surface and type. The operation is monitored and traced with the Water Agency of Seine Normandie. With the Epernay District, the company is planning to participate in the construction of the future **waste treatment plant** which will be capable of treating all the wastes from the Epernay production sites. In two years, all the effluents\* from **Moët & Chandon** will be treated by spraying, aerated storage or the appropriate community treatment.

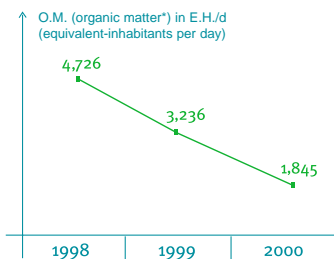
• **WELL TEMPERED WATER**  
In order not to disturb the aquatic biotope\* by discharging the hot water (70°C) from cooling the distilleries, **Hennessy** reduces the temperature to less than 30°C. Before any discharge, the temperature and the pH of the water are checked.



**P**RESERVING RIVERS  
During harvesting and vinification in the Champagne region, water treatment plants in some towns do not have sufficient capacity to successfully treat the large quantities of effluents\* from the presses and tanks.

When discharged directly into the environment, these organic elements use up the oxygen necessary for aquatic flora and fauna as they decompose, thus disturbing the ecosystems\* of some rivers. As responsible citizens, in cooperation with the local communities and water agencies, the companies of the LVMH group have mobilized their development teams and initiated a huge prevention program.

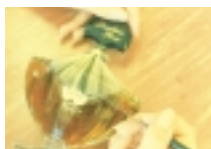
REDUCTION OF AVERAGE VAT WASTES FROM 1998 TO 2000 AT MOËT & CHANDON (EXCLUDING HARVESTS)



\* See Glossary p. 24.



- RETAINING TO PREVENT**  
 The principal risk on production sites comes from leaking liquids which in concentrated form, can pollute the town's main water supply. To prevent this, systems are installed to retain the effluents in the event of an accident before they are discharged into the public water supply system.



The **Guerlain** site in Orphin en Yvelines has been equipped since it was built with a retention basin equipped with a valve, through which all waste water is carried.

At **Pommery's** Reims site, the tank room is equipped with a downstream valve that retains liquids in the event of an accident.

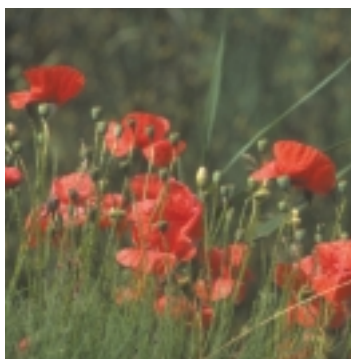
At **Hennessy's** site in Cognac, chemicals which cannot be used without the approval of the quality control laboratory are systematically retained.

- SCIENCE, CONSCIENCE**  
 Pursuant to environmental regulations, the laboratories of **Moët & Chandon** analyze the pollution parameters of their wastes every week: pH, suspended matters, organic matter\*. During harvests, these analyses are performed daily.



## PROTECTING SOIL INTEGRITY

Each production site is a space to be maintained and protected. LVMH group pays very close attention to clean soils, even though its activity poses little or no threat to the soil. In addition, our long history and our corporate memory are effective allies. Indeed, there is practically no pollution risk from earlier industrial sites, as most of the companies of the group



have been working on the same site for many years, sometimes even for centuries. Well before the emergence of industrial ecology\*, they were already integrated in their environment. New production sites located on old farmlands pose few risks.

As a precaution, LVMH group has prepared a "Guide to an environmental audit before the purchase or sale of a site" for its companies, as each company is responsible for the land that it acquires.

## PREVENTING RISKS BY MONITORING WASTES

Anticipate, prevent, and simulate. Because it is everyone's duty to take precautions, LVMH group has made crisis management an essential element of its environmental policy. In strict compliance with French regulations governing manufacturing, all the companies

concerned have implemented a program to monitor wastes. Their laboratories conduct periodic analyses adapted to the type of activity and the results are transmitted to the Department of Listed Plants. Moreover, all the establishments train their employees in environmental protection procedures through simulated alarm exercises.



\* See Glossary p. 24.



# Reconciling human creation and the environment

Techniques, laboratories, methods, buildings, processes, distribution networks etc. Within LVMH group, in addition to ensuring that we do not damage the environment, we strive to strengthen it, work with it, and partake of it.



- **A CROWN JEWEL IN NEW YORK**  
Designed by Christian de Portzampac, the **LVMH US headquarters** has enriched the architectural landscape with a high fashion statement: folded windows, the interplay of surfaces and textures suggesting dreams of scented skin, precious fabrics, sparkling bottles, and glorious jewels.



- **A PERFECT MIX OF NATURE AND CULTURE**  
At Ducey, ten kilometers from Mont-Saint-Michel, a site that has been classified as a world treasure by UNESCO, **Louis Vuitton** is building its sixth production site in France, which will create 280 jobs in Normandy. Designed to perfectly blend in the landscape, the plant will open in the spring of 2002. With two full glass sides, the production area (4,000 m<sup>2</sup>), which is invisible from



the Mont-Saint-Michel monument, will enjoy a panoramic view and will be bathed with natural light. The materials, colors and volumes have all been designed to offer the best working conditions and preserve the environment.

- **THE BRIGHTEST FLOWER**  
in Val de l'Indre, in 1999 and 2000, is a **Kenzo Mode site**, located in Montbazon (Indre and Loire), the winner of the competition organized by the Touraine horticultural society.



## r ESPECT AND ENHANCE THE ENVIRONMENT WHEN BUILDING

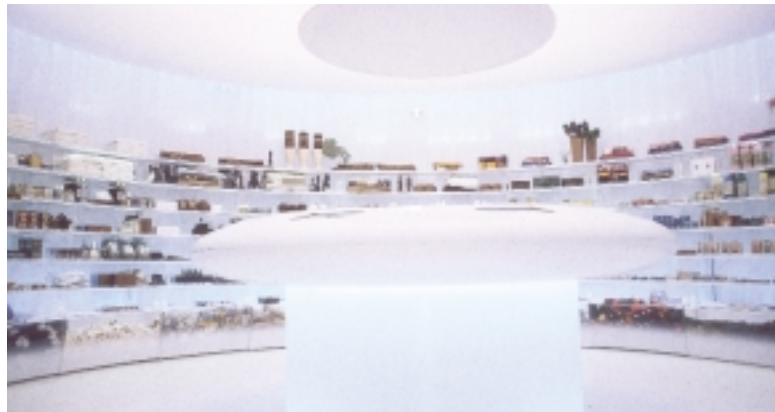
The quality of the natural, agricultural and urban landscapes is a priority for LVMH group. With this in mind, all Group sites are carefully designed to seamlessly blend into their environment.

## UNITE INNOVATION AND TRADITION: INTEGRATED GRAPE PRODUCTION

Production that is simultaneously clean, healthy and cost effective is the goal of integrated grape production\*. This method for the future, which combines high tech (more than 130 criteria) and respect for tradition, matches the values of LVMH group which has been practicing it for more than 10 years. All the companies of the Wines & Spirits division have made a commitment, above and beyond regulations, to respect the rules of integrated grape production\* based on professional recommendations. This approach covers all aspects of the life of a vineyard, including waste treatment, based on simple principles: use the right product, in the right proportions, on the right location, at the right moment, and use natural methods and products as much as possible.

## TRANSFORM WASTES INTO RESOURCES

Waste recovery\* transforms a limitation into an opportunity. LVMH group implements every resource to facilitate the recovery\* of its wastes. This requires efficient sorting that relies on the support and mobilization of our work force. The employees in all Group companies have received special training, and each work station on our production sites is equipped with selective sorting containers.



REDUCING QUANTITIES OF WASTE GENERATED (TONS)

Parfums Christian Dior	2,302
Parfums Givenchy	658
Guerlain	813
Louis Vuitton Malletier	1,347
Hennessy	1,197
Moët & Chandon	8,017
Pommery	1,164
Veuve Clicquot Ponsardin	1,945
<b>Total</b>	<b>17,443</b>

Veuve Clicquot: The data cover 79% of production.



### Z • O • O • M

#### • FRUSTRATED LOVE

To battle the grape moth, the vine's caterpillar enemy, grape producers use the method explicitly known as "sexual confusion". They place capsules that release female pheromones on the vines. The male is then confused and unable to find a female to mate with. This crop-saving method covers 27% of the Veuve Clicquot vineyard, 42% of the Moët & Chandon vineyard, and 27% of the Pommery vineyard.

#### • A STRATEGY OF ALLIANCE

Insecticide is no longer needed to fight the red spider and the yellow spider, thanks to the phytoseiid, another acarion that devours the spiders. Moët & Chandon uses this ally on 100% of its vineyard.

#### • A FORWARD-LOOKING TRADITION

For two centuries, the production of l'Yquem has followed most of the criteria for integrated farming, sometimes even exceeding those criteria: 100% organic manure, integral plowing without weeding, trapping of butterflies, waste recycling, etc.

#### • THE HUMAN TALENTS FOR MOVING AHEAD

To achieve even greater progress, wine growers have an essential role to play. The work forces on the vineyards of Veuve Clicquot, Pommery and Moët & Chandon receive annual training and environmental awareness sessions. These companies rely on the analysis from their wine growers, through self-diagnosis, to identify ways to improve.

#### • SELECTIVE SORTING AT SOURCE

Since 1992, Parfums Christian Dior has been practicing selective sorting at source for all its wastes at the Saint Jean de Braye site.



Non-hazardous industrial waste\* materials (paper, cardboard, plastic, etc.) are sorted by type in identified containers and are removed to recycling plants. Hazardous industrial waste\* (toxic waste from labs, car and small batteries, etc.) are handed over, pursuant to regulations, to specialists who reprocess or recycle the materials. At Pommery, selective sorting involves twenty categories of waste materials. Since 1999, more than 90% of the company's waste has been recycled\*.

\* See Glossary p. 24.

# Glossary

## **b**iosphere

A specific layer of the planet formed by all living beings and the environments favorable to their development.

## **C**ITES agreement on international trade in endangered species of flora and fauna

A convention signed in Washington during the UN conference held from March 29 to April 4, 1973 in order to take emergency measures to ensure the survival of species. The objective is to act against the overexploitation resulting from international trade in certain endangered animal and plant species, using a system of import and export permits. The permits are issued by a national management body based on an opinion issued by a national scientific authority.

## **e**cology

The science that deals with cyclical exchanges of matter and energy. It deals with a community of living things and the environment associated with that community.

## **Ecosystem**

A dynamic system of plants, animals, and micro-organisms and their non-living environment, which form a functional unit through their interaction.

## **Effluents**

Fluid waste (liquid or gaseous) from an economic processing or production structure (plant, waste treatment station, etc. ), which is a potential source of pollution harmful to the environment.

## **Environmental management**

A set of activities that defines environmental policy, objectives and responsibilities, and then implements them through methods such as planning environmental targets, measuring results, and controlling environmental effects.

## **g**reenhouse effect

A phenomenon in which the lowest layers of the atmosphere prevent the re-emission of the sun's rays that have already hit the Earth. The air temperature is then higher than it should be, because the lower layers of the atmosphere contain gases (CO<sub>2</sub>, CH<sub>4</sub>, water vapor) that trap the heat radiation sent back by the Earth. This is a natural phenomenon that is increased by the emission of carbon dioxide and other greenhouse gases due to human activities.

## **h**azardous industrial waste

Toxic waste materials resulting from an industrial activity, the destination of which (elimination or recycling) requires special precautions in order to protect the environment.

## **i**ntegrated grape production

A system of production that implements a series of techniques that meet economic, qualitative and ecological requirements. In practice, it consists of integrating cultivation methods and avoiding any systematic intervention that could harm the environment.

## **ISO 14001**

An international standard for environmental management systems. It is voluntarily applied.

## **L**ife Cycle Analysis (LCA)

Analysis of all effects on the environment over the life of a product, from production to elimination, including use and recycling.

## **n**on-hazardous industrial waste

Waste materials resulting from an industrial activity that can be classified with consumer or household waste (plastics, paper, cardboard, etc.).

## **O**rganic matter

Carbon matter of animal or plant origin from living beings. Organic matter is biodegradable and is the principal source of food for micro-organisms.

## **S**ustainable development

A mode of development that meets the needs of the present while allowing future generations to meet their needs. Sustainable development is a policy and a strategy intended to ensure the continuity of economic and social development over time, with respect for the environment, and without compromising the natural resources required for human activity.

## **V**alue analysis

Creative, organized, and competitive method intended to satisfy the user's need through a specific design approach that is functional, economic and multi-disciplinary.

## **W**aste recovery

A generic term that covers "material" recycling (re-use, waste recycling) and energy recovery (incineration of wastes with recovery of energy in the form of electricity or heat).







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