

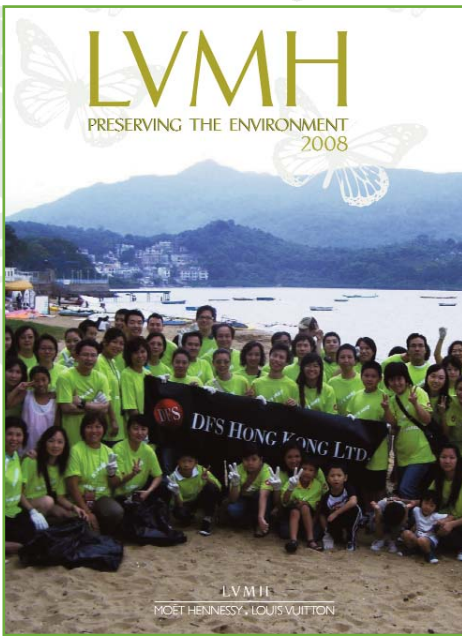
LVMH

PRESERVING THE ENVIRONMENT
2008



LVMH

MOËT HENNESSY • LOUIS VUITTON



PRESERVING THE ENVIRONMENT 2008

Cover

On Earth Day, DFS teams in Hong-Kong organize a beach cleanup day with families of employees.

Contents

- 02 Recognizing environmental issues in the construction and renovation of buildings; a shared objective within the LVMH Group
- 05 LVMH and the environment
- 10 Tangible results
- 26 Shared concerns
- 31 Programs extended to civil society
- 34 Objectives
- 38 Methodological note on environmental reporting
- 41 Report of reasonable assurance on various environmental indicators

*The Eole logistics platform in Cergy-Pontoise, France
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Recognizing environmental issues in the construction and renovation of buildings: a shared objective within the LVMH Group

With its many manufacturing sites, warehouses and shops, the LVMH Group has numerous buildings throughout the world. Initiatives to preserve the climate and the environment affect our products as well as the buildings where they are made or sold. That is the focus of the initiative to integrate environmental considerations into construction, a goal to which the Group's Companies are increasingly committed.

Recognition of environmental issues in buildings has one principal objective: limiting the impact of buildings on the environment and health. This goal is measured by various certifications, labels, standards, and specific initiatives throughout the world: the HEQ initiative in France, LEED in the United States, Bream in the United Kingdom, BSE in Hong Kong, Casbee in Japan, Minergie in Switzerland, etc. There are two levels in France: self-declaration when a voluntary initiative has been undertaken to respect the environment in the construction process, and certification when this initiative has also been evaluated by a third party. However, this does not in any way prevent commitments to ambitious goals for new construction as well as for renovation work.

■ An ever stronger commitment by the Companies

After Louis Vuitton inaugurated the Eole logistics platform in Cergy-Pontoise in 2006, a second equally exemplary project is under construction for the LVMH's international research and development center in Saint-Jean-de-Braye. This center will be shared by all the Brands in the Perfumes and Cosmetics Division. Following the example of Eole, which was the first warehouse to receive NF Bâtiment tertiaire HEQ certification (which is applicable to service sector buildings) as part of a pilot project in 2006, Hélios will be the first certified R&D center in France. Along with these two keynote projects, the Group's Companies have taken other HEQ initiatives for both new and existing buildings. Moët & Chandon built its new wine pressing center in Mailly to include an HEQ feature and Veuve Clicquot is seeking eco-labeling for its Hôtel du Marc in Reims. The Parfums Givenchy logistics platform in Beauvais, which is the receiving site where products shipped by suppliers are monitored before being sent out to production sites, is one of several projects that was used to establish a "Logistics Platform" standard within the NF Bâtiment tertiaire certification category. Louis Vuitton is also continuing its environmental initiatives in the construction of its shoe factory in Fiesso, Italy, and the refurbishment of the fourth floor of its Paris headquarters near the Pont Neuf. There are remarkably ambitious goals for all of these initiatives, as we will describe below.

The HEQ initiative in France

The French HEQ initiative was established to facilitate the construction of buildings that are healthy, comfortable, energy saving and respectful of the environment. It is based on two principal goals, each broken down into seven specific points (i.e. 14 "targets" in all). The first goal is to "control the impact on the exterior environment" by employing "Eco-construction": a harmonious relationship between the building and its immediate environment (C1); selection of construction procedures and products (C2); a construction site with minimal environmental nuisances (C3); and by eco-management: energy (C4); water (C5); waste (C6); upkeep/maintenance (C7). The second objective is to "Create a healthy, comfortable interior environment", focusing on various types of comfort: heat and humidity levels (C8), acoustic (C9), visual (C10), olfactory (C11), as well as on matters related to health: the sanitary quality of spaces (C12); of the air (C13) and of water (C14). All of these targets must be taken into account, with priorities ultimately determined for each project individually.

Based on the Grenelle de l'Environnement protocols, the HEQ initiative changed in 2008: the energy target (C4) is now based on the HEP (High Energy Performance) label as the minimum standard, and the recommended goal is to obtain the VHEP (Very High Energy Performance) label, or, still better, a Low Consumption Building label while awaiting a Positive Energy Building designation. Certification for service sector buildings has now become "NF Service sector buildings related to the HEQ initiative and/or BBC-Effinergie".

There are three HEQ worksite certifications, introduced by the HEQ Association and delegated to AFNOR Certification: one pertains to service sector buildings (delivered by Certivea), another for individual houses (delivered by Cequami) and the third for multi-family housing (delivered by Cerqual).

▣ **Eole:**
a shared **commitment** for a long term **project**

Integrating a building into its environment, managing energy and water, and creating visual harmony in the workplace – these were the four major themes of the Eole pilot project. Located near the Vexin National Park, the platform was the focus of a major landscaping project. It includes a water management system that allows runoff from roofs and truck and employee parking lots to be recovered and treated using specially adapted basins and dams. A wall of trees has been planted to shelter the parking areas from wind. Special access routes have been designed to encourage pedestrian activity.

On the energy efficiency front, Eole has implemented a number of high-performing solutions, including geothermal heat for employee and administrative areas and highly efficient gas heat with limited NO_x emissions for other areas. Air/water type cooling elements and perforated duct distribution in warehouses and loading docks have also been installed. In addition, insulation complying with RT 2000 standards (heating regulations) has been installed, although it is not required for warehouses.

In the area of water management (in addition to the recovery of runoff water), waste water from the site is subjected to natural treatment through phytoremediation in a small integrated water treatment station; plants are used to provide filtration. Consumption of drinking water is controlled by conservation devices, an idea adopted from the networks, and it is specifically supervised by Technical Building Management.

For workspaces, natural lighting and hygrothermal comfort are provided by design features that include large windowed bays and ventilation systems designed for the type of work carried out there. Construction products – wood materials, VOC-free paint, and coated mineral wool – are selected to assure a very healthful environment.

The Eole warehouse was the site of an official visit organized by the French Association of Logisticians, the General Council of the Val d'Oise, and the Val d'Oise Tourism Association.

▣ **Hélios :**
a “**revolutionary architectural design**”

“The new LVMH Research Center asserts its visionary goal through its architectural design and technical audacity,” explains Eric Perrier, Chairman of GIE LVMH Recherche. He adds: *“It seems to have been designed to tease and play with the sun, sometimes opening up to its rays and sometimes automatically protecting itself from them to regulate the interior temperature and light levels, almost like a living creature. Hélios has natural interior lighting that varies depending on the time of day, creating an atmosphere that promotes a sense of calm and concentration. Entering this “city”, a term that accurately describes this building of the future, should create a sense of wellbeing and calm, based on two key words: light and life.”*

The architectural side of the Hélios project is in fact founded on the ideas of light and life. Every choice in its construction was based on three central themes: the search for optimal light, which is particularly important for working with color; energy economy so that the building complies with contemporary expectations; and maximum safety for research workers. 250 scientists work here on developing plant extracts, new biological targets, polymers, and novel formulations that will be used in cosmetic and fragrance products to be marketed by various Group Companies in the future.

Delivery of the building – whose cornerstone should be laid in September 2009 – is planned for early 2011.

▣ **The Champagne Houses:**
bubbles achieve HEQ

2008 was marked by the construction and inauguration of a new wine pressing center for Moët & Chandon as part of an HEQ initiative at its Maily site. Among its fourteen goals, there was an emphasis on integrating the building, which is located in a protected natural site, into the landscape; selecting construction materials; improving working conditions through lighting and noise control; treating wastewater, which is 100% purified before being released into the natural envi-



The new wine pressing center for Moët & Chandon in Maily.

ronment; recovering rain runoff water for non-food uses; and optimizing efficiency of water usage. Recovery of rainwater runoff has already provided 50% of the total water required for the 2008 harvest, and the new technology in place to limit consumption has allowed us to use just 0.12 liters of water per kilogram of pressed grapes compared to an average of 0.34 liters in the Champagne region as a whole, a reduction of over 60%. Moët & Chandon is also working on a project to expand its industrial activities for storing and aging bottles in Oiry, near Epernay. This project's goal is to achieve HEQ certification. It will be considered a pilot "industrial building" project, focused on the building's relationship with its immediate environment, energy management, water management, upkeep and maintenance, and acoustic quality. The initial audit for HEQ certification – the HEQ "Commitment" audit – was carried out in November 2008.

Meanwhile, Veuve Clicquot continues the restoration of the Hôtel du Marc in Reims. A true witness to the history of the House, this building, built by Edouard Werlé in 1840, welcomes clients who come from all over the world to sample the new vintages. In addition to restoring the building's facades, this project has three primary objectives: to use renewable energy sources including geothermal and solar heating to achieve 70% energy independence; to recover rain runoff to maintain open spaces; and to win an eco-label for the building. Veuve Clicquot is also involved in an HEQ certification project for the building it uses for aging bottles on the Crayères South site. This project has already been cited as a pilot site for industrial buildings.

▣ **Environmental construction, the new Louis Vuitton standard**

Following closely upon its flagship Eole project in Cergy, Louis Vuitton has resolved to make environmentally sound construction a true standard, whether it relates to HEQ criteria or their equivalents. For example, the luggage maker is working on defining a master action plan for a more ecologically sensitive approach to store design based on studies already carried out on issues that include analyses of energy life cycles and diagnostics. It is also more systematically addressing environmental issues in the design of its window displays.

In addition, the redesign of the fourth floor of its Pont Neuf headquarters includes an automated energy management system and a selection of building materials that is attuned to environmental concerns. The reconstruction of the Cergy 1 and Shanghai warehouses will focus directly on energy efficiency, giving priority to natural lighting and photovoltaic solar power. The new warehouse on the west coast of the United States, which should open in June 2009, will be LEED certified. High environmental quality is also a major theme for the new Italian workshops in Marsaz and Fiesso. In Fiesso, renewable energy sources – geothermal for heating and air conditioning and photovoltaic for hot water production – and the recovery of rainwater runoff for toilets and open spaces will be particularly



Louis Vuitton Foundation.

emphasized. Finally, Louis Vuitton has made a strong commitment to assuring that its business foundation, which benefits contemporary art, is active in the HEQ initiative. In the midst of the Bois de Boulogne, near Neuilly, the next Louis Vuitton Foundation will demonstrate high performance in achieving a very significant number of goals regarding the immediate environment, the construction site, energy, water, and comfort, as well as construction processes and products, upkeep/maintenance, and air quality. It will be measured using the Bilan Carbone® (Carbon Balance Sheet) analysis for the demolition phase of existing buildings (bowling lane and restaurant) as well as in new design. Geothermal heating will be used in the building and studies are underway on the site's potential for electricity to be provided by wind power.

▣ **Eco-construction is becoming widespread**

These projects are not confined to France alone. For example, in Switzerland, TAG Heuer is working on the Cortech Greenfield project under the Minergie initiative. This is a pilot project for an industrial building that take part in the development of a logistics standard. Based on an initially favorable evaluation, it is expected to move into the construction phase during 2009. Glenmorangie and Domaine Chandon California Newton are also launching "green buildings" with ambitious goals of reducing energy consumption. Séphora USA is undertaking a broad initiative to "green" its stores: in addition to work on existing stores to reduce energy consumption, limiting packaging and recycle waste, it will soon open two new LEED certified boutiques. All these measures are part of a global program aimed at reducing the environmental impact in accordance with fundamental values based on innovation, initiative, commitment to clients and mutual respect. This initiative has already resulted in all of the Texas stores being designated as "green retailers" by the EPA (Environmental Protection Agency).

In all of these examples, it is evident that a growing number of Companies are incorporating and adapting the Group's determination to recognize environmental issues in building construction in a systematic fashion, with the goal of achieving certification whenever possible.



Preserving the environment

For over fifteen years, the LVMH Group has been committed to preserving the environment. It was also one of the first groups to establish an Environmental Department in 1992. This commitment became a strategy in 2001 when Bernard Arnault signed the Environmental Charter that encouraged each Company to establish an environmental management program and every Chairman to become involved in the initiative. The commitment was further strengthened in 2003 when the Group joined the Global Pact, an initiative launched by Kofi Annan that is based on its signers' voluntary commitment to respect ten principles relating to human and citizen rights, working conditions, and the environment, to contribute to more sustainable growth at the international level. In 2008, the companies engaged in concrete actions including ISO 14001 certification, the completion of Bilans Carbone®, the construction of green buildings and the use of eco-design.

LVMH and the environment

Like every human activity, the activities of the LVMH group have environmental impacts, which vary in type and magnitude depending on the business. The following table presents the primary environmental challenges for each business group:

Business sector	Primary Environmental Challenges <i>(certain challenges are not directly under the control of the LVMH Group, but are controlled via the Group's suppliers)</i>
Wines and Spirits	<ul style="list-style-type: none"> • Water consumption (particularly for vine irrigation in Australia, New Zealand, Argentina and California) and energy consumption (distillation process). • Production of effluents containing organic matter (wine-making and distillation processes). • Production of waste products (wine making and distillation processes). • Protection of soils and biodiversity (vine management and protection of ecosystems). • Consumption of raw materials, particularly for packaging.
Perfumes and cosmetics	<ul style="list-style-type: none"> • Water consumption. • Production of effluents containing organic matter. • Production and transformation of raw materials (packaging and components of perfumes and cosmetics). • Protection of biodiversity (protection of the ecosystems and natural resources, especially plant resources, necessary for production).
Watches and Jewelry	<ul style="list-style-type: none"> • Extraction and transformation of raw materials (packaging, precious stones and metals).
Fashion and Leather Goods	<ul style="list-style-type: none"> • Production and transformation of raw materials (packaging, cotton and other textiles, leather, etc.). • Protection of biodiversity (protection of ecosystems and natural resources necessary for production).
Selective retailing	<ul style="list-style-type: none"> • Consumption of water and energy (lighting, air conditioning, cleaning, etc.). • Transportation of product shipments.

The targets for improvement have been clearly identified. They involve increasing the awareness of everyone through training.

Motivated Employees

Every effort counts in protecting the climate and the environment. Based on this guiding principle, the Group is enhancing the awareness of all employees so that everyone will adopt best practices and take steps toward improvement in their work. Sensitivity training takes many forms, from posting tools and information on the environment website and participation in national events such as the Sustainable Development Week, to organization of training sessions, conferences and entertaining workshops.



The Environmental Department, a driving force

The Environmental Department, which reports directly to the Group's CEO, establishes the guidelines for LVMH's actions in all areas related to preserving the environment, and it assists the Companies in their initiatives. For example, it provides them with various practical tools: regulatory and technical oversight; specific guidelines on packa-

ging, suppliers, general services and green initiatives; online materials reference library; shared experiences, etc. It supervises the implementation of the Group' Environmental Charter and organizes internal environmental audits. It meets every quarter with all the Companies' environmental correspondents in an Environmental Commission to encourage the sharing of each entity's best practices. It is also responsible for encouraging the environmental awareness of all new Group managers during the LVMH "New Managers" seminar. Finally, the Environmental Department is responsible for directing the Group's environmental reporting.

Over 16,726 hours of training

It takes training to raise awareness and motivate employees to take steps to preserve the environment and combat climate change. Over 16,726 hours of training were offered during 2008 for this purpose.

For example, Hennessy carried out environmental training modules specifically designed for individual jobs and train-

ned two new internal auditors. Belvedere implemented an overall environmental awareness program for its employees and another for its internal auditors, dedicated to environmental management. Louis Vuitton continued its initiatives in environmental management training: four internal auditors were trained for ISO 14001 in 2008 in the Pont Neuf headquarters, and four others should be trained in 2009. A total of 92% of Pont Neuf employees received training, as did many service providers and employees at the Eole logistics site and in its production workshops.

An increasing number of Companies have an Environmental Commission

Following the Group's example, more and more of the Companies have established their own environmental commissions to implement the initiative internally. In 2008, Domaine Chandon California created its "Green Team" to communicate the Group's policies to all employees and coordinate information on the efforts being made

in this area. Celine has also created its own commission known as "Ciel", which organizes and keeps track of the progress of the action plan that applies to its two headquarters and to its production site in Florence. In June, Bon Marché launched "Cosmos", an environmental committee that consists of fourteen representatives from various store departments; it has already developed a 2009 action plan with the goal of reducing energy consumption by 20%. Working within the framework of its new sustainable development commission, Guerlain is focusing on four prioritized themes - eco-citizenship, eco-design, transport and supplier relationships - and has already set up tools to measure progress with an environment scorecard that is distributed monthly to members of the Company's Executive Committee. Finally, Louis Vuitton continues to innovate to bring environmental considerations and design closer every day. It has created an international network of environmental correspondents in its workshops, administrative locations, warehouses and shops. This structure encourages the exchange of best practices and conveys a consistent message based on the Company's values, expertise and tradition, which are inextricably linked to humanity's own heritage - our planet.



For the 2008 Sustainable Week, a magnolia has been planted in every Guerlain sites.

▣ Conferences and tools

Environmental awareness is also encouraged by organizing conferences and developing specific tools. Celine presented its sustainable development policy in its headquarters and its Florence production center. Kenzo Parfums included environmental topics during the welcome breakfasts for new employees and organized luncheons around the theme. The perfume company has also posted its sustainable development charter on its website, along with the results of its Bilan Carbone®. It also offers a questionnaire encouraging employees to become personally committed to environmental improvement and to express their views on five topics: front and back printing, re-use of paper, turning off of electric appliances, sorting waste and using transport with lower CO2 emissions. LVMH Perfumes and Cosmetics has created a guide on environmental initiatives and distributed copies to all employees to encourage them to control their energy consumption (lighting, heat, transportation, etc.).

▣ Moët & Chandon's Oxygène program

Moët & Chandon continues to implement its Oxygène program, which is aimed at making all of its employees aware of sustainable development. Based on the principle of discussion groups, Oxygène allows everyone to understand that they have a role to play in the company's sustainable development and that each of them can propose potential actions to make best practices more widespread. To spur the progress of this initiative, suggestion boxes were installed in each department in 2007 to stimu-

late and gather ideas from the field: ideas have been offered on "eco-gestures", new equipment, and "eco-innovations". These suggestions have been incorporated into each business sector's 2008 action plan.

Additional sessions have been organized this year, training thirty new employees. A new initiative was inaugurated in 2008: a special Oxygène marketing project was launched specifically targeted at the Moët & Chandon, Dom Pérignon and Ruinart marketing teams, so that twenty-nine employees were able to understand the standards and become familiar with the Group's eco-design marketing tools and responsible marketing and advertising policies. In the area of marketing and packaging development, there is good progress on achieving the goals of encouraging eco-design and considering sustainable development issues in all communications activities. A tool for measuring environmental impacts related to a new packaging development project has also been completed to allow comparison with others; it can also be used for publicity and merchandising materials.

▣ Time to mobilize

A number of Companies have led communications campaigns based on prestigious national and international events, such as the Sustainable Development Week, the European Mobility Week and Earth Day.

For the 2008 Sustainable Development Week, the holding company chose to focus on the theme of cotton, and more specifically organic cotton. This decision resulted in the distribution of Erik Orsenna's documentary *On the Cotton Roads* and by the organization of several conferences/debates with recognized experts in the area. Hennessy organized

a number of conferences: "Human beings and biodiversity", with Jacques Weber, Director of the French Biodiversity Institute and "The environment, a challenge for viticulture". It also sent daily alert messages via its internal email system, while offering a two-part quiz on sustainable development: the first was general, and the second was customized for its own business activities. Louis Vuitton created a thematic exhibition on sustainable development and created a card game in the form of a quiz, bringing this international event to the United States and Japan.

Louis Vuitton also created posters on sustainable mobility and the company's best practices for European Mobility Week. This event also gave the opportunity to initiate a campaign urging a commitment to choose two significant actions to be promoted in its workshops or stores.

On Earth Day, April 22, DFS launched a massive campaign to raise awareness of climate change. Every store had a special booth offering suggestions for over a hundred green actions that could be used to reduce carbon footprints. Employees and clients who wished to do so could write several of these ideas on a specially designed list and make a commitment to observe them. These suggestions were all posted in the booths to symbolize the need for collective commitment. DFS teams in Hong Kong complemented these activities by organizing a beach cleanup day with families of employees.



The Parfums Christian Dior Environment Week.

Parfums Christian Dior Environment Week

Parfums Christian Dior decided to organize its own Environment Week in September 2008. On this occasion, its 1,400 employees were offered a disco-



very tour and conference/debates showing how the environment can be a part of activities related directly to the fragrance business. There were also entertaining workshops on various themes, including biodiversity, natural raw materials, waste sorting and eco-behavior. Various projects and progress reports are shared quarterly in the in-house publication *My Dior*.

Incentive pay tied to environmental performance

In 2008, Hennessy included an environmental indicator in the calculation of employee incentive pay. Approved by its social partners, this new criterion is based on paper consumption by number of sheets used per person compared to Hennessy's total consumption in its two sites in Cognac and Paris. The goal is to achieve a 3% reduction. This initiative is part of the new environmental pact signed in June 2008 that sets, among other objectives, a means for employees to have a financial interest in the results achieved from their environmental commitment. Other companies, including Moët & Chandon (since 2007) and Veuve Clicquot (since 2003), were already committed to this initiative, and some, such as Domaine Chandon California Newton, included "sustainable development" objectives in their employees' goals.

"Matières à penser" a document targeted at designers and marketing teams

Since 2004, LVMH's Environmental Department has issued "*Matières à Penser*", a publication that is intended to make the designers and marketing teams in various Companies aware of eco-design. 2008 marked a significant new development: in its fifth edition, the publication listed materials with the lowest environmental impact and insisted on more use of these materials in business applications: textiles, packaging, shop furnishings, etc. A computerized version of the document, as well as a materials reference library, is available on the Group's environment website. This initiative is supported by all the Companies including Moët & Chandon, Dom Pérignon and Ruinart, which provided training for their marketing teams on eco-design, best practices in communications, and the eco-design tool developed in 2007.



The members of the LVMH Environmental Commission.

Tangible results

Our longstanding efforts to preserve the environment are bearing fruit. As a logical follow-up to Bernard Arnault's signature of the Environmental Charter, an environment management team has been established in each Company. Headquarters acts as the driving force. LVMH's Environmental Department sets the objectives, rules and procedures to be observed in response to the Charter's requirements, improving performance from year to year. In 2008, new tangible results were achieved in every Company. The completion of Bilans Carbone® reports increased significantly in the Perfume and Cosmetic Companies. Numerous "green" buildings were completed, such as Moët & Chandon's new wine-pressing center in Champagne. Many Companies set quantified goals for themselves to reduce their environmental impact.

Environmental management

A steadily increasing number of certifications for the Companies

In application of the Environmental Charter promulgated in 2001, the LVMH Group requested each of its Companies to establish an environmental management system. With this goal in view, it assisted them in their technical and regulatory planning with dedicated tools, thematic Group workshops, and specific assistance, among other aids. Thus, all of the Group's Companies are now involved in ongoing initiatives for continued improvement. In 2008, 55 external environmental audits (✓) and 46 internal environmental audits (✓) were carried out on-site, 17% more than in 2007.

The entire Vodka-Cognac-Champagne sector is ISO 14001 certified

With certifications already renewed for Hennessy, Veuve Clicquot, Moët & Chandon and, more recently for Belvedere, the Group's entire Vodka-Cognac-Champagne sector is now ISO 14001 certified. The Belvedere distillery in Polmos Zyrardow, which received certification in 2007, is progressively implementing specific preventive measures and working on identifying potential environmental risks for the future. It is also certified OHSAS 18001 (health and safety in the workplace) and ISO 2200/HACCP (food safety).

Another news item about Louis Vuitton

Louis Vuitton, whose logistics platform at Cergy and workshop in Barbera are

already certified, received ISO 14001 certification in June for its Parisian headquarters near the Pont Neuf and is soon to receive it for EOLE, its international warehouse, as well. The luggage maker is also launching its multi-site ISO 14001 program for all its workshops producing leather goods and shoes.

Other initiatives in progress

The progress toward environmental certification is well underway, and other Companies are starting to pursue it as well. Guerlain is following up on action plans defined after its environmental audit at the end of 2007: 95% of the changes recommended for its factories have already been implemented, with the goal of receiving certification for the Orphin site in 2010. For the site in Chartres, the shops, and Levallois, the objective is to take similar initiatives, with a particular emphasis on controlling energy, consumption and waste. Energy use is already down 10% on a like for like basis, paper usage is down 30%.

Similar efforts being made by Parfums Christian Dior should result in the certification of its international distribution center in 2009, and later of its plants in Pudong and Saint-Jean-de-Braye. The same is true for Glenmorangie, whose goal is certification of its distilleries and bottling center.

Food safety

In addition, Veuve Clicquot and Moët & Chandon received ISO 22000 certification this year; the standard relates specifically to managing food safety. Covering all activities throughout the food chain, ISO 22000 aims to coordinate practices of food safety managers so as to assure maximum safety for the consumer. Hennessy, for example, is already deeply committed in this area with its quality initiative. The Cognac company has had a service department dedicated to the environment and food

safety since 2004; its mission ranges from analysis of the dangers at each of the seven steps in the fabrication process to the qualification of products and materials in direct or indirect contact with the wines and spirits. It uses a technology watch system with appropriate traceability and oversight all the way through the bottling stage. Hennessy requires its suppliers of dry materials that come in contact with the cognac to carry out an analysis of Hazard Analytical Critical Control Point (HAACP) risks, which is carried out through instructions, audits and specific verifications.

□ Energy efficiency and renewable energy

In 2008, the companies consolidated in the statements consumed 502,796 MWh broken down by energy source as follows: 55% electricity, 24% natural gas, 10% heavy fuel, 5% diesel, 4% steam, and 2% butane-propane. Between 2007 and 2008, energy consumption measured by absolute value rose 4%. The consumption is attributable, in decreasing order, to Wines & Spirits (39%),

Selective Retailing (28%), Perfumes and Cosmetics (15%), and Fashion and Leather Goods (15%); the remaining 3% was generated by Watches and Jewelry and the holding company's administrative activities.

62% of selling surfaces (Selective Retailing, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry) are not consolidated in the financial statements, but their energy consumption is estimated at 214,163 MWh.

For comparative purposes, for the industry sector in France, electricity consumption was 123,000,000 MWh (MINEFI data, 2007) and gas consumption was 154,000,000 MWh (MINEFI data, 2007).

□ Priority to controlling energy and combating greenhouse gases

LVMH continues its efforts to reduce and optimize its energy consumption. As an essential first step in combating climate change, the Bilan Carbone® is used to evaluate the greenhouse gas emissions resulting directly from or caused by its activities, with the goal of establishing priority actions for reducing consumption and improving perfor-

mance. As a pioneer in this area, LVMH has already been using this tool for several years: Hennessy, Parfums Christian Dior, Louis Vuitton, Moët & Chandon and Veuve Clicquot were the first in 2002. Parfums Kenzo, Guerlain and Domaine Chandon Australia completed their own Bilan Carbone® assessments in 2008. Others are in progress at Parfums Givenchy and Bon Marché. At the same time, energy diagnostics are also applied. These serve to identify priority ways to reduce energy consumption. This approach is now applied systematically throughout all the Group's major companies. Further progress is made every year. In 2008, this was the case with Guerlain, where all the sites in Chartres, Orphin, and Levallois, as well as the Parisian boutiques, were subjected to diagnostic tests to identify areas for improvement.

The DFS store in Guam reduces its carbon footprint

When the store decided to reduce its consumption by a million kWh, many viewed the goal as overly ambitious. Nevertheless, in November 2008, it was at the point of achieving this objective, having already reduced consumption by 947,549 kWh. The site initially worked on reducing consumption in its locations by using automated control systems for lighting. Then it focused on appliances and materials that were more economical with a longer useful life, and it subsequently modernized the equipment in its various buildings, emphasizing preventive maintenance. At the same time, the shop launched a "Reduce the Juice" competition to further engage its employees in the goals it aimed to achieve in energy consumption. Guam's environmental policy includes other guidelines such as preservation of water resources, recycling and reusing, use of biodegradable products and reduction of paper consumption.



Electric and photovoltaic vehicle at Hennessy.

▣ **Thermography to identify savings opportunities**

Moët & Chandon has mapped the energy consumption in its Ruinart site in Reims and, in partnership with the city of Epernay, it carried out an infrared thermography analysis through an aerial survey of all its buildings in Epernay. These two initiatives allowed them to identify potential economies. Initiatives taken to renovate the lighting systems of three packaging workshops have already resulted in halving their electricity consumption. Veuve Clicquot began its efforts to reduce energy consumption by insulating the doors and windows of the buildings on its production site and by selecting more economical lighting fixtures, resulting in a 20% reduction in electricity consumption in one of its vinification vats.

▣ **Making systematic use of the best technologies available**

In the domain of energy efficiency, Louis Vuitton has taken systematic measures to promote awareness of reductions in consumption, while installing equipment that produces energy economies in all its locations. These include motion and light sensors, timers to control nighttime lighting, and systems for recovering heat from production machinery. Glenmorangie has also installed a system for recovering heat from its stills, which is then reused to preheat various liquids. The distillery has thus succeeded in increasing its production by 50% while increasing its energy consumption by just 32%.

Other initiatives should be noted: Cape Mentelle has insulated six reservoirs, its brine pipes and its heat exchanger to improve the efficiency of its refrigeration system and reduce consumption by 20%. The Celine boutiques are using energy efficient light bulbs. Parfums Givenchy, which installed double paned windows in its Beauvais site, reduced its electricity consumption by 2% by also repairing poorly functioning ventilation systems.

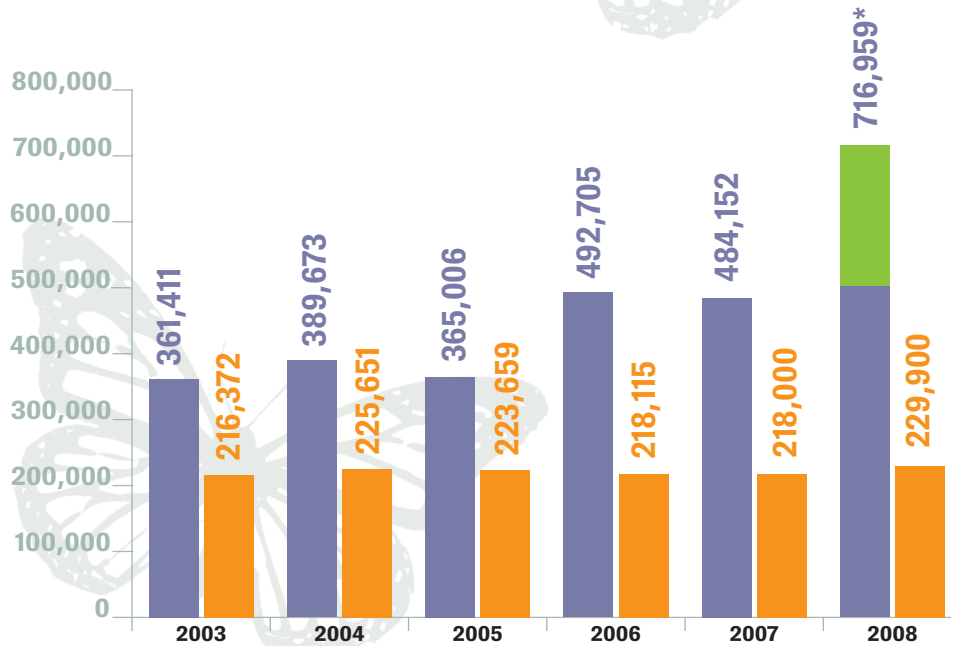
Sephora USA is committed to several objectives, including the goal of reducing

energy consumption in its stores. As a result, 75 of them are already engaged in an energy efficiency program that includes, among other goals, the general use of LED and metal halide lighting fixtures. Whenever possible, electricity is provided by suppliers of green electricity such as Green Mountain in Texas. Finally, an energy management system is applied in all new stores.

▣ **Making room for renewable energy using solar and geothermal power**

Louis Vuitton is shifting to solar energy in its Barbera workshop in Spain: a solar water heater has already been installed, and photovoltaic panels to supply the information system are under study. In addition, heating and hot water production in the Fiesso workshop in Italy will be provided by geothermal sources. Hennessy has its own little electric and photovoltaic vehicles to take employees to the wine storehouses.

Change in energy consumption (in MWh)



* Of which estimated for the 62% of the sales area that has not been included in the reporting scope: **214 163**

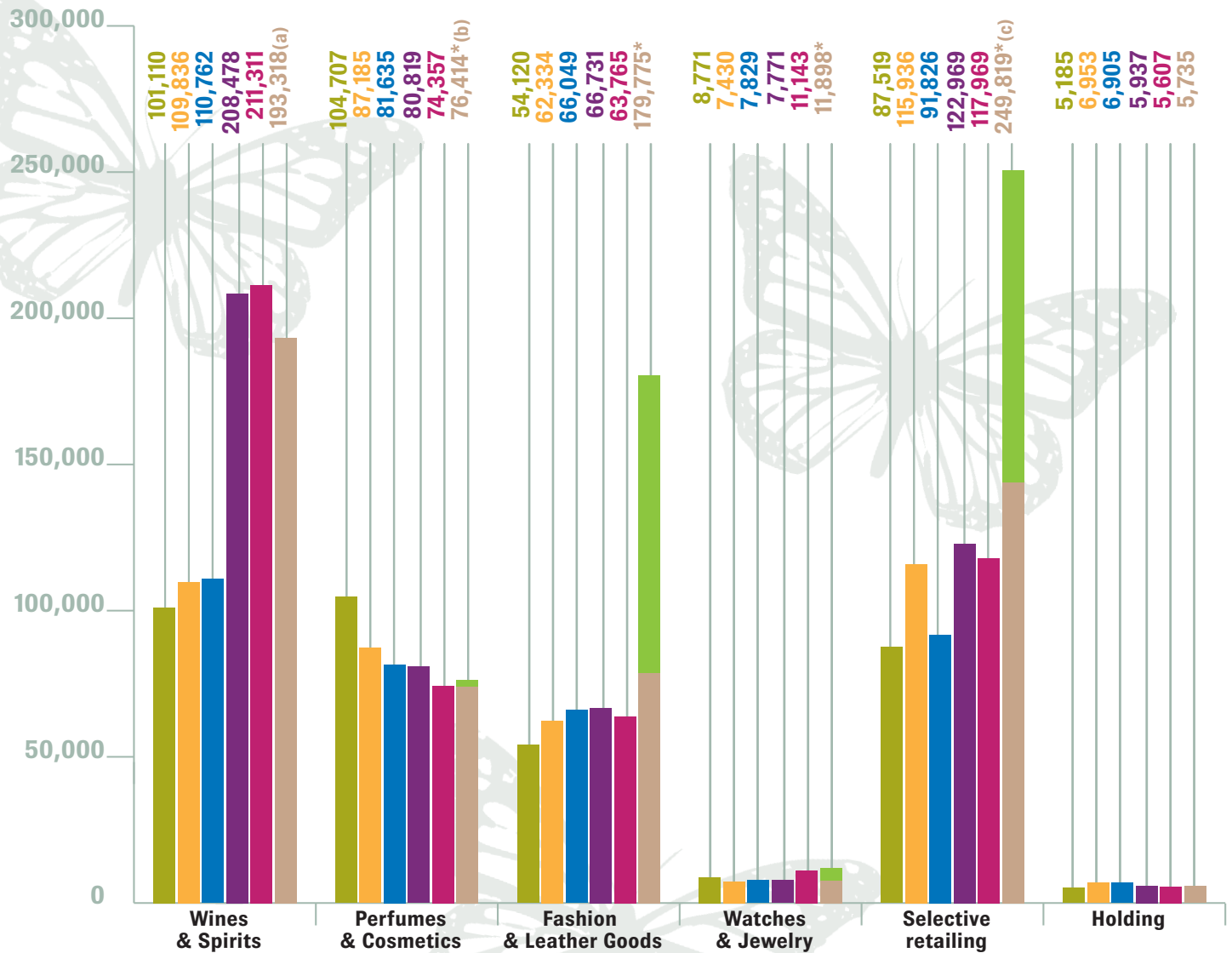
■ Energy consumption in MWh.
■ LVMH panel 2 energy consumption in MWh

Coverage rate in comparison to the 2008 environment coverage for this LVMH panel indicator: 46 % (estimated data excluded) see note(1) p12

The increase is primarily attributable to estimated energy consumption for selling surfaces not included in the consolidated financial statements. More detailed information is available in the graph showing energy consumption by sector. The significant (+ 35%) increase between 2005 and 2006 is primarily attributable to a change in the scope of consolidation (consolidation of Glenmorangie and the DFS stores). The values shown correspond to the total of primary energy sources used internally (i.e. whose combustion occurs on the Group's sites: diesel, butane, propane and natural gas) and secondary sources used externally (transformed energy sources generated by combustion outside the site).

The LVMH panel 2: To track the changes in major indicators on a consistent basis over five years, a panel of the Group's major production sites was established. Until 2004, this panel included the activities of Samaritaine. Following the temporary closure of Samaritaine, the LVMH Panel 2 was established to maintain consistency. It included all the activities from the original panel, with the sole exception of Samaritaine. Thus the LVMH Panel 2 includes: production sites in France (Moët & Chandon, Veuve Clicquot, Hennessy, Parfums Christian Dior, Parfums Givenchy, Guerlain, Louis Vuitton Malletier [luggage company]), Switzerland (TAG Heuer), and the department store Bon Marché. All of the indicators have therefore been recalculated in accordance with the scope of the LVMH Panel 2. The coverage ratio for the 2008 panel is specified for each indicator.

Change in energy consumption by sector (in MWh)



* Of which estimated for the 62% of the sales area that has not been included in the reporting scope:

Perfumes & Cosmetics	2,237
Fashion & Leather Goods	102,302
Watches & Jewelry	4,237
Selective retailing	105,387

■ Energy consumption (MWh) 2003
■ Energy consumption (MWh) 2004
■ Energy consumption (MWh) 2005
■ Energy consumption (MWh) 2006
■ Energy consumption (MWh) 2007
■ Energy consumption (MWh) 2008

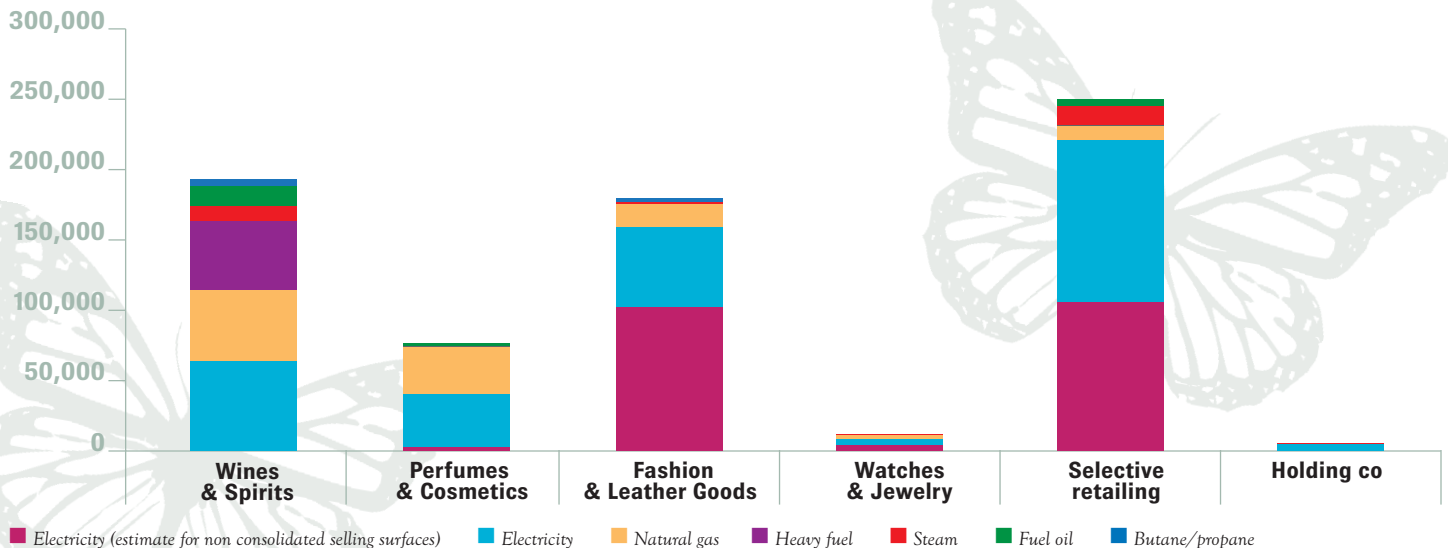
(a) The reduction is attributable to the temporary closure of a site for repairs and the change in scope of consolidation.

(b) The increase is attributable to the inclusion of new sites and an increase in business activity.

(c) The change is attributable to the consolidation of new DFS stores.

Estimates of energy consumption for selling surfaces that are not consolidated in the financial statements are shown separately.

Energy consumption by sector and by source in 2008 (in MWh)



Emissions into the air

Greenhouse gases are the only significant air emissions from the Group's activities. These emissions are primarily attributable to energy consumption on our sites as well as transport activities. Emissions generated by these sites are estimated in metric tons of CO₂ (carbon dioxide) equivalent and include direct emissions (on-site energy production) and indirect emissions (from off-site

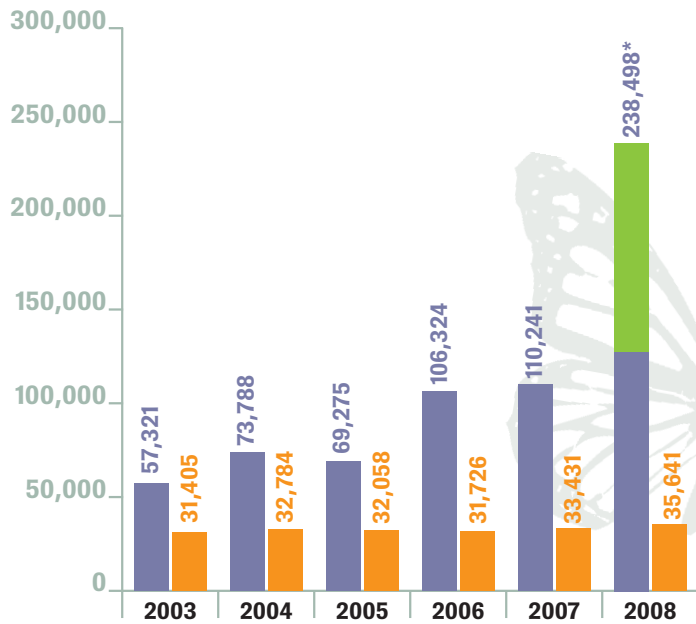
production of electricity used by the sites).

Greenhouse gas emissions increased 14% in 2008 (126,120 metric tons of CO₂ equivalent in 2008 versus 110,241 metric tons of CO₂ equivalent in 2007). This increase is due to the addition of new sites. 62% of selling surfaces (for Selective Retailing, Fashion and Leather Goods, Perfumes and Cosmetics, and Wines and Spirits) were not included in the consolidated financial statements; it is estimated that they generated green-

house gas emissions of 112,378 metric tons of CO₂ equivalent.

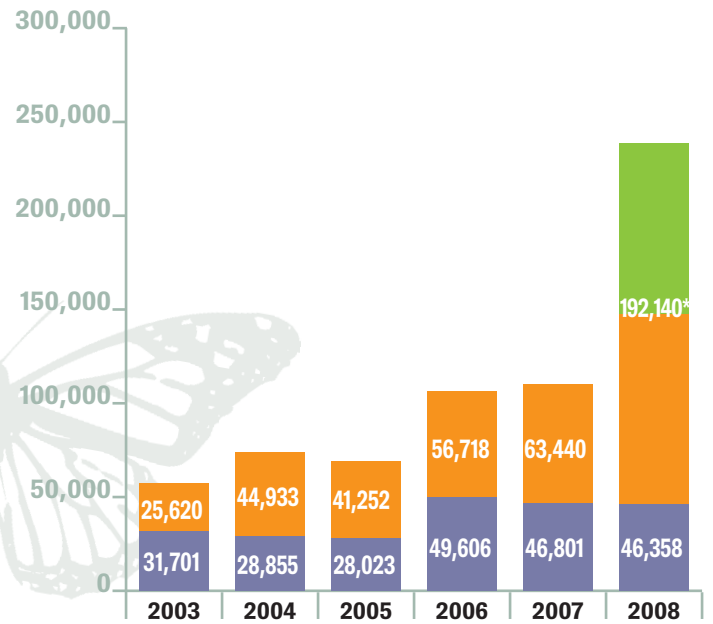
The DFS stores (Selective Retailing) contribute significantly to electricity consumption, and even more to greenhouse gas emissions. This situation is due to their geographic location: the stores are located in countries (Australia, China, and New Zealand, in particular) where CO₂ emissions are proportionately higher than they are in France for the same level of electricity consumption.

Change in greenhouse gas emissions (in metric tons of CO₂ equivalent)



*Of which estimated for the 62% of the sales area that has not been included in the reporting scope : **112,378** tons of CO₂ equivalent

Change in greenhouse gas emissions in metric tons of CO₂ equivalent)



*Of which estimated for the 62% of the sales area that has not been included in the reporting scope : **112,378**

■ CO₂ emissions ■ LVMH panel CO₂ emissions

■ Direct met. ton. CO₂ equiv. ■ Indirect met. ton. CO₂ equiv

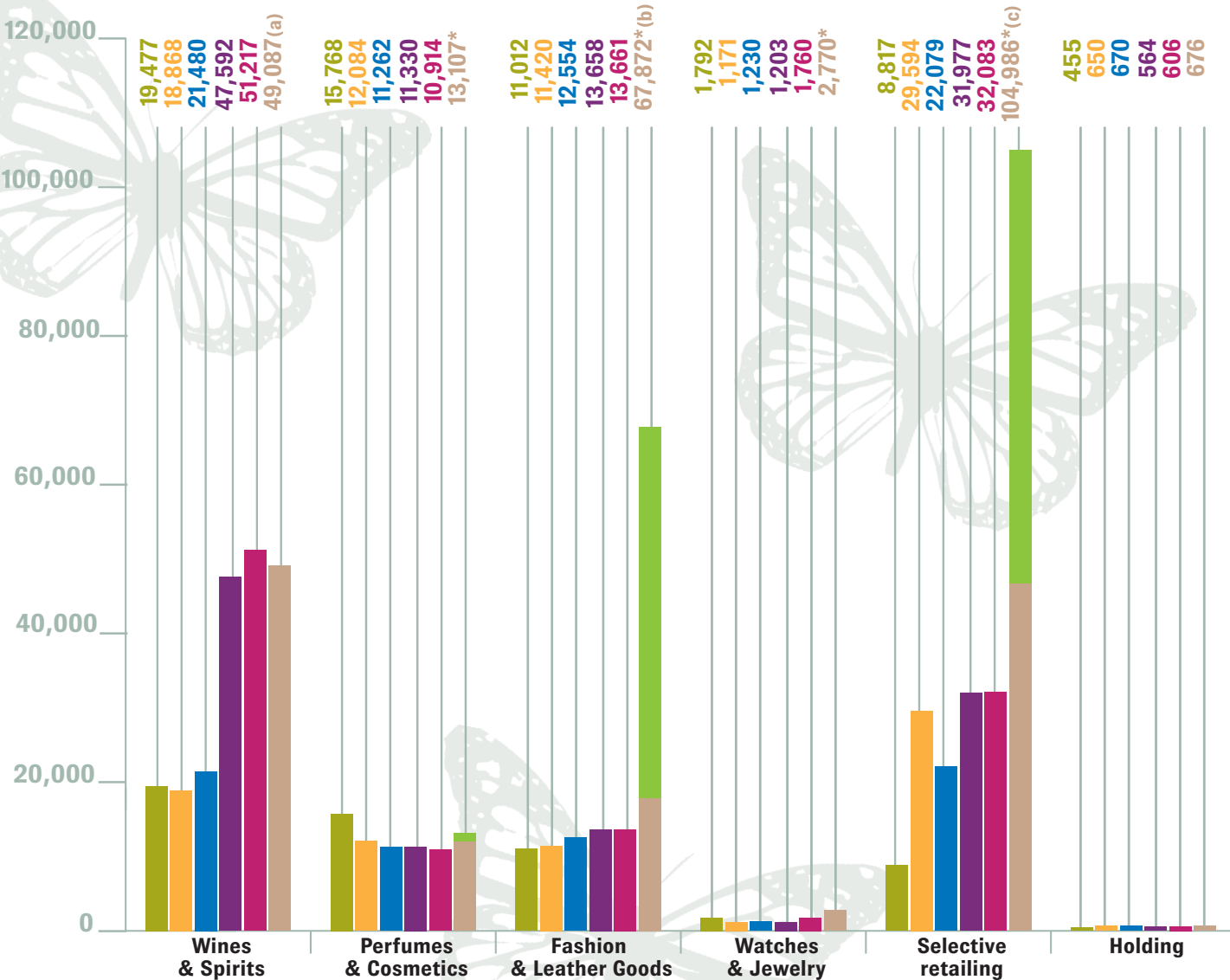
Coverage rate in comparison to the 2008 environment coverage for this LVMH panel indicator: 28% (estimated data excluded) see note(1) p12

The significant increase in 2006 was related to the inclusion of Glenmorangie and the DFS stores in the scope of consolidation. The production process for whisky is a continuous process which includes a distillation phase that requires energy consumption. This consumption generates CO₂ emissions.

The increase in 2008 is due to the inclusion of estimated data for 62% of the sales area that has not been included in the reporting scope. 38% of selling surfaces have already been included in the environmental reporting scope.

More detailed information is available in the graph showing CO₂ emissions by sector.

Change in greenhouse gas emissions by sector (in metric tons of CO₂ equivalent)



* Of which estimated for the 62% of the sales area that has not been included in the reporting scope:

Perfumes & Cosmetics
Fashion & Leather Goods
Watches & Jewelry
Selective retailing

1,084
50,409
1,891
58,994

2003 2004 2005
2006 2007 2008

(a) The decrease is attributable to the temporary closure of a site for renovation and the change in scope of consolidation.

(b) The increase is related to the inclusion of estimated date (sales area), new sites and the growth in business activity.

(c) Selective Retailing: The change reflects the inclusion of estimated data (sales area) and new DFS stores.

Estimates of energy consumption for selling surfaces that are not consolidated in the financial statements are shown separately.

Detail of direct and indirect emissions by year (in metric tons of CO₂ equivalent)

	2008		2007		2006		2005		2004		2003	
	Directe T CO ₂ eq	Indirect T CO ₂ eq	Directe T CO ₂ eq	Indirect T CO ₂ eq	Directe T CO ₂ eq	Indirect T CO ₂ eq	Directe T CO ₂ eq	Indirect T CO ₂ eq	Directe T CO ₂ eq	Indirect T CO ₂ eq	Directe T CO ₂ eq	Indirect T CO ₂ eq
Wines & Spirits	28,315	20,772*	30,852	20,365	32,001	15,591	13,276	8,204	13,228	5,640	12,160	7,317
Perfumes & Cosmetics	7,052	6,055*	7,580	3,334	8,171	3,159	8,242	3,020	8,871	3,213	11,963	3,805
Fashion & Leather Goods	4,315	63,557*	4,203	9,458	5,919	7,739	5,425	7,129	5,795	5,625	4,946	6,066
Watches & Jewelry	757	2,013*	1,625	135	989	214	983	247	936	235	1,329	463
Selective Eetailing	5,821	99,165*	2,466	29,617	2,431	29,546	1	22,078	15	29,579	1,303	7,514
Holding co.	98	578*	75	531	95	469	96	574	9	641	0	455

*Included estimated data for the 62% of the sales area that has not been included in the reporting scope.

Transport activities also generate CO₂, the most significant greenhouse gas. Although transport is not carried out directly by the Group's Companies, it is nevertheless subject to specific measurements. It is important to note that ships are a mode of transport that emits on average 85 times less greenhouse gases than planes. Use of ships is currently the Group's primary means for improvement in this area. The Group has initiated detailed reporting on transport activities:

- **upstream transport:** transport of components from suppliers' sites to the

Group's manufacturing sites. In the initial phase, only the principal components (bottles, leather, flasks, etc.) have been accounted for;

- **downstream transport:** transport of finished products from manufacturing sites to distribution platforms.

Results are already available for the Group's principal Companies. The following were consolidated this year: Moët & Chandon, Veuve Clicquot, Hennessy, Belvedere, Glenmorangie, Louis Vuitton, Celine, Parfums Christian Dior, Parfums

Givenchy, Parfums Kenzo, Guerlain and Tag Heuer. This reporting system will continue to be improved in coming years.

Hennessy continues to favor transporting its finished products by ship: measured in metric tons/kilometers, 88% of Hennessy's products were shipped by sea, 9% by road, and 2% by rail. In Champagne, a logistics platform shared by all the champagne Houses optimizes the efficiency of the transport phase and facilitates maximum use of maritime transport (over 80% in metric tons/ kilometers).

Upstream transport

CO₂ emissions in metric tons

	Total Wines & Spirits	Total Fashions & Leather Goods	Total Perfumes & Cosmetics	Total Watches & Jewelry
Road	7,606	884	1,232	6
Rail	0	0	0	0
Plane	1,520	38,990	9,460	1,447
Ship	41	368	444	0
Total	9,167	40,242	11,136	1,453

Downstream transport

CO₂ emissions in metric tons

	Total Wines & Spirits	Total Fashions & Leather Goods	Total Perfumes & Cosmetics	Total Watches & Jewelry
Road	28,420	87	4,608	3
Rail	401	0	0	0
Plane	16,781	103,783	109,706	3,008
Ship	46,556	256	4,705	36
Total	92,158	104,126	119,019	3,047

▣ Bilans Carbone, reports result in progress

With the Group's encouragement, the first Bilans Carbone, reports were performed in 2002 for Hennessy, Parfums Christian Dior, Veuve Clicquot and Louis Vuitton. Additional Bilans Carbone, reports were done in 2008 for Guerlain, Domaine Chandon Australia, Parfums Kenzo and Parfums Christian Dior (renewal) or are in the process of being carried out (Parfums Givenchy, Make Up For Ever, Le Bon Marché). This process has resulted in many initiatives on the part of each Company.

Bilan Carbone® reports serve as both an internal communication tool and a decision making tool, just like energy diagnostics, which are often performed at the same time. For example, Le Bon Marché and Parfums Christian Dior developed a plan for improving their facilities based on their audit. The perfume company had already set goals to reduce consumption from 2007 levels, targeting an 11% reduction in electricity use by optimizing lighting and air conditioning in its locations, and a 30% reduction in gas usage, primarily due to recovering heat from processes used to produce hot cleaning water.

Other Companies have also set ambitious goals to reduce emissions, including Guerlain with its emissions reduction goal of 12% between 2007 and 2010. The company has already achieved a 10% reduction in its energy consumption on a constant basis.

Transport also involves personal travel. Parfums Christian Dior therefore introduced a Business Travel Plan for the period from September 2008 through March 2009. This plan was exceptionally well received, with an employee participation rate of 73%. Employees were also encouraged to use videoconferencing to reduce travel, particularly air travel.

Similarly, Louis Vuitton organizes shuttle transport during training seminars and in various countries and sets up carpooling systems for access to sites and bicycle shuttles for traveling between

buildings. Use of green messengers and green taxis is also under review.

In 2008, the business vehicle fleets of the Group's Companies consumed 2,716,159 liters (versus 2,525,355 liters in 2007), of which 2,341,717 liters of diesel and 374,442 liters of premium. That represents 7,963 metric tons of CO₂ emissions.

▣ Integrating environmental concerns into construction projects

Taking the environment into account in building design and management is an important tool for minimizing the environmental impact of a structure throughout its entire life cycle. The LVMH Group has made a powerful commitment: the Group's new buildings and ongoing renovations will consistently integrate these criteria. A special section devoted to this topic that summarizes the Group's historical and current projects is in the first part of this report.

▣ Biodiversity

Preservation of biodiversity is a major issue for the Perfumes and Cosmetics and Wines and Spirits companies. Protection of the natural world is essential for the sound management of these activities. For this reason, a number of measures have been implemented to protect the environment, including the development of optimized viticultural practices for the Wines and Spirits companies and the establishment of privileged partnerships for cultivating various plants for the Perfumes and Cosmetics companies. In 2008, LVMH contributed to the publication "*Integrating Biodiversity into Business*

Strategies", a guide issued by Orée, a French association that includes companies and communities and specializes in environmental themes. This project is more broadly covered in the section "Programs extended to civil society".

▣ Optimized Viticulture continuing efforts

As a major issue for the Wines and Spirits and the Perfumes and Cosmetics companies, preservation of biodiversity is the focus of their attention. Thanks to equipment that allows narrowly targeted applications, Moët & Chandon has further reduced its pesticide use, which was 34% lower in 2008 than in 2005. In combating mite infestations, Moët & Chandon has completely abandoned acaricides, using instead a natural form of control based on competition between natural predators such as typhlodromus and parasitical vine mites. Insecticide use is down sharply (0.3 treatment in 2008 versus 1.6 in 2000) due to the development of pheromone confusion techniques that are now used in 900 hectares, representing over 75% of Moët & Chandon's vineyards. Similarly, the Company is practicing cover planting and experimenting with sowing winter grains. Cloudy Bay, which has cut its water discharges by 30% per metric ton of grapes produced, is continuing to pursue organic viticulture. The planting of a eucalyptus forest has made it possible to make better use of winemaking byproducts and increase carbon capture. In its Omaka Valley site, Cloudy Bay has built artificial falcon nests, using natural methods to combat the destruction caused by various insects that are particularly harmful to ripe grapes. In the United States, Domaine Chandon California has begun terracing its vineyards to minimize erosion to the soils on its slopes.

In the case of Veuve Clicquot, partial and controlled cover planting is already used for 70% of vineyard areas, and it will increase to 80% in 2009. As an alternative to insecticides, pheromone confusion has also been implemented in 70%

of its vineyard areas. Finally, the introduction of sustainable viticulture to the winegrowers who supply grapes continues and now covers 90% of grape supplies.

▣ **Maintaining and restoring biodiversity**

Well aware of the major role that biodiversity plays in its activities, LVMH's Perfumes and Cosmetics Research and Development Department has heightened its international focus on ethnobotanical issues. Teams are working on various plant varieties, deriving extracts that are being tested to assess whether they are both effective and well-tolerated by human skin. Partnerships have been established in many countries, including Vietnam and Madagascar, participating in local economic development and contributing to the preservation of numerous plant species. LVMH is also organizing mini-symposiums to make local populations aware of best practices and the value of ethnobotanics. After the success of the first edition of the Africa and Beauty Forum, the second was held in Burkina Faso in 2008; it was an excellent opportunity to share the results of research, exchange views on practices (planting nurseries, water management, etc.), and visit the village of Tiébélé, which has been collaborating with LVMH Recherche for several years.

In 2008, Domaine Chandon Australia continued with the restoration of flora



Participants of the Forum "Afrique et Beauté"

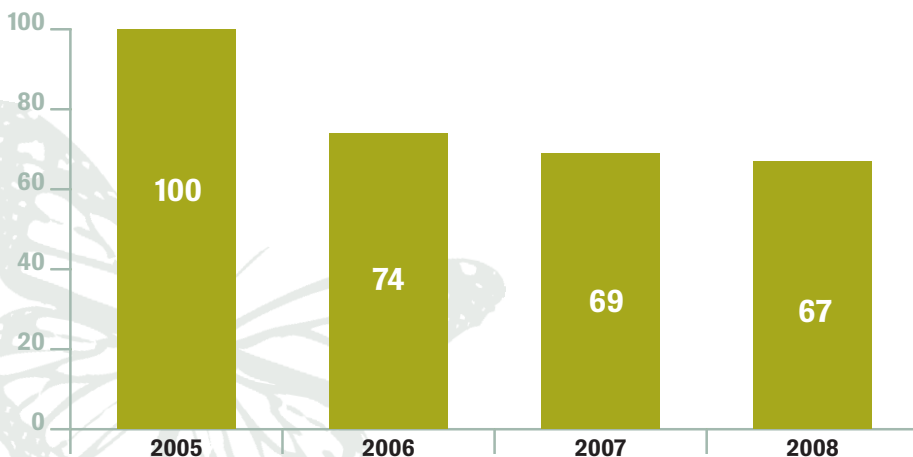
in the marshy zone of the Yarra River that borders the domaine, planting rare species of rushes and melaleuca plants, with over 10,000 planted already. The habitat, now restored, contributes directly to the survival of endangered animal species, such as the Growling Grass Frog (*Litoria raniformis*) and the White Bellied Sea Eagle (*Haliaeetus leucogaster*). This project was carried out in partnership with local authorities.

Louis Vuitton uses rare woods endorsed by the Forest Stewardship Council and the Programme for the Endorsement of Forest Certifications in the construction of its stores, the decoration of its window

displays, and its luxury products. The luggage company has elected to replace aniegre, a rare African wood, with reconstituted wood. It is carrying out a study on the sourcing of and respect for the animal species that are used for exotic leathers, with a view to establishing criteria that are stricter than those currently in place. It is also planning to plant a meadow in its Ducey site to encourage natural ecosystems and avoid both chemical treatments and costly mowing. Finally, as part of its "More Trees" campaign in Japan, Louis Vuitton is supporting Ryuchi Sakamoto's initiative of planting trees to combat planet warming and deforestation.

Vineyard herbicide applications by Moët & Chandon

Total applications of active substances in kilograms per hectare (2005 = 100 base)



▣ **Water consumption**

Water consumption by the LVMH Groups Companies is used for two very distinct purposes:

- **Process requirements:** various cleaning activities (tanks, products, equipment, floors), air conditioning, use by employees, the manufacturing of products, etc. Water consumed in these ways produces wastewater.

- **Agricultural requirements:** vine irrigation outside of France (vine irrigation is not practiced in France). Water is taken directly from the natural environment. Usage varies from year to year based on climatic conditions. Using water for irrigation is necessary to maintain vineyards in California, Argentina, Australia and New Zealand. It should be noted that water consumption for agricultural needs of the sites is more unpredictable than water consumption for process requirements.

Water, which is closely regulated by the local authorities that deliver permits for its usage, is subject to many measures aimed at controlling its usage:

- **Recovery of rainwater** (Domaine Chandon California, Domaine Chandon Australia, Bodegas Chandon Argentina), reuse of treated wastewater (Domaine Chandon Carneros, California), and recovery of runoff water using artificial lakes (Newton).

- **Establishment of measurement standards** and description of water requirements: analyses of ground moisture, leaves, visual inspection of vines, adapting water supply to the needs of each plot of land (Domaine Chandon Australia).

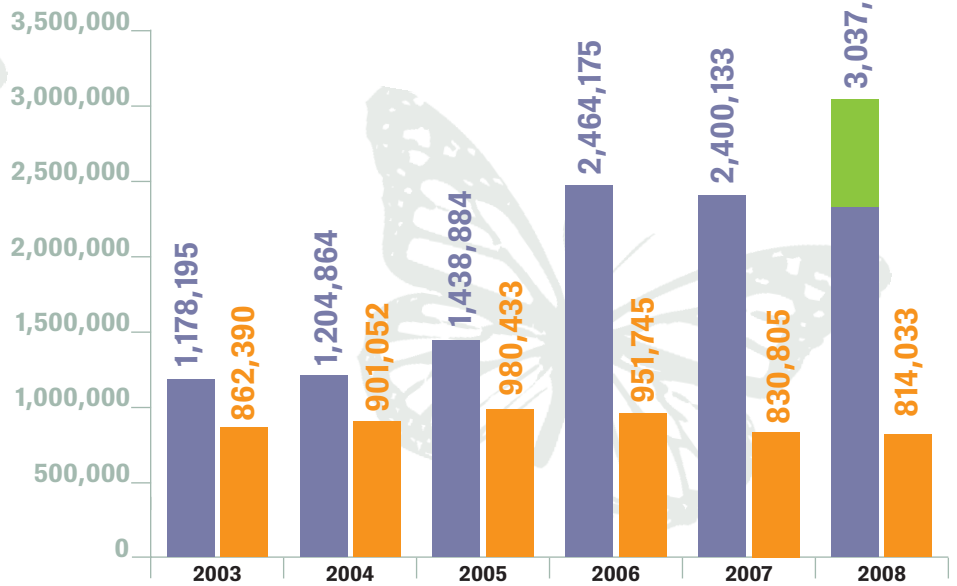
- **General irrigation practices (where applicable)** using drip irrigation (between 73% and 100% of irrigated vineyards are covered by this method).

- **Weather forecasting** to optimize irrigation practices (weather stations in Domaine Chandon California).

- **Periodic checks of irrigation systems** to prevent loss through leaks.

- **Practicing “reduced loss irrigation”**, which both limits the amount of water used and improves the quality of the grapes

Change in water consumption (in cubic meters)



*Of which estimated for the 62% of the sales area that has not been included in the reporting scope: **679,053**

■ Group's water consumption in m³
 ■ LVMH Panel water consumption in m³

Coverage rate in comparison to the 2008 environment coverage for this LVMH panel indicator: 35% (estimated data excluded) see note(1) p12

The increase in 2008 is due to the inclusion of estimated data for 62% of sales area. 38% of selling surfaces are already included in the consolidation.

(controlling the size of the grape enhances the concentration of its aromas and its color).

In 2008, the Group's Companies used 6,813,268 cubic meters of water to irrigate vines (versus 6,875,388 cubic meters in 2007). "Process" requirements in 2007 were 2,358,267 cubic meters (versus 2,400,133 cubic meters in 2007). 62% of selling surfaces (Selective Distribution, Fashion and Leather Goods, Perfumes and Cosmetics, and Wines and Spirits) are not included in the consolidated financial statements, but their water consumption is estimated at 679,053 cubic meters.

The significant increase in 2006 is due to a change in the scope of consolidation:

- The consolidation of Glenmorangie. Whisky production is a continuous process that includes a distillation phase that requires water consumption.

- The consolidation of the DFS stores (Selective Retailing) and Louis Vuitton (Fashion and Leather Goods).

The increase in 2008 is due to the inclusion of estimated data for 62% of sales area. 38% of selling surfaces are already included in the consolidation.

Reducing water consumption is a major focus for the Group's Companies. Water availability is a vital challenge both locally and globally. Many initiatives are underway to reduce consumption.

□ **Savings in washing processes**

The cleaning systems used by LVMH Recherches Perfumes and Cosmetics consume a great deal of water; studies are currently underway on four pilot sites, and new procedures have been developed that should reduce water consumption by 20% and detergent quantity by nearly 50%. The Wines and Spirits companies are also getting new equipment that reduces water consumption in the washing process. Examples include Belvedere, Domaine Chandon California, Domaine Chandon Australia and

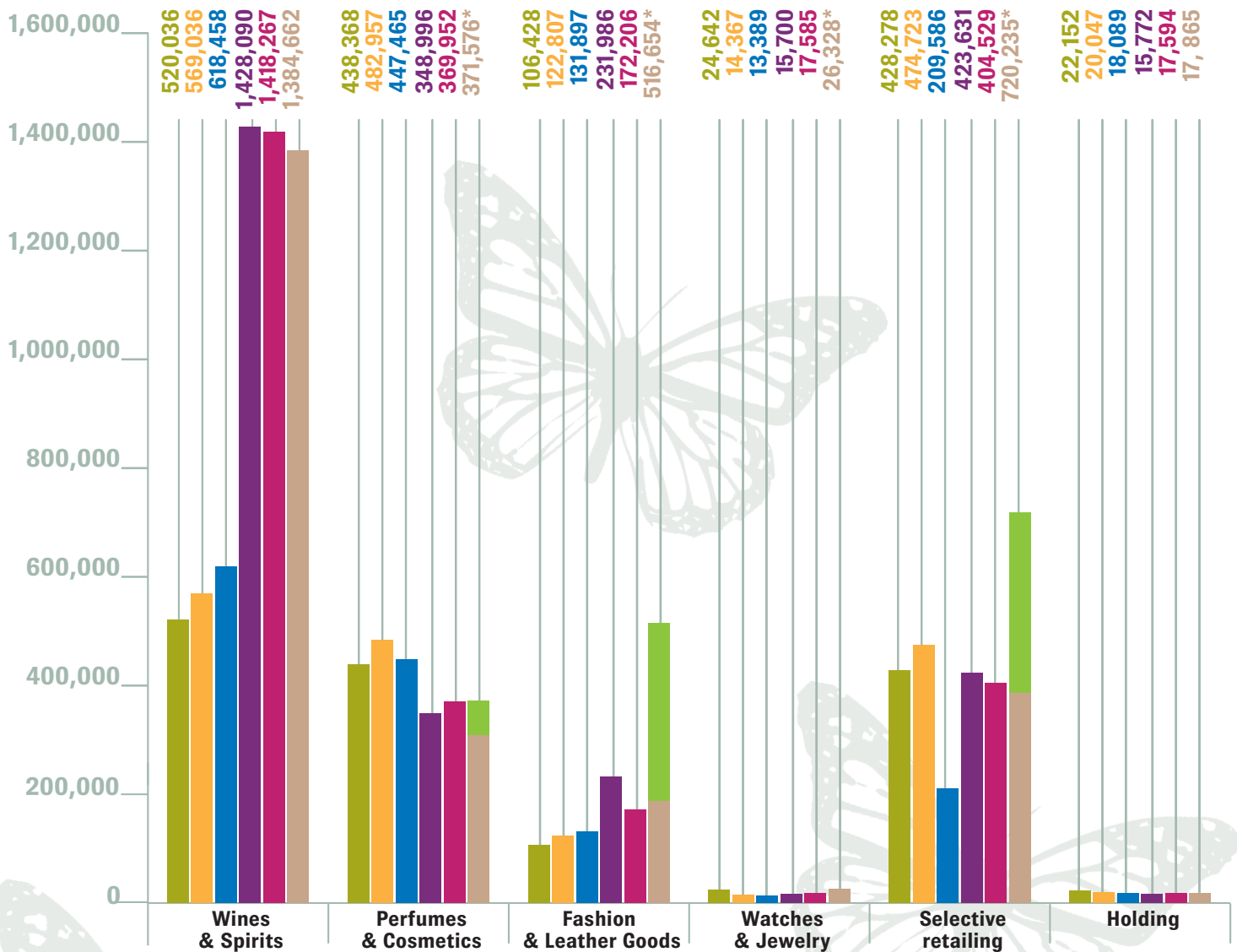
Cloudy Bay, which have been able to reduce wastewater by 30% per metric ton of grapes processed, thus falling from 2.13 cubic meters per metric ton in 2007 to 1.5 cubic meters per metric ton this year. Finally, rainwater recovery has improved, particularly at the Veuve Clicquot site in Mesnil-sur-Oger and the Louis Vuitton sites in Barbera and Ducey.

□ **Introduction of closed loop refrigeration circuits**

Parfums Christian Dior has made particularly strong advances in initiatives to

reduce water consumption and discharges; it has reduced its bubbled water by 30,000 cubic meters and its dyed emulsion washing water by 15,000 cubic meters. The introduction of a closed circuit for coolant water has also allowed annual savings of 15,000 cubic meters. Parfums Christian Dior is also working on optimizing its washing processes and its cleaning installations. Hennessy has also installed closed loop circuits for the coolant system in its distilleries' refrigeration systems, which have allowed it to reduce water consumption by 90%.

Change in water consumption by sector (in cubic meters)



* Of which estimated for the 62% of the sales area that has not been included in the reporting scope: Perfumes & Cosmetics

Fashion & Leather Goods
Watches & Jewelry
Selective retailing

7,093
324,372
13,433
334,155

■ 2003 ■ 2004 ■ 2005
■ 2006 ■ 2007 ■ 2008

Water discharges

The Group's Companies are ever more engaged in reducing the impact of their sites and their activities on the environment. Many of them, including Cloudy Bay, Domaine Chandon Australia and Bodegas Chandon, have implemented highly efficient treatment systems for wastewater. Cloudy Bay, for example, has invested in a system that can treat

effluents generated by 10,000 metric tons of grapes; it will be operational for the 2009 harvest.

Glenmorangie, which has begun work on its distillery in Tain, has made a study of the best techniques available to reduce the volume of discharges from its distilleries; in an effort to exceed the standards set by the Scottish environmental protection agency, it is considering even more efficient alternatives.

Louis Vuitton has introduced ultrasound cleaning for dyeing tools and a special system using enzymes to clean the heads of its closed circuit dyeing machines in its Issoudun and Ducey sites. A degreasing fountain will soon eliminate wastewater discharges in Ducey, and the Issoudun site will be equipped with hydrocarbon separators.

COD after treatment (in metric tons/year)

Sector	2008	2007	2006	2005	2004
Wines & Spirits	1,395.9 ^(b)	1,996.5	2,696.7 ^(a)	143.3	128.3
Perfumes & Cosmetics	16.1 ^(c)	102.0	8.8	6.2	19.5
Total	1,412	2,098.5	2,705.5	149.5	147.8

(a) The increase is attributable to the change in the scope of consolidation (inclusion of Glenmorangie). Whisky production is a continuous process that generates significant amounts of organic matter that is contained in the effluents produced during the mashing, fermentation and distillation phases. No treatment coefficient is applied when effluents are released into the sea (as is the case with two distilleries); this practice is currently legally permitted throughout Scotland's entire whisky producing region.

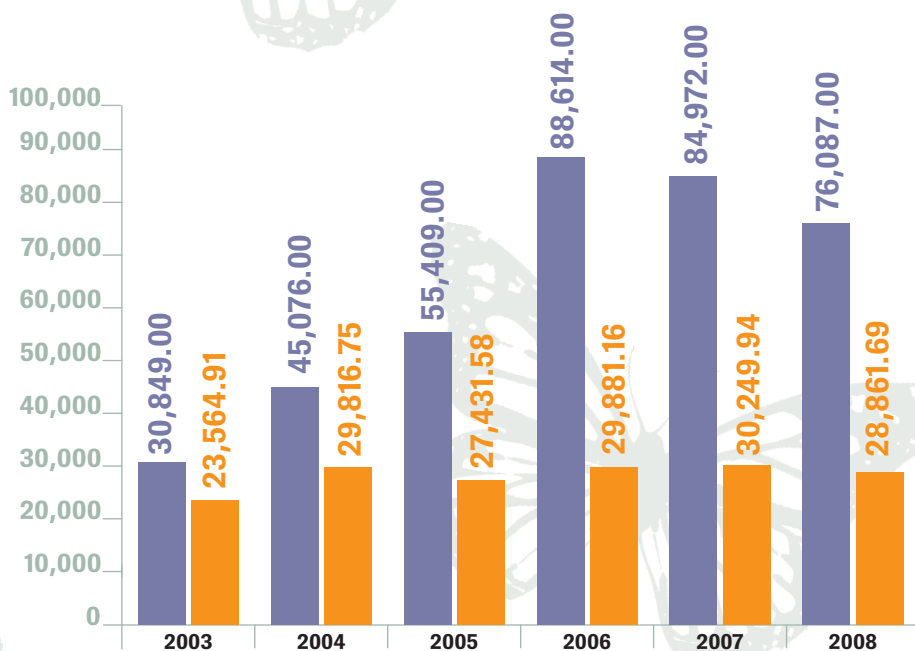
(b) Change due to the temporary closure of a site for work and the change in the scope of consolidation.

(c) Change due to improved monitoring of discharges.

Waste recycling

In 2008, the Group's Companies produced a total of 76,087 metric tons of waste, 10% less than in 2007. The significant increase in 2006 was due to the change in the scope of consolidation (inclusion of Glenmorangie). Whisky making is a continuous process that generates significant amounts of organic waste during the mashing and fermentation phases. To a lesser extent, the change in 2006 was also due to the consolidation of the DFS stores, as well as greater precision in defining the waste produced by La Grande Epicerie (Le Bon Marché). In 2008, metric tonnage was broken down by sector as follows:

Change in waste production (in metric tons)

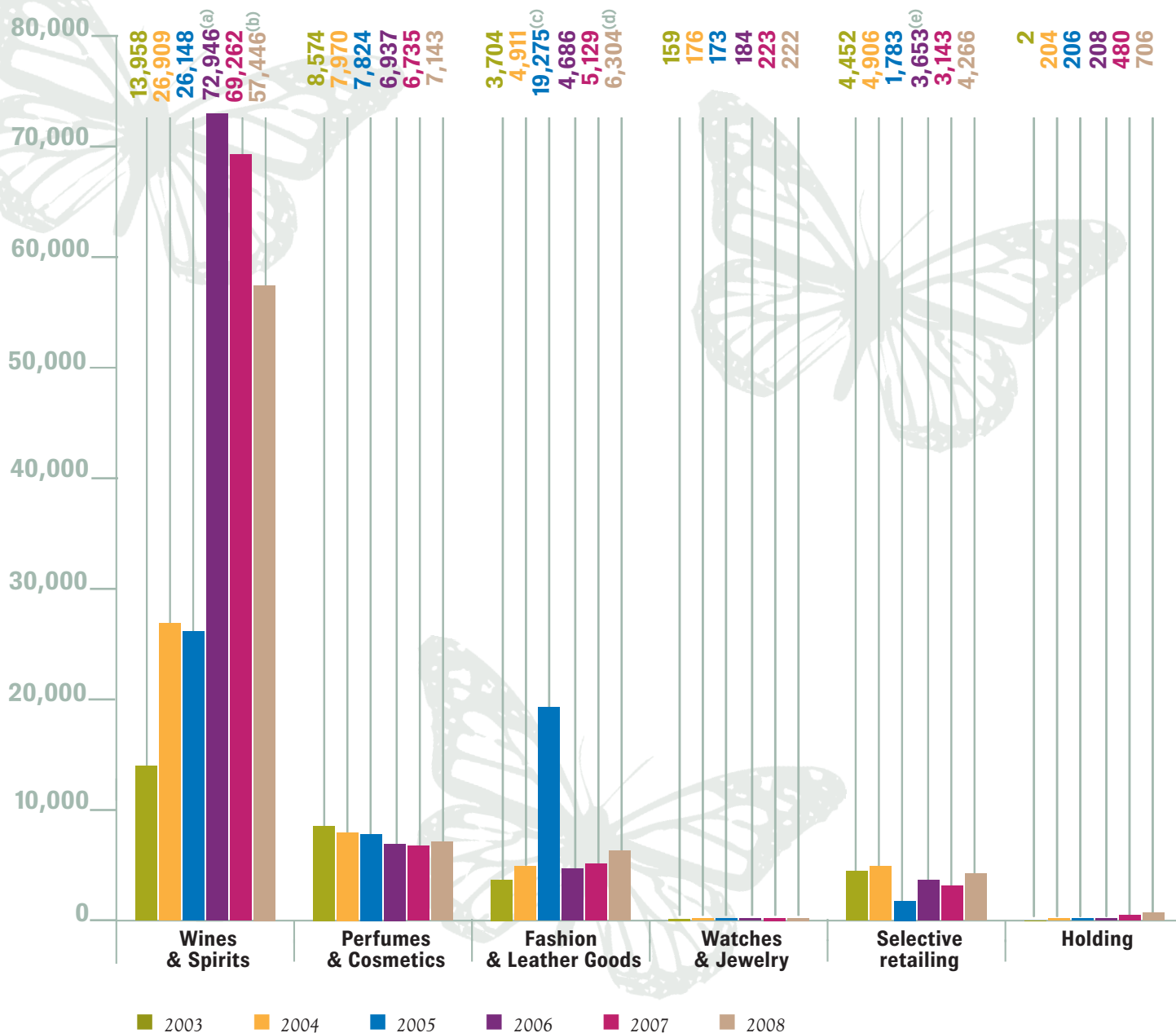


■ Group's waste production in metric tons

■ LVMH panel 2's waste production in metric tons

Coverage rate in comparison to the 2008 environment coverage for this LVMH panel indicator: 38 % (estimated data excluded) see note(1) p12

Change in waste production by sector (in tons)



(a) The increase is related to the change in the scope of consolidation (consolidation of Glenmorangie). The whisky manufacturing process is a continuous process which generates significant volumes of organic waste during the mashing and fermentation steps.

(b) The decrease is related to the temporary closing of a site for work and to a change in the scope of consolidation.

(c) In 2005, the Fashion & Leather Goods value included one-time production of 15,000 tons of waste related to the demolition of a site.

(d) The increase is related to the inclusion of new sites and increased business. In 2005, the value included a one-time production of 15,000 tons related to the demolition of a site.

(e) The increase is related to the change in scope of consolidation (inclusion of the DFS stores) and to a better definition of the waste produced by La Grande Epicerie (Le Bon Marché).

Hazardous waste is waste that requires sorting and treatment separate from “household” waste (cardboard, plastic, wood, paper, etc.):

Business	Hazardous waste [☑] (tons) in en 2008	Hazardous waste [☑] (tons) in en 2007	Hazardous waste [☑] (tons) in en 2006	Hazardous waste [☑] (tons) in en 2005	Hazardous waste [☑] (tons) in en 2004	Hazardous waste [☑] (tons) in en 2003
Wines & Spirits	192	108	136	102	150	130
Perfumes & Cosmetics^(a)	738	701	479	856	683	574
Fashion & Leather Goods	64	67	56	33	33	47
Watches & Jewelry	27	24	8	11	12	9
Selective Retailing	12	14	41	6	22	15
Holding	1	1	0	0	1	0
TOTAL (tons)	1 034	915	720	1 008	901	775

(a) Certain products removed from the production circuit are classified as hazardous waste and are treated in the “hazardous waste” sector to prevent any infringement.

The Group Companies continue their measures to reduce waste at source and to sort it. In 2008, Parfums Christian Dior deployed a full series of measures that combined training, with over 600 employees trained, the production of a sorting guidebook, the implementation of new sorting procedures, including pallets (230 tons treated), fabrication buckets (50 tons), cups (2 tons) and paper.

□ Recycling *vine roots* at Moët & Chandon

MMoët & Chandon experimented last year with organic recycling and energy recovery from its vine roots. The experiment conducted with SEDE Environnement generated dual recycling, both organic and energy, from these roots. And the energy production potential is estimated at between 800 and 1,000 MWh a year on the basis of 400 to 500 tons of roots removed every year, which is a significant contribution.

□ A recycling procedure for *metal parts*

DAalready engaged in a variety of measures to reduce waste at source, Louis Vuitton expanding its sorting efforts both in France and in all countries in which it is present. In 2008, the leather goods company launched a recycling process for all metal parts rejected in the workshops. The degilding and metal recycling operations are performed by a single service provider at the Cergy site and the profits generated by resale fund a central environmental investment fund.

All these recycling operations offer a dual benefit: in addition to the fact that they help protect the environment, they also result in gains or in fairly substantial savings. For example, Zénith has already reduced its alcohol purchases by 80% thanks to the alcohol reprocessing system it recently installed.

Change in the volume of waste produced by activity index at Moët et Chandon in grams of waste
(excluding pressing and wine-making waste) per equivalent bottle in all steps (assembly/racking/disgorging/packageing)

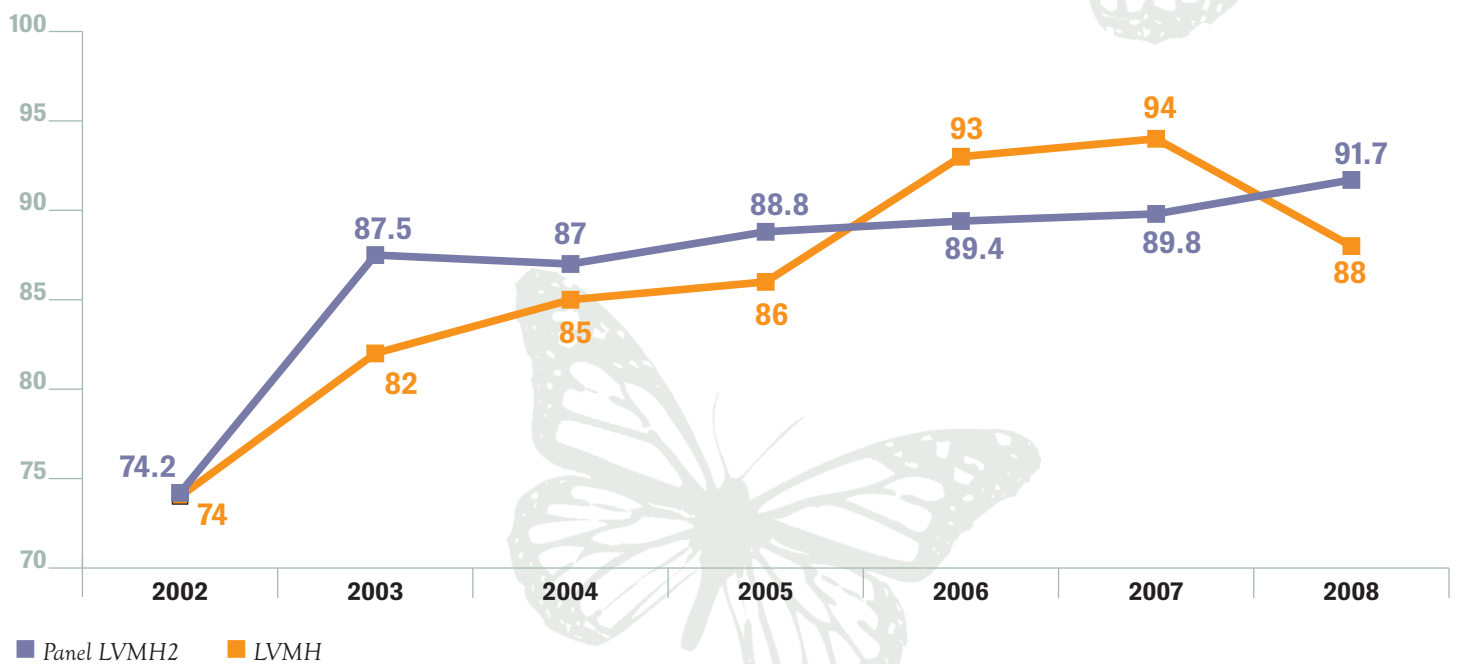
This indicator takes into consideration all activities for the year and the lag-time between bottling and marketing

2005: 6.3 g / EB
2006: 6.8 g / EB
2007: 6.6 g / EB
2008: 7.1 g / EB
2009 objective: 6.8 g / EB

Recycling of the waste produced by the LVMH Group sites in 2008

	Percentage of waste recycled			
	Reuse	Material recovery	Energy recovery	Total recovered
Wines & Spirits	29	59	3	91
Perfumes & Cosmetics	7	56	30	93
Fashion & Leather Goods	2	42	16	60
Watches & Jewelry	0	41	35	76
Selective Retailing	0	50	32	82
Holding	0	34	32	66
Total	22	57	9	88

Change in percentage of waste recovery



In 2008, 88% of the waste was recycled (94% in 2007). This decline is related to the sale of a site with a significant production of recycled waste products

Management of environmental risks

The safest possible management of the environmental risks resulting from its operations is a priority for LVMH, which is taking action in four areas: systematic identification of risks, organization of prevention, protection of industrial assets and people, and deployment of a crisis management procedure. This action is being led by the qualified professionals of the various companies (safety, quality and environmental officers) who collaborate closely with outside specialists. They pay particular attention to the risks

associated with the storage and shipment of raw materials.

- **Reduction of industrial risks** includes a policy of prevention, which means compliance with the highest safety standards. LVMH applies the HPR standards (highly protected risks) to reduce fire risks significantly. A program of incentives for investments in prevention, the levels of which are considered by insurers in their assessment of risks, is implemented. This approach is combined with a program to monitor the industrial and environmental risks for which 30 sites were audited in 2008 (30 sites audited in 2007).

- **Prevention of risks** related to the products is ensured by enhancing safety

and traceability. The HACCP (Hazard Analysis Critical Control Point) method is used in the Wines & Spirits and Perfumes & Cosmetics business groups. This method increases the ability to anticipate and react in the event of a product recall. A legal watch has also been established to control any change in liability risks, particularly those that could affect the Group's brands. One illustration of this approach is the Hennessy guide to best practices intended for 250 on-site service providers, which covers three components: environment, food safety and security. Hennessy has also published color safety data sheet summaries which are clear and easy to understand at a glance so that the employees know what precau-

tions should be taken at any time and how to react in each situation. These sheets, which are displayed at the workstations, can also be carried in employees' pockets.

• **The correct application** of this policy is controlled through a large number of risk assessments at the sites and regular reporting. As a result, the relevance of the risk management policy can be measured and evaluated.

Since 2004, the Group has used a risk mapping tool which systematically identifies its industrial, environmental and operational risks on the basis of common standards. Ranking these risks clearly indicates the cases to be treated as a priority. This information and alert tool ensures early action to reduce the probability that the dangers identified will occur.

▣ **REACH – a major program**

REACH is also a core element in dealings with our suppliers. In fact, the European regulation designed to register and evaluate chemical substances for authorization impacts all Group Companies. They have completed the compliance work and are anticipating future requirements. In this regard, the LVMH Group has already prepared a list of substances that could be banned and is working on possible substitutions. For example, Sephora has eliminated phthalates from its products and other companies have removed certain suppliers.

▣ **“Zero spray effluent” strategy at Moët & Chandon**

In addition to significant savings of natural resources and an active waste management policy, Moët & Chandon is working to limit and prevent pollution emissions and discharges into the air, water and soil. The measures taken are intended to control and monitor wine-making effluents. 100% of the pressing effluents are recovered for use as agricultural fertilizer. The Company is also working on sustainable wine-growing

through vegetal plantings, through the use of headlands, a reduction in the use of herbicides through “precision” weed control, limiting the risks of losses to the atmosphere through anti-run-back nozzles, and fighting grape worms through sexual confusion. Since 2006, Moët & Chandon has implemented a “Zero spray effluent” strategy, based primarily on a modification to the spray equipment. In-line blending of liquid products through “Dosatron” has been in widespread use for several years. Experiments in in-line blending of power products through “Dosapowder” are part of the same approach. This project, which involved the acquisition in 2008 of five special pieces of equipment, restricts the use of a mix of phytosanitary products only on the parcel of land to be treated, continuously, without the need to prepare a spray mixture. The advantages are significant, both for the safety of the operators who no longer have to handle the products, and for the ecosystem, as the risk of pollution from the preparation of the sprays has virtually disappeared. In general, this system ensures greater control of spray effluents.

▣ **Expansion of ISO 22 000 certification**

Finally, the Group's food safety practices are ever more widely recognized. Several Companies like Veuve Clicquot and Moët & Chandon earned ISO 22 000 certification last year. This international standard for food product safety allows the companies to harmonize food safety management practices by imposing an absolute obligation in order to provide consumers with safe products.

▣ **The environment: a profitable investment**

The cost of the environmental policy is difficult to evaluate. First, it is a commitment, a desire: increasing awareness among employees and suppliers, reducing packaging, new shipment methods,

High Environmental Quality construction. All these procedures have a cost but also generate savings in the short, medium or long term. Under these conditions, it is difficult to calculate a balance sheet for the many programs conducted at all levels by the 60 or so Group brands.

In 2008, the amount of the expenditures related directly to environmental protection breaks down as follows:

- operating expenses: 7.1 million euros (6.4 million in 2007);
- investments: 5.1 million euros (5.1 million in 2007).

There was no provision in 2008 for environmental risks.

The environmental expense item was recognized in accordance with the recommendations in the opinion from the French National Accounting Board (CNC). Operating expenses and investments were carried forward for each of the following items:

- protection of the ambient air and climate;
- waste water management;
- waste management;
- protection and clean-up of the soil, underground water and surface water;
- protection against noise and vibrations;
- protection of biodiversity and the landscape;
- protection against radiation;
- research and development;
- other environmental protection activities.

Shared concerns

LVMH shares with its partners, suppliers, investors and customers its desire to act to protect the environment and to integrate the environment in the design, manufacture and shipment of products. Consumer protection and health lie at the heart of the studies conducted in the Wines and Spirits and Perfumes and Cosmetics business groups. Louis Vuitton is pursuing the eco-design project in its stores and the Perfumes & Cosmetics companies are measuring the environmental performance of their packaging.

Formalized requirements for suppliers

LVMH has adopted a Supplier Code of Conduct applicable by all Companies. This Code, which is an addition to all the procedures already implemented, requires our partners to adopt, like the Group Companies, the best environmental and social practices. Any failure to do so may lead to a review, or even termination, of the commercial relationship.

Several Companies have already integrated the Code and transmitted it to their suppliers. Loewe has used it to present its best practices to optimize the use of skins at its main supplier. Louis Vuitton, which has already made widespread use of environmental clauses in its supplier contracts, continued its approach and conducts environmental and/or social investigations and SA 8000 audits. Other Companies, including Guerlain, Donna Karan, Hennessy

and Moët & Chandon, have followed this example and have initiated environmental audit campaigns with their suppliers. Moët & Chandon conducts audits that integrate the environment and food safety and has already audited around thirty pressing centers and about ten suppliers and service providers. Belvedere works in collaboration with its maintenance service providers to meet its environmental requirements, particularly for waste and safety. Guerlain is studying how to integrate environmental parameters for its future quality audits and for the selection of its suppliers, while Hennessy is working to evaluate its dry materials suppliers.

REACH is also a core priority in exchanges with the Group's suppliers. In fact, this European regulation to record and evaluate chemicals substances for authorization affects all Companies of the Group. They have completed the compliance work and are already anticipating future requirements. Celine has increased supplier awareness of the regulation and has provided a list of ques-

tionable substances. Sephora has gradually been eliminating phthalates from its products and other Brands have removed certain suppliers.

In addition to organizing a training day for nearly 200 wine-growers in the challenges of climate change for their industry and methods to correct it, Veuve Clicquot has developed a program to make outside service providers sensitive to human safety, food safety and the environmental impacts of service activities.

LVMH is also continuing its work with the Council for Responsible Practices in Jewelry, an international association that ensures that responsible attitudes are adopted throughout the jewelry sector, from extraction of the gold and diamonds from the mines up to the retail jeweler.

Guaranteeing maximum safety for perfumes and cosmetics

The objective of LVMH is clear: to ensure that products are safe for human health by first selecting the ingredients and using appropriate alternative methods. Moreover, like Parfums Christian Dior, which publicly announced its decision in 1989, none of the Perfumes & Cosmetics brands of the LVMH group conducts animal testing to evaluate the safety of finished cosmetic products. To do this, the LVMH research laboratories are very heavily involved in research on alternative toxicology tests, either within European programs (EPAA, ECVAM, Colipa, 7th PCRD etc.) or in the context of research programs with university teams specializing in this area.

In addition, the cosmetics products manufactured and sold in Europe are regulated by Council Directive 76/768/EEC. This "cosmetics directive"

is considered by experts to be one of the most stringent in the world regulating the marketing of cosmetics. This directive regulates all substances used by the cosmetics industry and requires the completion of a risk assessment for each product, conducted by a qualified person under his responsibility, taking into consideration the conditions under which the product is used. In addition, the Consumer Product Scientific Committee (SCCP) of the European Commission continually evaluates the safety of substances used in cosmetics products.

The Group is particularly vigilant in complying with regulations, opinions from scientific committees, and the recommendations of professional associations. However, whether it be at Parfums Christian Dior, Guerlain, Parfums Givenchy or Parfums Kenzo, the research teams are not content with simply applying the international regulations in effect, they anticipate future regulations, implement them ahead of time, and impose the new rules on suppliers and development teams. As a result, LVMH refuses to use cosmetics ingredients that may be used elsewhere if the safety of those ingredients does not seem to be guaranteed. To ensure they can anticipate future regulations, the experts regularly participate in the working groups of national and European authorities and are extremely active in professional organizations.

At an environmental level, growing scientific knowledge and regulations sometimes lead us to substitute certain ingredients. For this reason, it was decided to stop the use of triclosan in products because of its environmental risk, even though consumer safety was evaluated favorably by the European scientific authorities (Steering Scientific Committee and SCCP) in 2002. Today, it has been completely eliminated from all products sold by the Group. This is also the case for phthalates and preservatives that generate formaldehyde.

□ “Cosmetic vigilance” to analyze consumer complaints

Complying with current regulations and anticipating future European directives by applying the most stringent rules is all part of the LVMH policy, which sets a very high standard for its specifications so that its cosmetics are completely safe. And there is more - to ensure the complete safety of its creams and other perfumes, the LVMH laboratories monitor them right up to the consumers. A “cosmetic vigilance” unit is responsible for studying and analyzing all complaints. If there is a complaint of an intolerance or severe irritation, the customer is questioned, placed in contact with a specialized team that tries to identify with the customers the reasons for the irritation, and offered a consultation with a dermatologist. The entire investigation is recorded in the product file available to the authorities, and may be the cause of new research to improve the composition of the product.

□ Offering products developed with eco-design

All the Group Companies are sensitive to the importance of the environment in the development of their products. In April 2008, a half-day awareness session was organized for all the Presidents and marketing teams of the Perfumes & Cosmetics business group. Last year again, significant progress was made in eco-design. After Eco-advertising in 2007 and the Moët & Chandon eco-design tool, other procedures have been deployed to measure the environmental impact of decisions made, and several Companies are initiating concrete measures.

□ The Perfumes & Cosmetics Companies evaluate all their packaging

Consideration of the environmental impact in designing our products is expanding. Under the leadership of Parfums Christian Dior, Guerlain, Parfums Kenzo and Parfums Givenchy have together developed a tool to assess the environmental performance of packaging. From the beginning of product development, this tool takes into consideration the separability of materials, the volume, the weight, the use of refills and the use of more environmentally-friendly materials. A grade is given to each package and may lead to a review of certain decisions. Parfums Givenchy, for example, has already reduced the cap of Ange ou Démon by 15%, and Parfums Christian Dior is now offering the cream and serum of its Or de Vie line in a refillable bottle with the corresponding refill.



A Marc By Marc Jacobs bag in hemp, a vegetal fiber with a low environmental footprint.



“Sac Extraordinaire”

Using horsehair and fish leather.

□ A variety of **procedures** in the Fashion & Leather Goods Companies

Celine has worked extensively to optimize its boutique packaging: the bags, boxes and ribbons have been studied to improve their quality, while reducing the CO2 emissions produced in manufacture and shipping by 10%. A detailed study led to better adaptation of bag size to product volume, and reduced the number of items referenced for its existing bags. Substantial work has also been done with suppliers to optimize the environmental quality of the papers used and the shipping stages. Loewe has increased the use of leather to manufacture its bags in order to cut waste production. The rate is now close to 70%, compared with 50% previously. Louis Vuitton continues to replace solvent-based products with water-based products: the substitution rate is already 50% for patent leathers and has risen from 24% in 2007 to 45% in 2008 for glues. It should also be noted that for its men's 2008 spring-summer collection the leather goods company created the “Extraordinary Bag” using horse-

hair and fish scales, two materials referenced in the LVMH Materials Specifications. These specifications, which are sent every year to all the Companies, present environmental quality materials and explain the principle of an eco-design approach. The fifth edition is currently in preparation.

□ **Innovative approaches** in Selective Retailing

On another note, Grande Epicerie has established a partnership with the Bilum company, which manufactures bags by recycling the Company's advertising canvases. The brand sells shopping bags, each in a unique design, and thus recycles materials already used. Finally, in 2008, Sephora launched its “Green Connection” Eco-certified line, which has been highly successful and will soon be expanded.

□ **Reducing packaging at source**

In addition, reducing packaging at the sources is increasingly expanding in the Group Companies. Cape Mentelle, for example, has reduced the volume of cardboard used in packing its six and twelve bottles by 2%. Veuve Clicquot has worked with its suppliers to give priority to bulk supplies of certain raw materials or reduce existing packaging. Nor has glass been forgotten in all these measures - just the opposite. The experiment in Champagne with the lighter bottle (835 g instead of 890 g) continues, and Bodegas Chandon has reduced the weight of its bottles for certain sparkling wines from 900 g to 780 g.



□ **Eco-design moves into the stores**

In addition to the products and packaging, eco-design measures can also be taken in the stores, windows and point of sale (POS) advertising. For example, the Absolutely Irresistible Givenchy Glam POS advertising is produced enti-

rely from recyclable cardboard, even though the materials generally used are metal and plastic. Moët & Chandon is extending the life of its POS advertising and reducing the consumption of materials with a clever system making the visuals presented interchangeable depending on the season. Louis Vuitton

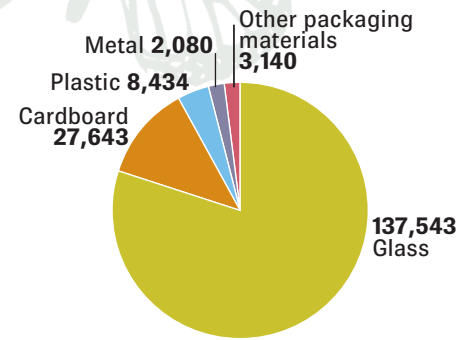
conducted an energy audit and analysis of the life cycle of its store concept so that it could identify areas of improvement in lighting, air conditioning, and furnishing design. Finally, in partnership with eco-designer Claire Danthois, Newton created a wine bar from natural, renewable materials.

□ **Packaging placed on the market (in tons)** ☑

	2008	2007	2006	2005	2004	Change 2008-2007
Wines & Spirits	147,728	152,089	14,812 ^(a)	117,735	113,607	-3
Perfumes & Cosmetics	23,887	21,261	19,042	16,678	19,673	12 ^(a)
Fashion & Leather Goods	5,266	5,136	2,298	2,269	2,576	3
Watches & Jewelry	421	512	493	213	228	-18
Selective Retailing	1,538	1,373	1,676	1,502	1,451	12
TOTAL	178,840	180,371	171,630	138,397	137,535	-1

(a) Change related to the increase in business and the consolidation of Glenmorangie.
 (b) Change related to the increase in business and the consolidation of Make Up For Ever.

□ **Packaging volume by type of material in 2008 (in tons)** ☑



Louis Vuitton Hong Kong, China : store interior. © Louis Vuitton / Jimmy Cahrssen.

Encouraging responsible consumption

The health of consumers is a consistent concern of the Group. In wines and spirits, LVMH recommends responsible consumption: drinking less but better. A founding member of Business and Prevention, an association created fifteen years ago, the Group makes recommendations to public authorities to encourage responsible consumption. Also part of the European Alcohol and Health Forum created by the European Commission, Moët Hennessy participates in defining future alcohol policies to be implemented in the member states. The Wines & Spirits Companies practice a responsible marketing policy in accordance with the Moët Hennessy marketing code. As a believer in the effectiveness of targeted work, Moët Hennessy is developing multiple initiatives aimed at its employees as well as the visitors who come to visit the Group's wine and spirits sites. To ensure that the approximately 350,000 people who visit the cellars of the Group's Companies or who are invited to a festival drink responsibly, the Group has drawn up ten recommendations for reception organizers. These are simple and based on common sense:

- Specify the hours of the event precisely and stick to them.
- Plan the event before a meal.
- Give preference to service with staff rather than self-service.
- Limit the number of time servers go round.
- Always provide ample solid food which is varied and attractive and does not make people thirsty.
- Also offer water and non-alcoholic drinks.
- Make sure that management is represented during the event.
- Serve moderate set servings.
- Offer breathalyzers.
- Discourage those over the legal limit from driving.

These ten recommendations, which have been applied in France in the champagne and cognac companies, have been sent to LVMH's European distribution companies.

Finally, with its adoption of a Charter for Responsible Alcohol Consumption, the Group has expressed its strong convictions about its importance and has invited all its partners to follow it in this forward-looking vision.

Convincing investors

It is difficult to evaluate the cost of the environmental policy. Initially, it is a commitment, a conviction, training hours and investments. However, over the years, the adoption of green practices reduces water or electricity consumption, and the reduction in packaging reduces shipping costs. All

these measures result in savings. These actions take place under the watchful eye of the agencies that study best practices. These commitments have also earned LVMH a place at the top of the French rankings for the Carbon Disclosure Project (CDP), which evaluates major groups through their approach to fighting climate change and reducing greenhouse gases. LVMH was also named in the Sustainability Yearbook 2008 of the SAM ratings agency. At the time this report was being prepared, LVMH was included again in the FTSE4Good Index.



FTSE4Good

The GRI environmental information and indicators discussed in this report are as follows

Strategy

1-1 p. 6

Profile of the organization

2.1 p. 6

2.2 to 2.8 : See LVMH 2008 Annual Report

2.9 p. 39

Reporting parameters

3.1 to 3.11 : See methodology for the LVMH Group Environmental Reporting p.38,39 and 40

3.12 p. 30

3.13 p. 41

Governance and commitments

4.12 p. 7 and p. 26

4.13 p. 31, 32 and 33

Management and Indicators

EN1 p. 29

EN3 p. 12 and 13

EN4 p. 12 and 13

EN8 p. 19 and 20

EN16 and EN 17 p. 14 and 15

EN21 p. 21

EN22 p. 21, 22 and 23

EN26 p. 27, 28 and 29

EN29 p. 16

EN30 p. 17

Programs expanded to civil society

With a commitment to the international community after signing Gordon Brown's Millennium Objectives, LVMH has expanded its actions to civil society. To move the debate forward, the Group's Companies are increasing the programs being conducted: partnering with associations, working in schools and sharing experiences with industry groups, local communities and public authorities.

□ Active collaboration in a key work on biodiversity

In 2008, the Group contributed to the preparation of the Guide entitled "Integrating biodiversity in business strategies" produced by Orée, a French environmental association composed of businesses and local authorities, in partnership with the French Institute of Biodiversity. Confirming that biodiversity determines the changes in a very large number of companies, this Guide is organized in four major sections: "Biodiversity and business, direct and indirect ties to be formalized"; "The interdependence of economic players in biodiversity"; "Reintegrating economic activities at the center of biodiversity" and "Innovative initiatives around the world". Nearly thirty businesses, business associates and local communities present their experiences in this area through an evaluation based on different criteria, including direct links with the living world, the budget allocated, the impacts, offsetting those impacts, and organizational strategies. The LVMH Group has joined the process and disclosed its approach, its involvement and its feedback. In fact,

as a heavy user of the world's natural resources for three of its sectors, Wines & Spirits, Perfumes and Cosmetics, and Fashion & Leather Goods, the Group is

making a sustained effort to find a balance between the manufacture of its products and the preservation of the resources used in those products. It is working in particular to ensure that cultivation is conducted with respect for local populations and does not use rare plants that are endangered species or use risky practices like harvesting birch bark. For this purpose LVMH is working in partnership with the Institute of Sustainable Development and International Relations in Madagascar and organizing events to increase local awareness of best practices and the virtues of ethnobotany, particularly in Vietnam and Burkina Faso. Finally, the sustainable grape-growing implemented in the Wines & Spirits Company is also a key component in preserving biodiversity.

The interdependence of LVMH on biodiversity

Joël Houdet - Head of "Biodiversity & Business" Research - Orée.

"Biodiversity is a new challenge for the business world, a source of both risks and opportunities. The Group's feedback was prepared from a self-assessment based on a multi-criteria index, the Indicator of Business Interdependence with Biodiversity (IEEB). Given the diversity of the businesses included in the scope of the analysis, the Group's work was to identify its principal ties with nature. LVMH stresses its strong dependence on the resources of biodiversity: textiles and leathers for its Fashion & Leather Goods business group, plants for Perfumes & Cosmetics, fruits for Wines & Spirits, and even foodstuffs for the Selective Retailing stores. There is also a focus on the use of petroleum products and byproducts for packaging and shipment of merchandise and people. A large number of employees are working with the living world (biotechnologies, biomimeticism), particularly through fermentation processes (yeast work) and fighting parasites in viticulture (pheromones that induce gender confusion). Thus, biodiversity is not a regulatory requirement outside the company. As demonstrated by the Perfumes & Cosmetics business group which depends on the complex environments that produce assets that cannot be reproduced in a laboratory, the living world is a source of innovation and competitiveness. It guarantees the continued existence of the business. While over half of the revenues of LVMH are generated from the sale of luxury products derived from biodiversity, the Group reports that the purchasing costs of the raw materials are relatively low in comparison with the costs of manufacture, labor and marketing. Indeed, its businesses benefit, at no cost, from many ecological services. This leads LVMH to question the ties between production processes, which are often governed by standards in which biological uniformity takes precedence, and the variability and complexity of the ecosystems. LVMH has already initiated a large number of measures to reduce its negative impacts on the environment. The Group is working to control effluents, pesticides, greenhouse gases, and waste, and to ensure that samplings of biological resources do not threaten the survival of species. However, teaming up with nature, as Robert Barbault calls it, requires the implementation of performance indicators directly related to biodiversity and its interactions with all the Group's businesses. While the goal of the IEEB was not to obtain quantitative information, future work may refine the analysis and lead to additional actions. The challenge is to promote a business culture based on reciprocity with the living world in order to put the Group's activities back at the center of the ecosystem process.

□ A partner with associations and schools

The Group continues to work with the Responsible Jewellery Council, an international association which promotes responsible practices throughout the jewelry industry, from the extraction of gold and diamonds right through to the stores. Louis Vuitton continued its support of Al Gore's Climate Project through its new institutional advertising campaign. Its Japanese division organized a charity gala to support *Take Action! 2008*, an association founded by soccer player Hidetoshi Nakata to increase awareness of the environment and fight malaria. And Belvedere works with the Fund for the Protection of the Natural Environment in Zyrardow, primarily through two campaigns: "Cleaning World" which is intended to promote the purchase of refuse collection equipment and materials for the city and metropolitan area, and "Cleaning the Pisia River" to help clean the banks and surface waters of that river.

In order to facilitate exchanges in ethnobotany, LVMH Perfumes & Cosmetics Research repeated the Africa Beauty Forum it organized in 2004. Held in Burkina Faso, but this time with other West African countries including Bénin, Ivory Coast, Mali and Togo, this second



Tiébélé village.

Forum lasted three days. Two days were devoted to the presentation of scientific work and the third was devoted to a visit to the village of Tiébélé with which LVMH Perfumes & Cosmetics Research has been collaborating for several years. This second Forum was an opportunity to share research and recycling ideas, to better identify complementary areas and to set up nurseries for different tree essences.

The Group and its Companies again worked in the educational and university sector. For example, Moët & Chandon organized and directed a series of conferences on sustainable development

at Reims Business School and in the Reims Economics Department with the Eco-Management master's program. To increase student awareness, Bodegas Chandon last year conducted a tree planting operation "Educar Forestando" with students from local Chilean schools as part of a special social responsibility program.

□ Communicating its commitments

In the area of external communications, Hennessy in April published a communications booklet presenting its Environmental and Food Safety policy. Initially sent to the subsidiaries and soon to be available on the Company's website, the purpose of this booklet is to "show Hennessy's commitment to offer safe products to our customers and a living environment worthy of the name to our children, today and in the future." It shows the Company's successful blending of a demand for modernity and respect for tradition: The Charente still and the distillation method have remained the same for centuries, but they are now joined with the various



factors required for compliance with the most stringent environmental and food safety standards. The document recounts Hennessy's efforts to protect the environment, the different watches it has established to monitor water and energy consumption, its efforts to manage waste and recycle packaging, and its general policy to prevent risks, including fire, explosion and the risks from pesticides and phytosanitary products. Great importance is placed on sustainable grape growing which the Company strongly promotes, both in-house and with its partners.

Moët & Chandon organized and led conferences on sustainable development during the technical days of the Union of Oenologues of France and established a partnership with Club Business 51 in order to set up a car-pooling site in the French department of Marne. The site was presented to all the Moët & Chandon employees.

Finally, the site visits organized by the Companies are increasingly becoming

occasions to explain and present their commitment to protecting the environment and climate. For example, every cellar tour at Veuve Clicquot, Moët & Chandon and Mercier includes a segment to increase awareness of the impacts of wine-making operations and the actions taken by the companies to correct them. In 2008, Domaine Chandon Australia organized tours to inform its neighbors of future changes at the site because of the installation of an integrated treatment station.

Sharing its experiences

While Glenmorangie continues to play a driving role in the development of an environmental strategy in the Scotch whisky segment, Moët & Chandon made a commitment, along with the Interprofessional Champagne Committee, the Center for Glucide Recycling, and Finaxo Environnement, to a project intended to extend the application of pyrogasification to Champagne bypro-

ducts. This new technology recovers the energy produced during the elimination of the tendrils, trunks and ribs from grape-growing or the grape marc resulting from wine making. Based on an ultra-rapid transfer of the heat in the material in the absence of oxygen, it thermically transforms organic matter to obtain both gas, a source of useable energy, and fertilizers rich in oligo-elements. The project is included in the Energy Climate Plan launched in November 2008 by the Champagne-Ardenne region.

LVMH continued its commitment to the Ile-de-France Sustainable Development Club, a venue for exchanges between large, medium and small businesses in the region. Several working groups were organized in 2008: Bilan Carbone®, energy savings, environmental indicators, disabled workers in the business world, and others.

The LVMH Environmental Charter is organized around five commitments:

- AIM FOR A HIGH LEVEL OF ENVIRONMENTAL PERFORMANCE,
- FOSTER A COLLECTIVE PURPOSE,
- CONTROL ENVIRONMENTAL HAZARDS,
- GUARANTEE THE DISPOSAL OF THE PRODUCTS,
- MAKE A COMMITMENT OUTSIDE THE COMPANY.

Any individual or group who has questions for the Group can ask them and will receive a reply by writing to environnement@lvmh.fr

Objectives

These tables list the objectives assigned to a Group Company; the business group is indicated in the second column.

2008 OBJECTIVES ACHIEVED

AIM FOR A HIGH LEVEL OF PERFORMANCE

Strategy	Business Group	Objective assigned to the Company in 2008	Deadline
Comply strictly with environmental regulations	HOLDING COMPANY	■ Systematically verify environmental compliance during internal financial audits of the sites	■ Achieved
		■ Maintain French and International environmental regulatory oversight	■ Achieved
Reduce the environmental impacts of the products and at the industrial, administrative sites and shipping warehouses: water, energy, waste, transport, etc.	WINES & SPIRITS	■ Produce 6.5 g of waste (excluding pressing waste) per equivalent bottle in total steps	■ Not achieved (7.1 g)
		■ Obtain carbon neutrality for a Company	■ Ongoing
		■ Reduce greenhouse gas emissions for a Champagne Company by 20% in 10 years	■ Ongoing
	FASHION & LEATHER GOODS	■ Begin construction of two sites in compliance with High Environmental Quality standards	■ Achieved
		■ Finalize an architectural design for more environmentally-friendly stores	■ Achieved
	WATCHES & JEWELRY	■ Develop the use of cogeneration and renewable energies	■ Achieved
	PERFUMES & COSMETICS	■ Complete the Bilan Carbone® [Carbon Footprint] for three Companies	■ Achieved

FOSTER A COLLECTIVE PURPOSE

Strategy	Business Group	Objective assigned to the Company in 2008	Deadline
Involve all employees	HOLDING COMPANY	■ Distribute Attitude, the Letter to the Chairmen	■ Achieved
		■ Update again and distribute the supplier tool	■ Ongoing (achieved 1 st half 2009)
	HOLDING + COMPANIES	■ Increase employee awareness in at least three Group companies during sustainable development week	■ Achieved
	WINES & SPIRITS	■ Incorporate the environment into the training of 100% of the harvest workers (pressing rooms)	■ Ongoing
Distribute the results to all hierarchical levels	HOLDING COMPANY	■ Share the 2006 environmental results with employees through the LVMH environment Intranet	■ Achieved
	HOLDING + COMPANIES	■ Obtain reasonable assurance for the Group's environmental reporting	■ Achieved

CONTROL ENVIRONMENTAL HAZARDS

Strategy	Business Group	Objective assigned to the Company in 2008	Deadline
Have an effective management system audited at least every 3 years	FASHION & LEATHER GOODS	■ Obtain ISO 14001 certification for one site	■ Achieved
	WINES & SPIRITS	■ Obtain ISO 14001 certification for an entire Champagne company	■ Achieved
Detect all environmental risks, prevent and reduce them	ALL	■ Train the team of LVMH internal auditors in the ISO 14001 audit	■ Postponed (April 2009)

GUARANTEE PRODUCT DISPOSAL

Strategy	Business Group	Objective assigned to the Company in 2008	Deadline
Incorporate the environment into the design of Group products, in-house and with suppliers and subcontractors	HOLDING + COMPANIES	■ Distribute to marketing and design managers a new version of the LVMH environmental trends report	■ Achieved
		■ Distribute the Eco-advertising tool (environmental assessment of ad campaigns)	■ Ongoing
		■ Distribution of the Supplier Code of Conduct	■ Achieved
	WINES & SPIRITS	■ Maintain a watch on ecological materials, processes and products	■ Contin
		■ Lighten the weight of the Champagne bottle - continue the process	■ Ongoing
	PERFUMES & COSMETICS	■ Develop and distribute tools to assess the environmental impact of packaging	■ Achieved
FASHION & LEATHER GOODS	■ Systematize the use of water-based varnishes for leathers and completely eliminate solvent glues in leather goods	■ Achieved	

MAKE A COMMITMENT OUTSIDE THE COMPANY

Strategy	Business Group	Objective assigned to the Company in 2008	Deadline
Be involved with the stakeholders	HOLDING COMPANY	■ Continue partnership with the OREE association: serve as chair of the association, participate in the working groups in drafting the guide on "sustainable" transportation of merchandise for small and medium businesses and industries	■ Ongoing
		■ Continue the joint actions with the 11 other partner associations and organizations	■ Ongoing
	WINES & SPIRITS	■ Develop partnerships with local authorities and communities (regional Carbon Footprints, sharing best practices etc.)	■ Achieved
PERFUMES & COSMETICS	■ Open the site to the public during heritage days	■ Ongoing	

OBJECTIVES FOR 2009 AND BEYOND (not exhaustive)

AIM FOR A HIGH LEVEL OF ENVIRONMENTAL PERFORMANCE

Strategy	Business Group	Objective assigned to the Company in 2009	Deadline	
Strictly comply with environmental regulations	HOLDING	■ Systematically verify environmental compliance during internal financial audits of the sites	■ Continuation	
		■ Maintain the French and international environmental regulatory watch	■ Continuation	
Reduce environmental impacts on the industrial and administrative sites and the shipping hubs: water, energy, waste, transport, etc.	WINES & SPIRITS	■ Produce 6.8 g of waste (exc. pressing waste) per equivalent bottle in all steps	■ 2009	
		■ Obtain carbon neutrality for one Company	■ 2008 and beyond	
		■ Begin construction of a new energy- high-performance site	■ 2009	
		■ Reduce the water consumption of two Companies by 5%	■ 2009	
	WATCHES & JEWELRY	■ Reduce the energy consumption of one Company by 5%	■ Reduce the greenhouse gas emissions of a Champagne Company by 20% in 10 years	■ 2009 and beyond
	PERFUMES & COSMETICS	■ For one Company:	Reduce water consumption by 50%	■ 2010
			Reduce gas consumption by 30%	
			Reduce electricity use by 11%	
			Reduce the percentage of unsorted waste by 50%	
SELECTIVE RETAILING	■ Reduce the volume of products delivered by air by 10%	■ Reduce the energy consumption of one Company by 20%	■ 2009	
				■ Complete the carbon footprint (Bilan Carbone ®) for three Companies

FOSTER A COLLECTIVE PURPOSE

Strategy	Business Group	Objective assigned to the Company in 2009	Deadline	
Involve all employees	HOLDING COMPANY	■ Distribute the letter to Chairmen, Attitude	■ 2009	
		■ Update and distribute the supplier tool	■ 2009	
	HOLDING COMPANY + COMPANIES	■ Offer awareness training to the employees of at least three Group companies during sustainable development week	■ Integrate the environment in the training of 100% of the harvest seasonal workers (presses)	■ Ongoing
Distribute the results to all hierarchical levels	HOLDING COMPANY	■ Provide employees with the 2008 environmental results on the LVMH environmental intranet	■ 2009	

CONTROL ENVIRONMENTAL RISKS

Strategy	Business Group	Objective assigned to the Company in 2009	Deadline
Have an effective management system, audited at least every three years	PERFUMES & COSMETICS	■ Begin deployment of the ISO 14001 standard on two sites	■ 2009
	FASHION & LEATHER GOODS	■ Obtain ISO 14001 certification for all Company workshops	■ 2012
Detect all environmental risks, prevent and reduce them	ALL COMPANIES	■ Obtain ISO 14001 certification for all Company workshops	■ 2009

GUARANTEE PRODUCT DISPOSAL

Strategy	Business Group	Objective assigned to the Company in 2009	Deadline
Integrate the environment in the design of Group products, in-house, and with suppliers and subcontractors	HOLDING COMPANY + COMPANIES	■ Distribute to marketing and design managers a new version of the LVMH trend book	■ 2009
		■ Equip four Companies with environmental assessment software for products, and train teams in its use	■ 2009
		■ Maintain environmental watch on materials, processes and products	■ Ongoing
	WINES & SPIRITS	■ Reduce the weight of Champagne bottle: continue launch	■ 2009
	WINES & SPIRITS PERFUMES & COSMETICS	■ Distribute and use the environmental performance evaluation tools for packaging installed in 2007 and 2008	■ 2009
	FASHION & LEATHER GOODS	■ Finalize environmental assessment project for boutiques and implement action plan	■ 2009

MAKE A COMMITMENT OUTSIDE THE COMPANY

Strategy	Business Group	Objective assigned to the Company in 2009	Deadline
Be involved with stakeholders	HOLDING COMPANY	■ Continue involvement with OREE association	■ Ongoing
		■ Continue joint actions with the 11 other partner organizations and associations	■ Ongoing
	WINES & SPIRITS	■ Open the site to the public during Heritage Days	■ Ongoing
	PERFUMES & COSMETICS	■ Develop partnerships with local authorities (completion of regional carbon footprints, sharing best practices, etc.)	■ 2009
	WINES & SPIRITS	■ Develop partnerships with the environmental NGOs like Green Cross	■ 2009
	FASHION & LEATHER GOODS WATCHES & JEWELRY	■ Develop partnerships with the environmental NGOs like Green Cross	■ 2009
	HOLDING COMPANY	■ Continue sharing best practices with small and medium companies in the Paris region within the Ile de France Sustainable Development Club	■ 2009

Methodology for the LVMH Group Environmental Reporting

The LVMH group has been consolidating environmental indicators since 1999, and they have been published since 2001. They are verified by specialized teams from the Auditors since 2002. These indicators are published in the Registration Document and in the Group's environmental report.

Protocol

All the consolidation and calculation rules are defined in the LVMH environmental reporting protocol, which is updated annually, and is available for public consultation from the Environmental Department. Any request to read the document may be made at the following address: environnement@lvmh.fr

Scope of reporting

The reporting on environmental indicators in 2008 covered the following:

- the production sites and warehouses held and/or operated by the companies in which the Group holds more than 50% or in which it exercises operational control,
- the French stores of Sephora, Céline, Guerlain and Louis Vuitton, Le Bon Marché, and the main stores of DFS and Fendi,
- the principal administrative sites.

In 2008, 95% of the administrative, industrial and logistics sites (432) and 38% of the total sales area of the Group were consolidated.

- 26 sites which are generally not production sites were not integrated in 2008 (Benefit, Berluti, Donna Karan, Emilio Pucci, Fresh, Hublot, Marc Jacobs, StefanoBi, Thomas Pink, Wen Jun Distillery and others).

- 62% of the sales areas. This is because of the difficulty of collecting environmental data for the many small stores (the Group held 2,314 stores in 2008). Estimates have been made for these sales areas and are presented separately in the environmental report and in the Group's Registration Document.

After a probationary period of one full year of activity within the Group in 2007, the following sites have been included in the scope of the 2008 reporting: Make Up For Ever, certain Louis Vuitton stores and administrative sites, new Moët-Hennessy administrative sites, new DFS stores.

In addition, following the sale of Glen Moray during the year, the data from this site has been consolidated over a period of 6 months only.

The 2008 reporting does not include:

- waste production from the stores (with the exception of Le Bon Marché and DFS);

- the companies in which the Group holds less than 50% or in which the Group does not exercise operational control;

Change in the scope of the environmental reporting in number of sites



■ Number of sites included in the environmental reporting
 ■ Number of sites including in the scope of the reporting but not covered by the reporting

Reporting tool and methodology

The system used for the environmental reporting is an in-house tool consisting of two components:

- a file that compiles the corporate data: training, packaging, etc.
- one (or more) files that compile data specific to the industrial sites: water and energy consumption, waste production (volume and type of waste), waste treatment, etc.

A total of fifty types of information are collected in each Company. The data is then controlled and automatically consolidated in a central file. This file has many control and alert mechanisms (abnormal data, unit problems, etc.).

Internal and external assessment

Consistency controls are conducted by the sites (comparison with year N-1) and during consolidation by the LVMH Environmental Department (abnormal data, comparison with year N-1...).

Certain environmental indicators are also verified externally by the Group's Auditors whose conclusions are presented in the environmental report. IN 2008, the work performed on these indicators resulted in an opinion of reasonable assurance being issued.

Choice and relevance of the indicators

The purpose of the environmental indicators is to report to stakeholders on the Group's annual environmental results. Pursuant to Decree 2002-221 of February 20, 2002, known as the "NRE decree," the nature and magnitude of only the relevant significant impacts of the activity are reported. The information set out in this document also

reflects all the guidelines in version 3.0 of the Global Reporting Initiative.

Water consumption

Water consumption is expressed in cubic meters. This indicator assesses the quantities of water consumed, based on the following two needs:

- Agricultural need: this measures the quantities of water used for irrigation (banned in France) and sprinkling the vines (to fight frost, etc.). The water volumes used are measured directly or, and more generally, estimated.
- Process need: this measures all non-agricultural needs (industrial, sanitary, cleaning processes, spraying green spaces, etc.) This water consumption is generally measured.

Water Pollution

Water pollution is expressed in tons of COD (Chemical Oxygen Demand). This indicator reflects the total annual flow discharged by the sites into the natural environment, after treatment at the site or downstream from the site.

The only sectors concerned with this parameter for which discharges of organic matters and other pollution from effluents are significant and directly related to the activity, are Wines & Spirits and Perfumes & Cosmetics.

Waste production

All waste produced is evaluated in metric tons. The waste taken into account is hazardous and non-hazardous waste from the sites over the reporting period. The method for treating each type of waste is also identified in order to evaluate the recycling rate.

Energy consumption

Energy consumed is expressed in MWh and represents all types of energy used by the sites (electricity, natural gas, fuel oil, heavy oil, steam and butane propane), excluding the fuels used by the company's vehicles. These are, however, mentioned in the annual environmental report.

Greenhouse gas emissions

This indicator is expressed in tons of CO₂ equivalent. It covers the direct and indirect emissions of greenhouse gases.

Upstream and downstream transport

This indicator is expressed in tons/kilometer and tons CO₂ equivalent. A distinction is made between upstream transport and downstream transport:

- Upstream transport: This is the number of kilometers traveled by the raw materials and components from the last site of supplier n-1 to the first receiving site. The evaluation is made at least on the main components and main products:

- Wines & Spirits: bottle, box, corks, etc.
- Perfumes & Cosmetics: bottle, box, etc.
- Fashion & Leather Goods: leathers, metal parts, packaging, ready-to-wear, etc.
- Watches & Jewelry: boxes, cases, etc.
- Selective Retailing: store bags, envelopes, boxes, etc.

- Downstream transport: This is the number of kilometers traveled by all finished products from the manufacturing site to the first platform of your retail customer or to the stores (for the selective retailing activities and for the brands that have boutiques).

Packaging placed on the market

This indicator is expressed in tons of materials. This includes the primary and secondary packaging placed on the market by all Group Companies. The packaging used for shipment during the transport phases is excluded from this indicator.

Training and awareness session hours

This indicator is expressed in hours. It includes all the training and awareness sessions dedicated to the environment or containing only a portion dedicated to the environment:

- the training of employees to reduce their impact on the environment

(energy consumption, handling of hazardous products, training in environmental regulations, training for HSE officers, training in environmental audits, water management, waste management, sustainable grape-growing, etc.).

- general environmental training/awareness (major challenges: greenhouse gases, biodiversity, awareness of harvest workers, etc.) or in environmental management systems (ISO 14001 etc.).
- training given by the Holding company (orientation seminar for new managers, presence on the Environment Commission, work of the LVMH Environmental Department in your executive committees or other meetings, etc.).
- the hours devoted by in-house environmental trainers (sustainable development week, world water day, HSE officer who conducts training/awareness sessions, etc.).

Environmental audits

This indicator is expressed in number of audits. This value corresponds to the number of audits conducted. The audits

included in this indicator must cover:

- the environmental performance (waste, discharges into air, water, oil, energy and water consumption, noise, etc.),
- an assessment of the environmental risks (flood, fire, etc.),
- the regulatory compliance of the company,
- an assessment of the environmental management system (tracking audit, internal audit, certification audit, etc.) and/or the performance of the environmental management system; they are validated by a written "audit report", which proposes recommendations.

Audits are separated into two categories:

- Internal audit: conducted by the personnel of the company or Group (Company or LVMH internal audit teams).
- External audit: conducted by third parties (insurance companies, certification organizations, government, etc.).

Expenses incurred to prevent the environmental impacts of the activity

This indicator is expressed in thousands of euros. It includes the following expenditures and investments made to prevent the environmental impacts of the activity:

- Expenses to protect air and climate
- Expenses to manage waste water
- Expenses to manage waste
- Expenses to fight noise and vibrations (excluding the protection of work locations)
- Expenses to protect biodiversity and the landscape
- Expenses for research and development
- Expenses for other environmental protection activities.

Report of reasonable assurance of the Auditor on certain LVMH Moët Hennessy Louis Vuitton environmental indicators

(Year ended December 31, 2008)

Dear Sir/Madam,

As the auditors of LVMH Moët Hennessy Louis Vuitton, we have conducted a review designed to allow us to express reasonable assurance that a selection of environmental indicators for the year 2008 and identified by a checkmark in the registration document from page 54 to page 63 (the "Data") were established in all material respects in accordance with the LVMH environmental reporting protocol, Version No. 4 of October 20, 2007 (the "Standards"), a summary of which is presented in "Methodology for the LVMH Group Environmental Reporting" in Chapter 6.

It is the responsibility of the LVMH Environmental Department to establish the Data, the Standards and to ensure they are available.

It is our responsibility, on the basis of our audits, to express an opinion on this Data. Our audits were conducted in accordance with the international ISAE 3000 standard (International Standard on Assurance Engagement), in compliance with the rules of independence defined by the laws and regulations and the professional code of ethics.

The opinion presented below covers only this Data and not all the environmental indicators contained in the registration document.

1. Nature and scope of the controls

To express our opinion, we conducted the following review:

- We assessed the Standards with regard to accuracy, clarity, objectivity, completeness and relevance with regard to the activities of the group and reporting practices in the sector.
- At the level of the Group, we:
 - conducted interviews with those responsible for reporting the Data;
 - conducted an analysis of the risks of anomalies and material relevance,
 - assessed the application of the Standards, the implementation of analytic procedures, consistency tests, and verified on a test basis the consolidation of the Data.
- We selected a sampling of thirteen companies and twenty-one operational entities⁽¹⁾ representative of the activities and geographic locations, based on their contribution to the Data and the risks of anomalies previously identified:
 - The entities selected represent on average 64% of the total value of the Data published by LVMH⁽²⁾.
 - At this level, we verified the understanding and application of the Standards and conducted detailed tests on a test basis, which consisted of verifying the calculation formulas and reconciling the data with the supporting documents.
- We reviewed the presentation of the Data in the registration document from page 54 to page 63.

To assist us in carrying out this work, we called upon our specialized teams on Sustainable Development issues, which report to Eric Duvaud.

Based on controls performed for the last seven years on the significant entities of the Group and the actions conducted by LVMH to improve the understanding an application of the Standards by the sites, we believe that our work provides a reasonable basis for the opinion expressed below.

2. Information on the Standards

The Standards call for the following comments:

- LVMH is making an ongoing effort to progressively extend the scope of the environmental data reporting, particularly to the retail activities which are only partially consolidated. For these activities, the reliability of the reporting process must be improved. In fact, given the dispersion of the points of sale, reporting the environmental data is more complex.
- In order to improve the reliability of the processes to supply environmental data, efforts to strengthen internal controls must be continued, particularly at the central level.
- Control of the application of the Standards must be improved, particularly for the "Environmental Audits" indicator, which is interpreted in different ways by the operational entities.

3. Opinion

Concerning the 'Waste Recycling' information, we did not obtain all the supporting documents required for a conclusion.

In our opinion, subject to the reservation expressed above, the Data has been established, in all materials respects, in accordance with the Standards developed by LVMH.

Paris-La Défense, May 5, 2009

The Auditor

ERNST & YOUNG Audit

Jeanne Boillet

Olivier Breillot

(1) Companies (and operational entities): Bodegas Chandon (Agrelo, Terrazas), Cortech (Cornol), Duty Free shop (George Street, Gold Coast and Okinawa), Glenmorangie (Broxburn, Tain, Glen Moray and Ardbeg), Louis Vuitton luggage company (Issoudun), Make up forever (Gennevilliers), Moët & Chandon (Epernay - all operational sites), Parfums Christian Dior (Saint Jean de Braye and Pudong), Parfums Givenchy (Levallois), Rossimoda (Vigona - all Italian operational entities), Sephora (one entity representing a selection of boutiques in France), Veuve Clicquot Ponsardin (Reims - production and vineyards) and Zénith (Le Loche).

(2) In detail, the contributions by indicators are as follows: environmental audits (external and internal): 66%; water consumption/process needs: 68%; COD after treatment: 97%; product waste: 72%; hazardous waste: 50%; waste recycling: 74%; energy consumption: 48%; greenhouse gas emissions: 39%; packaging placed on the market: 59%.