

LVMH

PRESERVING THE ENVIRONMENT 2010



LVMH

MOËT HENNESSY • LOUIS VUITTON

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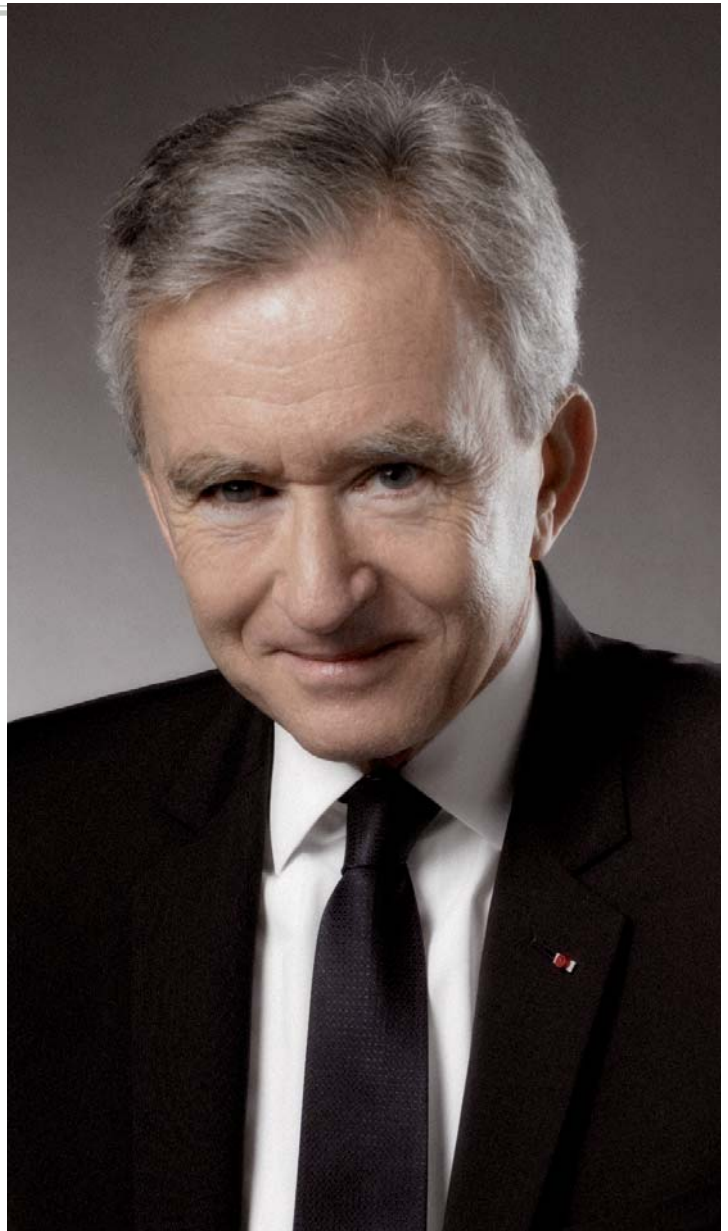
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I am convinced that to create dreams for our customers, we must dream ourselves: to do this we must continue to invest in the skills and talents of the men and women of LVMH, combined with protecting the environment. This is what allows us all to be part of a responsible enterprise project. For me, this commitment by LVMH to be socially responsible is in fact absolutely inherent to what we are called to do. Our company continues to pursue its efforts to increase its value and ensure the durability of its responsible growth model, which is based on a long-term vision shared by everyone in the Group.



Bernard Arnault
Chairman & Chief Executive Officer

FOR THE COMPANIES OF THE LVMH GROUP, OUR HERITAGE AND HISTORY ARE SOURCES OF CREATIVITY AND INEXHAUSTIBLE RENEWAL. THEY FORM THE FOUNDATION OF DESIGNS THAT ARE SOMETIMES VERY DARING, BUT ALWAYS ANCHORED IN THE VALUES OF THE BRAND AND EXECUTED WITH PERFECTION. THIS EXCELLENCE AND THIS CREATIVITY NECESSARILY INCLUDE THE ENVIRONMENTAL DIMENSION WHICH HAS BECOME A VITAL CONCERN FOR OUR CUSTOMERS, OUR EMPLOYEES AND ALL THE PARTNERS OF THE GROUP. THESE CONCERNS, WHICH NOW TAKE ON PARTICULAR IMPORTANCE, HAVE LONG BEEN INTEGRATED BY OUR BRANDS. THE ENVIRONMENTAL DEPARTMENT, FOR EXAMPLE,

ANTONIO BELLONI,
GROUP MANAGING DIRECTOR OF LVMH

HAS DEFINED AN ENVIRONMENTAL STRATEGY SINCE 1992 AND ASSISTS THE COMPANIES IN IMPLEMENTING SUSTAINABLE DEVELOPMENT

INITIATIVES. THE YEAR 2010 SAW A WEALTH OF PROJECTS LIKE THOSE OF LOUIS VUITTON OR PARFUMS CHRISTIAN DIOR, AND MANY GROUP COMPANIES MADE AN INVESTMENT IN THE PRODUCTION OF RENEWABLE ENERGY WITH OVER 750 M2 OF PHOTOVOLTAIC PANELS INSTALLED ON THE ROOF OF THE TAG HEUER WORKSHOP IN SWITZERLAND, WHILE SEPHORA AGAIN EXPANDED THE USE OF ELECTRIC TRUCKS FOR DELIVERIES TO CERTAIN STORES. OTHER EXAMPLES ARE PRESENTED IN THIS 10TH ENVIRONMENTAL REPORT. THE QUALITY OF THESE ACHIEVEMENTS HAS ALSO BEEN RECOGNIZED BY FINANCIAL RATINGS AGENCIES AS LVMH IS INCLUDED IN INDEXES SUCH AS THE DJSI AND FTSE4GOOD, WHICH CLASSIFY THE COMPANIES WITH THE BEST ENVIRONMENTAL PERFORMANCE.



THE STORES AND THE ENVIRONMENT

The 2010 focus is about stores. All the business groups of LVMH, with the exception of Wines and Spirits, own stores. They are showcases for the Group Companies, reflecting the excellence of their products, and they are spaces where every customer enjoys a unique experience. From an environmental standpoint, these stores are a significant source of energy consumption, particularly in terms of lighting and air conditioning. Programs have been conducted for the past several years by the various Brands to improve their energy performance. While energy consumption is the leading source of improvement, the Companies are also working on other aspects, including water consumption, furnishings, buildings and waste recovery. A Group “stores and environment” committee has existed since 2009 to share and deploy the best practices of the Companies. Work continues to be done to develop energy efficient lighting for the luxury Brands and to deploy renewable energy sources.

THE CARBON FOOTPRINT (BILAN CARBONE®) AND ENERGY AUDITS—THE FIRST STEPS

Before initiating improvement programs, the first step is to measure. This means identifying the principal vectors for action. Since 2002, all the Companies with a large store network have first completed their Carbon Footprint. This is a tool to evaluate the greenhouse gas emissions generated by a Company, including manufacture, transport, sale and end of life. For a store, the emissions related to construction or

renovation, direct and indirect energy consumption for air conditioning, lighting and heating, vehicle consumption for deliveries and employee travel, and customer travel to come to the store are all included. Louis Vuitton, Sephora, DFS, Guerlain, Parfums Christian Dior and Le Bon Marché have completed their Carbon Footprint. They confirmed the major role of the stores in the total footprint.

Energy audits were then conducted in almost all the Companies in order to identify very specifically the measures to be implemented to improve the energy

performance of the stores. In almost all cases, the audits highlighted the lighting and air conditioning items as the principal source of improvement.

PROGRAMS ARE EXPANDING

At the end of its Carbon Footprint in 2007, Bon Marché developed an energy saving plan which is already bringing results, with over 1.7 GWh saved between January 2008 and April 2010, exceeding the objectives initially set, primarily through the use of low-energy lighting sources. After significant work to restore its architectural heritage, the store has been offering since 2010 a new Balthazar space that generates consumption of 30 W per m² compared with 51 W per m² before, without reducing the overall lighting quality. The replacement of light sources has already generated a savings of 220,000 kW in this space alone. Le Bon Marché also uses ‘free cooling’ technology, which consists of recovering calories from the outside air drawn into the store, and then heating it or cooling it depending on the season. This technology generates significant energy savings, primarily in the spring and fall.

In 2009, the Sephora Carbon Footprint identified energy consumption in the stores and the travel of customers as the major emissions items related to energy. An ambitious objective to reduce these emissions was then set: - 21% by 2012. This is resulting

in major efforts on energy savings in stores. Sephora North America is committed to the "Sephora North America Carbon Footprint" process for its 254 stores and two distribution hubs, a road map for reducing greenhouse gas emissions and energy consumption. It defines an entire series of realistic objectives, ranging from the reduction of consumption of fossil fuels, electricity and refrigerants to projects on transport and the treatment of waste water, water management and improved recycling. It should also be noted that the Sephora Stonestown boutique in San Francisco is the first to have earned the American LEED Platinum (Leadership in Energy and Environmental Design) certification, an environmental quality certification for buildings. Its energy performance is 45% higher than that of the other Sephora stores in North America. Using these results, the brand is planning to expand this certification. Finally, to light its Texas stores, Sephora North America has selected Green Mountain, a supplier of electricity from renewable resources like solar, hydraulic and wind energy. The CO₂ emissions generated by this electricity are less than those from fossil fuel combustion (coal, oil or natural gas).

And Sephora Europe is making significant efforts to deploy new low-energy technologies like LEDs. This is the case for the Champs Elysées store in Paris which has been a pilot site since May 2009 for testing these new sources, which are being

progressively deployed in the other stores. The Saint Placide store in Paris, for example, is the first retail store in France to use 80% LED-based lighting. This innovation generates energy savings of over 50% compared to a standard store. In addition, Sephora was the first specialized retailer to use electric trucks on a large scale to deliver to more than 80% of its French stores.

DFS, the travel retail specialist, has a large network of stores, gallerias, and corners located primarily on the Pacific Rim. DFS completed its Carbon Footprint in 2009, which indicated that energy and air conditioning totaled 35% of the CO₂ emissions, excluding the products sold. Here again, the action vectors are primarily at the level of energy savings. As part of a major renovation in 2010, the Sunplaza Galleria in Hong Kong accordingly applied various "Green Initiatives". Overall, the store consumes 15% less energy, -23% for lighting, -13% for air conditioning and -14% for the escalators and emits 15% less CO₂. For the lighting, the work focused on new low-energy light sources like LEDs or halogen lights, but also on a new way to light the store. Water consumption is down 26%. Finally, the renovation of Sunplaza generated construction waste, 55% of which was sorted and recycled. Similarly, the DFS store in Guam, which already reduced its consumption by 1 million kWh in 2008, again successfully reduced it by 448,000 kWh in 2009 by increasing awareness initiatives and by installing energy-efficient lighting and air conditioning systems. All the actions implemented during the renovation of these stores are now being extended to all new stores and renovations.

Louis Vuitton has been working for a long time to improve the energy performance of its stores. In 2005, Louis Vuitton introduced new low-energy light sources, like halogen lamps. They have reduced lighting energy consumption by 30%. And as a direct consequence, as the heat released by the lighting was reduced, consumption by the air conditioning system also declined by 40%. Like Sephora North America, Louis Vuitton has earned Leed Gold environmental certification for its new store in Santa Monica, California.



1. Le Bon Marché: this new area alone should achieve 38% energy savings on lighting (with an additional 92,900 kW saved per year).
2. The Saint Placide Sephora store in Paris uses 80% of led for lighting.

LEED CERTIFICATION

LEED (*Leadership in Energy & Environmental Design*) certification was created in 1998 in the United States by the United States Green Building Council (USGBC) to encourage the building sector to develop strategies aimed at improving performance in various areas: energy savings, reductions in CO₂ emissions, improving interior air quality, and protecting water resources. According to an American study, a LEED certified building is on average 19% more energy efficient than other buildings of the same category (LED lighting, more efficient air conditioning systems, better use of equipment and more). The 45% reduction achieved by the "Stonestown" Sephora boutique is one of the best rates obtained by commercial buildings.

Other Group Companies have boutiques or points of sale in department stores and are working to improve their environmental performance. Parfums Christian Dior renovated its counter within Galeries Lafayette in late 2010. Placed under the dome with relatively low ceilings, studies led to a complete redesign of the lighting and LEDs was a logical choice. This system reduces the energy expended for direct lighting to 50 W/m². It is easier on the eye thanks to a controlled contrast between the furnishings and the aisles and it gives employees a more pleasant working environment. The new lighting thus offers a threefold benefit: not only is energy performance improved, but working conditions are better and the brand is highlighted even more.

In addition to the activities related to the production and shipment of its products, the Sustainable Development strategy of Guerlain naturally integrates its boutiques. In order to reduce energy consumption, interior sensors are now installed. Moreover, the Paris boutiques have systematized the recycling of empty testers. As a result nearly 50,000 pieces have already been sent to the LVMH Cedre recycling platform. At the same time, the boutique on the rue de Sèvres is conducting a pilot experiment by offering customers the opportunity to return their empty bottles and jars for optimal recycling by giving them a second life, via the same platform. The operation will be expanded to all the Paris boutiques during the year.



1. To reduce their energy consumption, the Guerlain boutiques used interior sensors in their stores.
2. The DFS Sunplaza Galleria in Hong-Kong is a model in terms of its carbon footprint.

A high-energy performance Dior store in Galeries Lafayette.



COMMENT FROM ERNST & YOUNG

Stores

The primary environmental impacts of the retail sales operations of the LVMH Group relate to energy consumption (for lighting, heat and air conditioning), water consumption (for sanitary needs and air conditioning) and, to a lesser extent, waste production.

The LVMH Group has over 2,400 stores throughout the world, including the leading Sephora, DFS and Louis Vuitton brands. The density of this retail network results in complexity in the environmental reporting and leads LVMH to extrapolate environmental indicators for some of this network on the basis of ratios per unit of sales area.

This year, the stores which responded directly in the environmental report (i.e. without estimates) accounted for 40% of the sales areas for energy consumption and 17% for water consumption. In 2010, the percentage of stores for which an estimate was made was higher.



PRESERVING THE ENVIRONMENT

For many 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 Compact, an initiative launched by Kofi Annan that is

PRESERVING THE ENVIRONMENT

based on its signatories' voluntary commitment to adhere to ten principles relating to human and citizen rights, working conditions, and the environment, in order to contribute to more sustainable growth at an international level. In 2010, the Companies initiated concrete programs, such as the environmental certification of stores and industrial buildings, the deployment of programs aimed at protecting biodiversity, and eco-design in packaging.

A GROUP COMMITMENT

Like any 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 & SPIRITS | <ul style="list-style-type: none"> ■ Save energy resources and fight climate change (production of packaging, distillation and product shipment). ■ Protection and saving of water resources: Water consumption (vine irrigation in Australia, New Zealand, Argentina and California, the production of effluent loaded with organic matter during the wine-making and distillation processes). ■ Recovery of waste products (fermentation and distillation processes). ■ Protection of the ecosystems and natural resources, particularly the plants (vines) necessary for production, ■ Reduction of the impact of production and transformation of raw materials, particularly through eco-design for packaging. |
| FASHION & LEATHER GOODS | <ul style="list-style-type: none"> ■ Save energy resources and fight climate change (store lighting and air conditioning, product shipment). ■ Protection of the eco-systems and natural resources, particularly plants (textile fibers) necessary for production. ■ Reduction of the impact of the production and transformation of raw materials, particularly through eco-design (packaging, cotton and other textiles, leathers). |
| PERFUMES & COSMETICS | <ul style="list-style-type: none"> ■ Save energy resources and fight climate change (production of packaging and product shipment). ■ Protection and saving of water resources. ■ Protection of the ecosystems and natural resources, particularly plants, necessary for production. ■ Reduction of the impact of the production and transformation of raw materials, particularly through eco-design (packaging and components for perfumes and cosmetics). |
| WATCHES & JEWELRY | <ul style="list-style-type: none"> ■ Protection of ecosystems and natural resources (packaging, stones and precious metals). |
| SELECTIVE RETAILING | <ul style="list-style-type: none"> ■ Save energy resources and fight climate change (store lighting and air conditioning, product shipments). |

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

ENVIRONMENTAL CHARTER

THE ENVIRONMENTAL CHARTER SIGNED BY BERNARD ARNAULT IN 2001 IS A CONCRETE EXPRESSION OF THE VISION OF THE LVMH GROUP OF HOW TO INTEGRATE PROTECTION OF THE ENVIRONMENT IN ITS BUSINESSES:

Aim for a High Level of Environmental Performance

In developing its businesses internationally, LVMH works to align its practices with those that offer the best level of environmental protection around the world.

Foster a collective commitment

The environment is the responsibility of every individual and LVMH believes that awareness, education and training of its employees are top priorities. To ensure a continued high level of environmental performance, the Group believes it is vital for each company to set precise environmental objectives and implement a management system dedicated to this process.

Control environmental risks

In addition to the most stringent compliance with environmental regulations, which is an absolute duty, the Group intends to focus on risk prevention. As a result, it allocates human and material resources to this goal.

Design luxury products by integrating environmental innovation and creativity

Guided by its overriding concern for high quality, LVMH is working to improve control and better anticipate the environmental aspects related to the life cycle of its products. LVMH encourages all processes that result in environmental innovations and accepts its duty to exercise prudence and take precautions to ensure total safety for the consumer.

Make commitments outside the company

LVMH intends to contribute to the protection of the environment above and beyond just the aspects directly related to its own businesses. Because it considers that promoting respect for the environment is essential, LVMH is developing an active partnership with groups of businesses, local communities and the associations which contribute to this objective.

The Group's Environmental Department has been inspiring the Brands for the past seventeen years with a shared vision for the protection of the environment. It reports directly to the Group Managing Director and defines the outlines for action. It

ensures the application of the Environmental Charter and organizes internal environmental audits. It also assists the Companies in their various different processes, particularly in terms of training, management, eco-construction, the reduction of greenhouse gases emissions, energy savings, eco-design, and the preservation of biodiversity and water resources. The companies implement the environmental objectives they have defined on a daily basis. The environmental agents meet four times a year within the Environmental Committee in order to share best practices and conduct joint initiatives. All their practices contribute to ongoing improvement and are consistent throughout the Group.

MEASURES TO INCREASE AWARENESS ARE EXPANDED AND ORGANIZED

Creating awareness and motivating employees in the various aspects involved in preserving the environment begins with training. The Group Brands last year continued environmental training and awareness programs for their employees. Like the Group, more and more Companies have set up their own Environmental Committees to deploy this process internally. Over 12,577 hours of training were offered in 2010 for this purpose.

Already equipped with a Sustainable Development steering committee representing all departments, last year Guerlain named fourteen new agents in the various geographic regions to implement and relay this strategy more extensively. In order to increase employee awareness, the Company organized several events. One event brought together over 800 people from all the sites. All Guerlain sales personnel were also given training during a special seminar. At the same time, the Brand installed five bee hives at its Orphin site. The honey collected was given to each

employee after being packaged by a company that hires disabled workers. A "Special Bee Issue" of the in-house newsletter "*Être Guerlain*" also offered a broad look at the Guerlain Sustainable Development policy, covering the three major areas of action identified as a result of the Company's Carbon Footprint: environmental management, eco-design and biodiversity.

Louis Vuitton uses the major national and international environmental or sustainable development events to increase employee awareness. Whether it is films on best practices, games, quizzes, project calls or even group challenges, these operations have a strong impact on the workers who feel increasingly involved. In the United States, Earth Day was an opportunity to launch the "Earth Day Corporate Contest": every employee was invited to suggest measures aimed at reducing the impact on the environment, with the winning measure ultimately being implemented. Earth Day was also marked by tree planting in one of the parks in the city of San Dimas, the site of a Company workshop, in a ceremony attended by the local authorities. Other special events were opportunities to conduct targeted actions: awareness programs on water savings during World Water Day, taking collections for humanitarian organizations during Waste Reduction Week, reissuing the "Guide to Green Transport in Paris," and reimbursement of the Vélib subscription for employees at the Paris headquarters during



The Guerlain sustainable development steering committee.

Mobility Week. Louis Vuitton also expanded its internal communication media: articles in the Louis Vuitton in-house letter, special training sessions for new employees, awareness programs on green initiatives through displays and the intranet etc. This is a strong and ongoing commitment by Louis Vuitton, where the environment is one of its core values.

Hennessy continued its communication efforts concerning water resources. An element that is both vital and crucial to the development of the vines, water also reveals the flavors of the Hennessy Cognacs. After launching tasting articles for the “*Fine à l'eau*” (brandy with a splash of pure water) early in the year, it set up an in-house contest on the theme of water in the world and implemented several measures with suppliers. In addition, it organized an operation to clean up the banks of the Charente which mobilized a large number of its employees over the month of July: 158 kg of all kinds of waste products were collected over a distance of just one kilometer. At the same time, the Company hosted the “H₂O, Hennessy and Water” exhibit in its museum with the aim of encouraging a different vision of water protection in the company. Other Brands like Parfums Christian Dior, Estates & Wines, Le Bon Marché, Moët et Chandon and Veuve Clicquot continue to build their internal environmental networks and regularly increase employee awareness. Veuve Clicquot, for example, distributed its environmental brochure and, as part of its ISO 14001 certification, Parfums Christian raised the awareness of employees at the Saint Jean De Braye site.



The “H₂O, Hennessy and Water” exhibit.

INCENTIVES TIED TO ENVIRONMENTAL PERFORMANCE

In order to encourage employees to go all out and achieve results, environmental criteria have been included in the calculation of profit-sharing since 2003 at Veuve Clicquot and since 2007 at Moët & Chandon. At Veuve Clicquot, three criteria were taken into consideration: water and energy consumption and the quality of selective sorting. At Moët & Chandon, an indicator has been developed, based on electricity consumption, which takes into account all the activities, from grape production to the final product, including all stages—pressing, assembly, fermentation, racking, corking and packaging. In 2008, Hennessy included an environmental indicator in the calculation of employee incentive compensation. Approved by its social partners, this new criterion is based on paper consumption in terms of number of sheets used per person compared to Hennessy’s total consumption at its two sites in Cognac and Paris. The goal is to achieve a 3% reduction. This initiative is part of the new environmental policy 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.



SIXTH EDITION OF THE “MATIÈRES À PENSER”

This guide identifies about forty materials offering environmental performance that has value for the Group’s products and explains the different applications possible in each business. It is intended first and foremost for stylists, marketing managers, developers and buyers for whom it is a true work tool. For the sixth edition, the materials are classified by application: packaging, textiles and leathers, communications and store furnishings.



PRESERVING THE ENVIRONMENT

The Group defined various actions and policies that take into consideration the key environmental challenges of its businesses in the areas of climate change and energy, building management, biodiversity, waste, and water. In this context, the environmental

TANGIBLE RESULTS AT ALL OUR SITES

management and risks management processes form the general methodological framework which structures the policies of the Companies and ensures tangible results.

ENVIRONMENTAL MANAGEMENT

Expansion of ISO 14001 certification

One of the major components of the Environmental Charter promulgated in 2011 requires each Company to establish an environmental management system as part of a management-driven policy. At the end of 2010, a large number of Brands were ISO 14001 certified. This is the case, for example, for the Brands of the Cognac-Champagne-Vodka division; each one was the subject of a new or follow-up audit without any non-compliance or comment. After the French logistics sites, the Pont Neuf headquarters in Paris, and the Barbera workshop in Spain, Louis Vuitton continued its process for ISO 14001 certification of its French workshops, with the workshops in Ducey and Sainte Florence earning 1st-stage ISO 14001 certification in March and July 2010 respectively. The Bailleul and Pont Neuf headquarters passed their audit. After its international center in Saint Jean de Braye, Parfums Christian Dior earned certification for its Singapore distribution platform last year. At Guerlain, the Orphin and Chartres production sites began the process for ISO 14001 environmental certification: two people were recruited specially for this task and test audits have already been conducted. These two sites are expected to earn their certification in the first half of 2011. And the corporate offices launched the process in late 2010. From Australia to California, the Estates & Wines brands earned particularly high honors last year. Cape Mentelle was the first wine company in Western Australia to win "Entwine Australia" certification for the use of outstanding environmental practices. It also received the Prize for Best Sustainable Development Practices as part of the Wine Sector Prize in Western Australia. This prize recognizes the actions conducted both in the vineyard and in wine-making. Finally, in 2010, 41% of the industrial, logistics or administrative sites were audited, representing 39 outside audits and 37 internal audits.



Food safety

LVMH is particularly proactive in managing environmental risks: systematic identification of risks, prevention, protection of people and property, and the crisis management plan are the four components of its policy in this area. The entire Champagne-Cognac-Vodka division is also certified ISO 22000 in food safety management. ISO 22000, which covers all activities in the food chain, is designed to harmonize food safety management practices in order to guarantee maximum safety for the consumer. Hennessy is already deeply committed in this area with its quality initiative. The Cognac company has had a department dedicated to the environment and food safety since 2004; its missions range from analyzing the dangers at each of the seven steps in the fabrication process to qualifying 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 special verifications.

ENERGY EFFICIENCY AND RENEWABLE ENERGY

In 2010, the companies included in the consolidated statements consumed 554,425 MWh, broken down by energy source as follows: 65 % electricity, 19% natural gas, 7% heavy fuel, 5% fuel oil, 2% butane-propane, 1% steam and less than 1% renewable energy sources. This represents an increase of 3% from 2009. This consumption is generated, in descending order, by the business groups Selective Retailing (35%), Wines and Spirits (28%), Fashion and Leather Goods (19%) and Perfumes and Cosmetics (13%); the remaining 5% is generated by Watches and Jewelry and the other activities of the Group.

The energy consumption of the sales areas excluded from the scope of reporting (60% of the total sales area) is estimated at 289,913 MWh.

Initiatives structured to save energy and combat climate change

An awareness of energy savings and climate change has long been part of the environmental policy of LVMH, which was a true pioneer when it completed its first Carbon Footprints in 2002 at Hennessy, Parfums Christian Dior, Moët & Chandon and Veuve Clicquot. Louis Vuitton, Parfums Givenchy, Guerlain, Sephora, DFS, Le Bon Marché and Make Up For Ever then followed. As of this date, all the major Group brands have completed their footprint and are working to implement priority measures in the production of packaging, product shipment, and energy consumption at the production sites and stores (see introduction to the report). In 2009, the

updating of the 2007 Carbon Footprint revealed a 15% reduction in CO₂ emissions at Guerlain, the result of the many programs established. For example, the Company uses maritime shipping as much as possible, which has a much smaller impact than air transport. Likewise, Louis Vuitton, which is at its third update with a significant expansion of the perimeter analyzed, also launched a Carbon Footprint in order to optimize the packaging for its Neverfull bag. After the Carbon Footprint completed worldwide by Sephora, the American subsidiary Sephora North America in 2010 completed its own Carbon Footprint, the first step in the development of its climate action plan organized around realistic and ambitious objectives, such as the lighting in its stores.

In fact, the lighting and air conditioning in the 2,545 stores is one of the leading sources of greenhouse gas emissions in the Group and a great deal of research and innovation is being done to maintain the extraordinary quality of the light sources, while reducing energy consumption. This area is discussed in a special focus at the beginning of this report (cf page 3). At the same time, Guerlain has initiated a general process to cut down on energy consumption: zoning in the conditioning shop at Orphin to adapt electric use to needs, the installation of new low-energy lighting systems equipped with light sensors in the workshops in Chartres and Orphin, deployment of interior sensors at the headquarters in Levallois and in the boutiques, along with systematic integration of the energy performance component in the purchase of new machinery. Louis Vuitton also continued its measures to reduce energy consumption in the workshops and offices as well as the stores. As a result, the Sainte Florence workshop installed centralized technical energy management. The Ducey workshop improved the insulation in the building by installing air-lock doors. These concrete actions included programs to raise employee awareness of the average comfort temperature recommended.



Finally, the LVMH Group earned a 75 out of 100 in the Carbon Disclosure Leadership Index France 2010, which rates companies on the integration of climate change in their strategy and performance in reducing greenhouse gas emissions. LVMH improved its 2009 performance and ranks among the top twenty French groups.

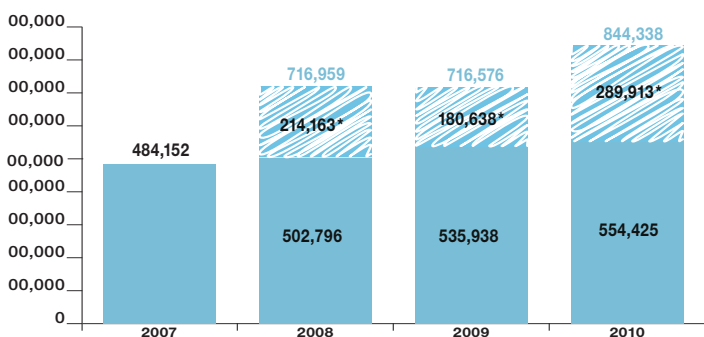
Expansion of renewable energy with solar and geothermal power

Renewable energy sources are being rapidly extended in the Group Brands. Early in October 2010, Louis Vuitton installed 2,000 m² of photovoltaic membranes and 64 photovoltaic panels at its Cergy 1 warehouse with expected yield estimated at 90 MWh a year. At the same time, watchmaker TAG Heuer began the installation of one of the largest photovoltaic plants in French-speaking Switzerland on the roof of its four buildings in Chaux-de-Fonds, following the wise advice from Leonardo DiCaprio, who is becoming increasingly involved in the Brand's sustainable development policy. The 750 m² of photovoltaic membranes contribute to the production of 100,000 kWh a year, representing 10% of total consumption at the site. These two projects supplement the installations already in place at Louis Vuitton, Veuve Clicquot and Parfums Christian Dior: geothermy (heating and air conditioning in the Louis Vuitton workshop in Fiesso, the Hôtel du Marc of Veuve Clicquot and the offices at the Louis Vuitton logistics platform in Eole de Cergy), direct solar (hot water production at the Barbera workshop) and photovoltaic solar (electricity production for the Europa logistics hub in Cergy, the Hôtel du Marc of Veuve Clicquot and a packaging site for Parfums Christian Dior).



TAG Heuer is installing 750 m² of photovoltaic panels on the roofs of its buildings in La Chaux-de-Fonds.

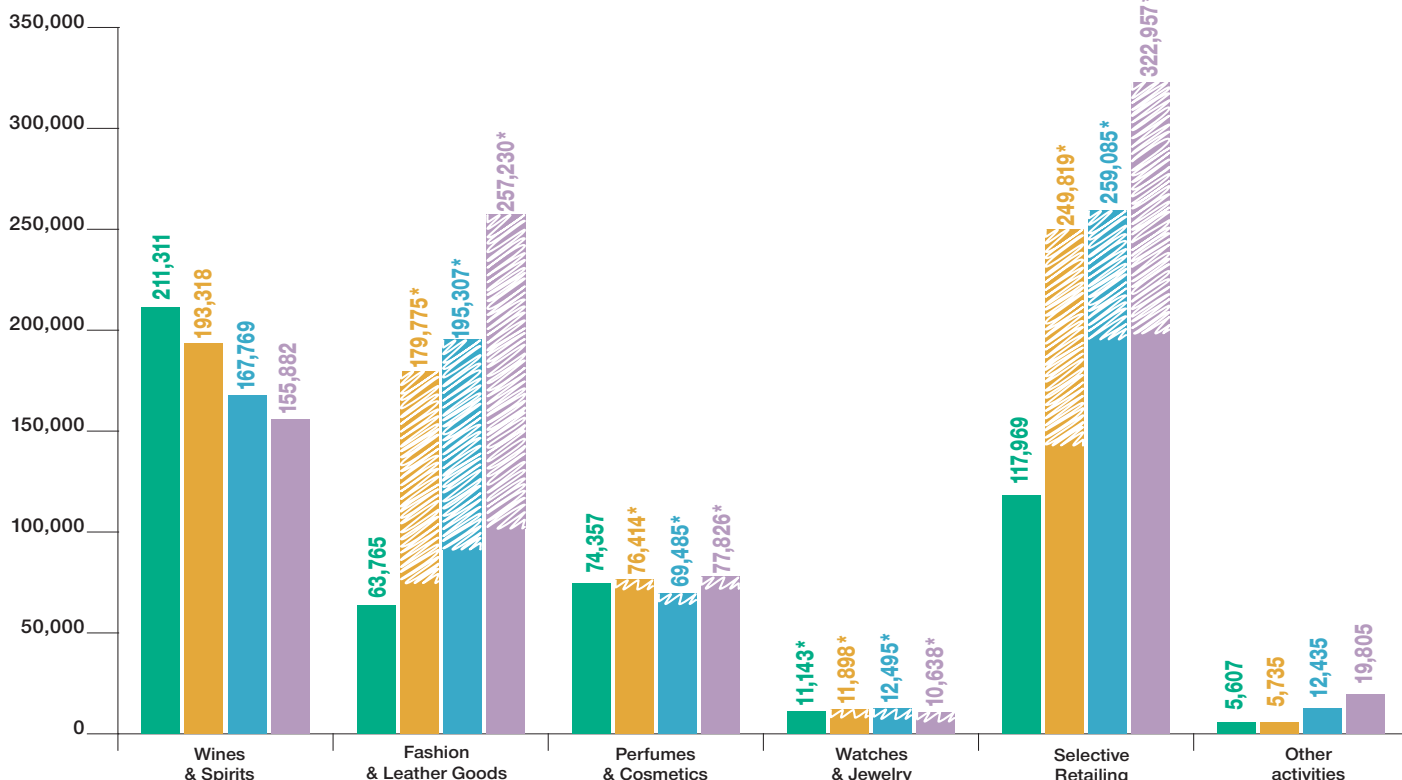
CHANGE IN ENERGY CONSUMPTION (IN MWH)



* Estimates of energy consumption for sales areas excluded from the scope of reporting and audit (60% in 2010, 50% in 2009 and 62% in 2008) are shown separately: 180,638 MWh in 2009 and 214,163 MWh in 2008.

The increase as of 2008 is primarily related to the estimate of energy consumption for the sales areas excluded from the scope of reporting. More detailed information is available in the graph showing energy consumption by sector. The values shown correspond to the total primary energy sources used internally (i.e. the combustion of which occurs on the Group's sites: fuel oil, butane, propane and natural gas) and secondary sources used externally (converted energy sources generated by combustion outside the site).

CHANGE IN ENERGY CONSUMPTION BY BUSINESS GROUP (IN MWH)



* Estimates of energy consumption for sales areas excluded from the scope of reporting and audit (60% in 2010, 50% in 2009 and 62% in 2008) are shown separately.

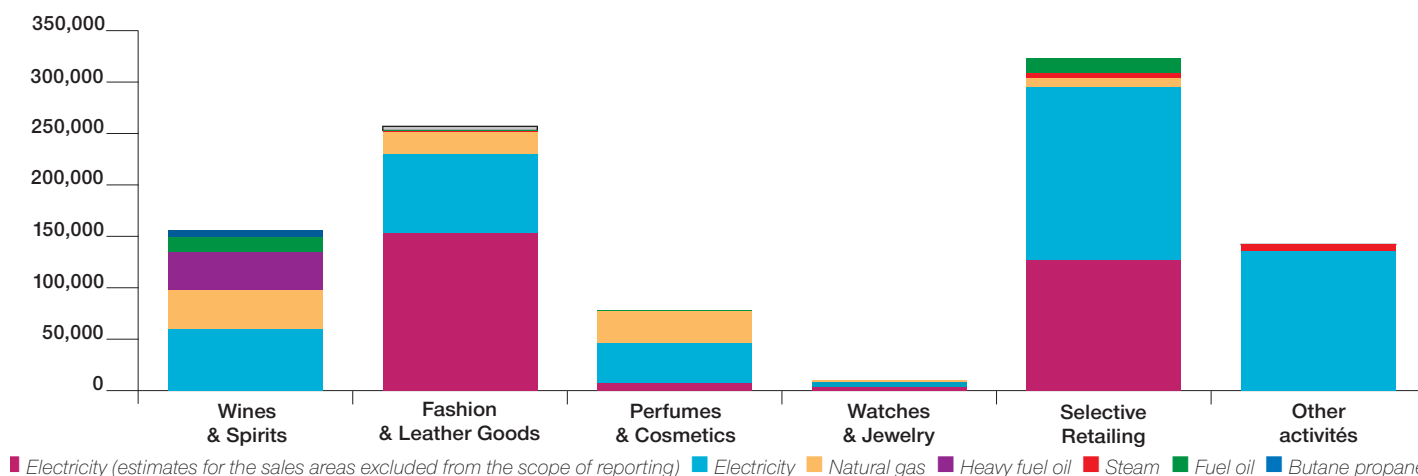
■ Energy consumption (MWh) in 2007 ■ Energy consumption (MWh) in 2008 ■ Energy consumption (MWh) in 2009 ■ Energy consumption (MWh) in 2010

Fashion & Leather Goods: Change related to the increase in business and the consolidation of new Louis Vuitton sites.

Selective Retailing: Change related to the increase in business and the integration of new Sephora stores.

Other activities: Change related to the integration of Royal Van Lent.

ENERGY CONSUMPTION BY SECTOR AND BY SOURCE IN 2010



ATMOSPHERIC EMISSIONS

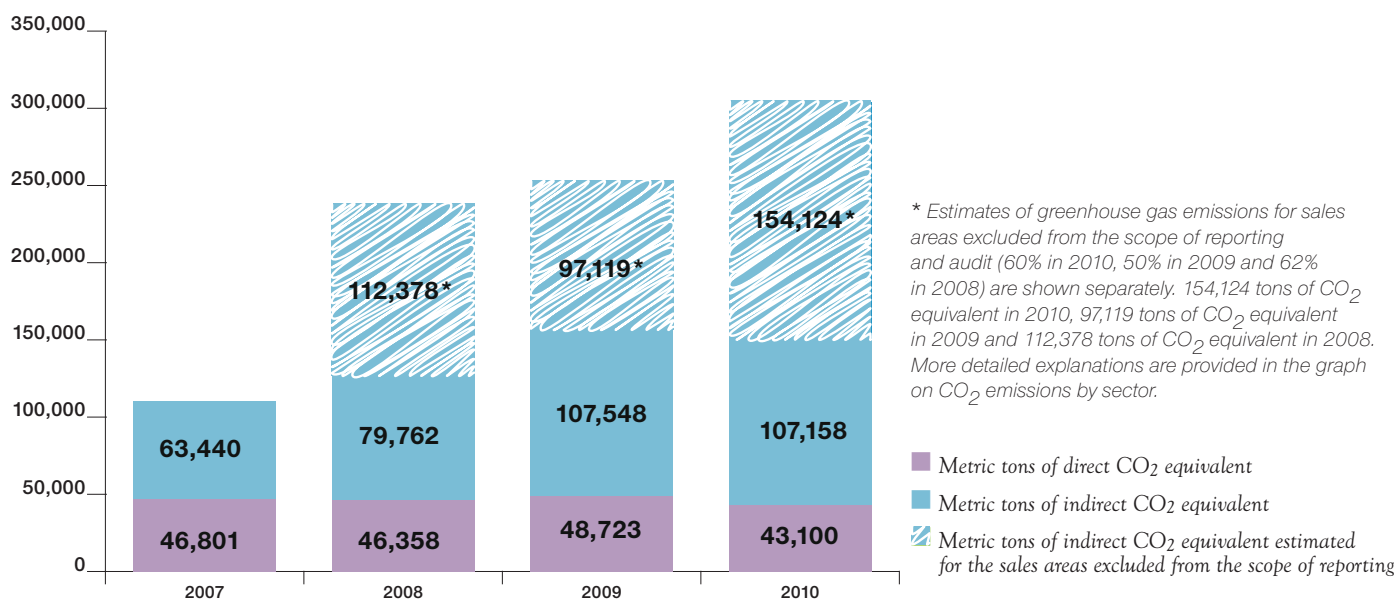
Greenhouse gases are the only significant air emissions from the Group's activities. These emissions are primarily attributable to energy consumption on our sites as well as to transport activities. Emissions generated by these sites are estimated in metric tons of CO₂ (carbon dioxide) equivalent and include direct emissions (on-site energy production) and indirect emissions (from off-site production of electricity used by the sites). LVMH also actively monitors VOC (volatile organic compound) emissions, which impact the Spirits companies (Cognac and Whisky) through the evaporation of alcohol during aging in vats and, to a lesser extent, the Perfumes and Cosmetics and Fashion and Leather Goods companies which may use volatile substances (glues, solvents, etc.) in their fabrication processes.

Greenhouse gas emissions totaled 150,258 tons of CO₂ equivalent in 2010 compared with 156,271 tons of CO₂ equivalent in 2009. 69% of the sales areas (Selective Retailing, Fashion and Leather Goods, Perfumes and Cosmetics, Wines and Spirits) are not included in the consolidated financial statements; they generated greenhouse gas emissions estimated at 154,524 tons of CO₂ equivalent in 2010. The DFS and Sephora boutiques contribute substantially to electricity consumption, but even more to greenhouse gas emissions. This situation is due to their geographic location: the boutiques are located in countries (Australia, China, New Zealand and the United States in particular) where CO₂ emissions are proportionately higher than they are in France for the same level of electricity consumption.

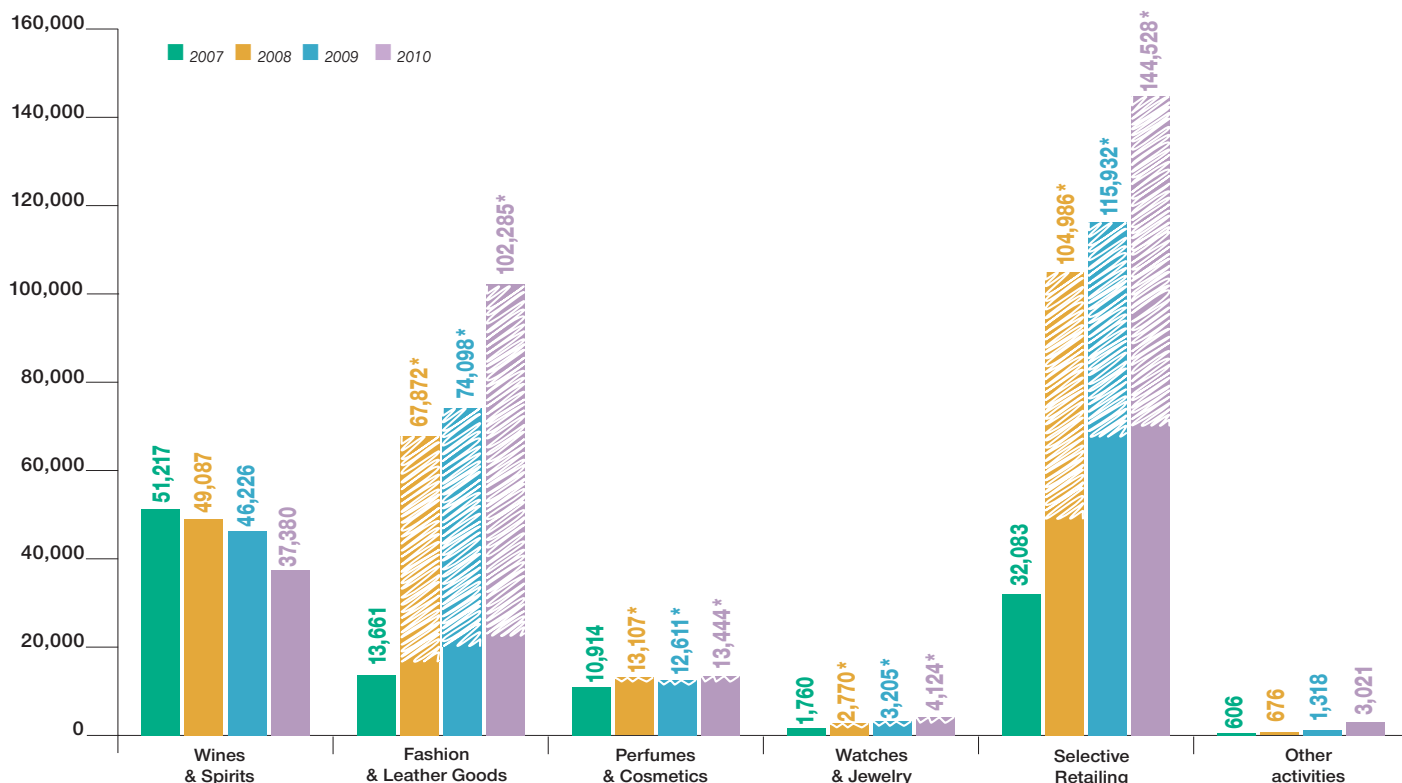
An awareness of climate change has long been part of the policy of LVMH, which was a true pioneer when it completed its first Carbon Footprints in 2002. The measures deployed following these Carbon Footprints are described in the section 'Structured programs to save energy and fight climate change'.



CHANGE IN GREENHOUSE GAS EMISSIONS (IN METRIC TONS OF CO₂ EQUIVALENT)



CHANGE IN GREENHOUSE GAS EMISSIONS BY BUSINESS GROUP (IN METRIC TONS OF CO₂ EQUIVALENT)



* Estimates of greenhouse gas emissions for sales areas excluded from the scope of reporting and audit (60% in 2010, 50% in 2009 and 62% in 2008) are shown separately.

Fashion & Leather Goods: Change related to the increase in business and the consolidation of new Louis Vuitton sites.

Selective Retailing: Change related to the increase in business and the integration of new Sephora stores.

Other activities: Change related to the integration of Royal Van Lent.

COMMENT FROM ERNST & YOUNG

DOWNSTREAM TRANSPORT

The shipment of merchandise is one of the principal impacts of LVMH's operations on climate change. The Group has therefore defined a "downstream transport" indicator so that it can quantify the CO₂ emissions related to the shipment of finished products between the production site and the retail stores.

There are a number of difficulties in calculating this indicator, which requires precise knowledge of the logistics arrangements among the different production sites, warehouses and stores. In 2010, a great deal of work was conducted by the Group to define a pertinent and precise methodology adapted to the specific characteristics of its organization. In time, the indicator will be able to be included within the scope of the verification work.

DETAIL OF DIRECT AND INDIRECT EMISSIONS BY YEAR

| | 2010 | | 2009 | | 2008 | | 2007 | |
|------------------------------------|---------------------------------------|-----------------------------------------|---------------------------------------|-----------------------------------------|---------------------------------------|-----------------------------------------|---------------------------------------|-----------------------------------------|
| | Metric tons direct CO ₂ eq | Metric tons indirect CO ₂ eq | Metric tons direct CO ₂ eq | Metric tons indirect CO ₂ eq | Metric tons direct CO ₂ eq | Metric tons indirect CO ₂ eq | Metric tons direct CO ₂ eq | Metric tons indirect CO ₂ eq |
| Wines & Spirits | 23,763 | 13,617 | 29,161 | 17,065 | 28,315 | 20,772 | 30,852 | 20,365 |
| Fashion & Leather Goods | 5,566 | 96,719 | 4,935 | 69,163 | 4,315 | 63,557 | 4,203 | 9,458 |
| Perfumes & Cosmetics | 6,338 | 7,106 | 6,953 | 5,658 | 7,052 | 6,055 | 7,580 | 3,334 |
| Watches & Jewelry | 582 | 3,542 | 736 | 2,469 | 757 | 2,013 | 1,625 | 135 |
| Selective Retailing | 5,752 | 138,776 | 6,838 | 109,094 | 5,821 | 99,165 | 2,466 | 29,617 |
| Other activities | 1,099 | 1,922 | 100 | 1,218 | 98 | 578 | 75 | 531 |

* These figures include estimated data for sales areas.

Transport activities also generate CO₂. 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 fewer greenhouse gases than planes. Ships are currently the Group's primary means for making improvements 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 included.
- 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, Cloudy Bay, Cape Mentelle, Chandon Australia, Bodegas Chandon, Louis Vuitton, Celine, Parfums Christian Dior, Parfums Givenchy, Parfums Kenzo, Guerlain, Make Up For Ever, Cortech, Les Ateliers Horlogers and TAG Heuer. This reporting system will continue to be improved in coming years.

Hennessy continues to favor transporting its finished products by boat: measured in metric tons/kilometers, 92% of Hennessy's products were shipped by sea, 5% by road, and 3% 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 90% in metric tons/kilometers).

Sephora continues to develop electric transport to deliver to over 80% of its French stores. In 2010, more than 1,200 tons of CO₂ were saved. Hennessy also continue to expand rail transport and Louis Vuitton inland waterway transport to the port of Le Havre.

UPSTREAM TRANSPORT 2010

CO₂ emissions in metric tons

| | Total Wines & Spirits | Total Fashion & Leather Goods | Total Perfumes & Cosmetics | Total Watches & Jewelry |
|--------------|--------------------------|----------------------------------|-------------------------------|----------------------------|
| Road | 5,939 | 1,551 | 1,647 | 6 |
| Rail | 4 | 16 | 0 | 0 |
| Air | 1,132 | 351 | 6,483 | 1,053 |
| Boat | 473 | 12 | 984 | 0 |
| Total | 7,548 | 1,930 | 9,114 | 1,059 |

DOWNSTREAM TRANSPORT 2010

CO₂ emissions in metric tons

| | Total Wines & Spirits | Total Fashion & Leather Goods | Total Perfumes & Cosmetics | Total Watches & Jewelry |
|--------------|--------------------------|----------------------------------|-------------------------------|----------------------------|
| Road | 24,040 | 1,147 | 2,166 | 2 |
| Rail | 607 | 18 | 0 | 0 |
| Air | 15,645 | 84,860 | 50,651 | 1,592 |
| Boat | 47,549 | 330 | 1,315 | 0 |
| Total | 87,841 | 86,355 | 54,132 | 1,594 |

INTEGRATING ENVIRONMENTAL CONCERNS INTO CONSTRUCTION PROJECTS

Any new construction project in the LVMH Group, whether an industrial site, warehouse, or administrative offices, now integrates environmental criteria.

In late September 2010, for instance, Glenmorangie commissioned its brand new bottling unit designed in accordance with the British BREEAM standards (Building Research Establishment Environmental Assessment Method). The design of this new Alba site considered integration with the other existing buildings, a ban on storing products outside, limits on noise nuisances, the creation of a path and green space, and the installation of a rain water recovery system. The need to encourage soft mobility and give priority to natural light was also integrated.

Like the first Sephora North America stores which already have Leed Platinum certification (Leadership in Energy and Environmental Design), Louis Vuitton has just opened its first Leed Gold certified store in California. The American Leed certification guarantees environmental excellence in the building sector. The future Louis Vuitton workshop in Marsaz, delivery of which is scheduled for March 2011, has already completed the follow-up High Environmental Quality audits in the construction phase. In the project to renovate its Sunplaza store in Hong Kong, DFS applied an ambitious program to take environmental concerns into consideration: its energy consumption has already declined by 15% and total water consumption has been reduced by more than one-fourth.



1. The new Alba site at Glenmorangie.
2. Sephora continues to develop electric transport to deliver to over 80% of its French stores.

The new Château d'Yquem bottling unit, which was completed in 2010, earned High Environmental Quality certification. Six targets were priorities, including energy management and the integration of the building within its environment. For example, the site is cooled by a Canadian well geothermal source, and the savings generated are at least 40% more than a normal building.

Finally, the Louis Vuitton Foundation is engaged in a pilot "HQE and tertiary buildings process" to adapt this standard to cultural buildings. All fourteen High Environmental Quality "targets" are included, including seven in their entirety: relationship of the building with its immediate environment, low impact construction work, energy and water management, hygrothermic, acoustic and visual comfort. The building has a bioclimate strategy and the consumption of resources will be particularly limited.

BIODIVERSITY

For most of the Group Brands, the living world is a vital resource for product development. LVMH has initiated a number of programs to preserve biodiversity,

including integrated grape growing and ethnobotany.

The natural environment is also at the center of the businesses operated by the Wines and Spirits Companies. Grape growing requires good management of the soils and ecosystems that are part of its biodiversity. This is the whole issue with integrated grape growing, which is becoming more and more widespread within the Group, and which will drastically reduce the use of products with a high environmental impact. This is already the case at Moët & Chandon and Veuve Clicquot, which continue to gradually reduce herbicides and fungicides, taking qualitative impacts into consideration. Integrated grape growing also means using new practices which are more respectful of the environment, such as the use of green cover management, sowing winter grains, the reduction of effluents, the practice of sexual confusion, and the planting of specific species. Green cover for example is already used on one-third of the areas at Moët & Chandon with a priority for catchment zones. The practice of sexual confusion which eliminates the use of insecticides is now used at more than 85% of the vineyards. Doses of phytosanitary products are applied as a function of vegetation height. This strategy reduces the quantity of phytosanitary products used in the anti-mildew fight by 15 to 20%. Tests of spray applicators with panels to recover the phytosanitary products not in contact with the vegetation are currently in progress. This equipment

reduces the quantity of new product used by 20%. The Champagne Companies are also implementing grape growing tests based on products approved in organic farming to learn more about the technique and identify the strong points as well as the technical obstacles. All its programs are establishing a segment known as the "Third Way", combining the use of synthetic products applied during the critical flowering period, and organic products applied at the beginning and end of the whole process when the vine is less vulnerable to attack. In addition, hedge planting in order to protect the vineyard landscapes and encourage biodiversity is being stepped up. The "Green Team" at Domaine Chandon California is strongly committed to the preservation of natural Californian habitats, particularly at its Carneros domain. Following an audit of the soil composition, current practices in the vineyard and its plan to fight erosion, Carneros South Ranch earned Fish Friendly Farming certification for the entire vineyard in recognition of its efforts to restore the marine life and improve water quality.

Another major component of the Group's biodiversity efforts is ethnobotany, a focus of the Perfumes and Cosmetics Research and Development depart-



Dior is cultivating the black rose, which possesses unusual anti-oxidizing characteristics, in its Bretagne Garden.

ment for the past several years. It identifies plant species around the world that have a cosmetic value, and at the same time participates in the preservation of these species and in local economic development. Parfums Christian Dior continues the development of its “Dior Gardens”. They ensure that ingredients with particularly interesting potential for cosmetics are developed in compliance with a four-point charter: high-performance ingredients and active principles, real traceability for these ingredients, from planting to use; respect for strong ethics and, of course, protection of the environment. In Madagascar, for example, the partnership initiated in 2006 with an association of longoza growers continues. The longoza plant is a plant species used in the composition of the Capture Totale eye skin care product: The quota that is paid finances major initiatives such as the creation of a House of Rice or even school improvements. To date, seven gardens have already been opened around the world.

WATER CONSUMPTION

Water availability is a vital challenge both locally and globally. An increasing number of initiatives are underway to reduce consumption. Water, a particularly precious resource for the Group’s businesses, particularly for the Wines and Spirits and Perfumes and Cosmetics businesses, is the target of intense scrutiny: every year, ambitious objectives are set to reduce consumption. Water consumption by the LVMH Group 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). Necessary to maintain vineyards in California, Argentina, Australia and New Zealand, water is taken directly from the natural environment. Usage varies from year to year based closely on climatic conditions. It should be noted that water consumption for agricultural needs of the sites is more unpredictable than water consumption for process requirements. This practice is closely monitored by the local authorities that issue permits to use water, and the Group has taken measures to limit use:
- **Rain water recovery** at Domaine Chandon California, Domaine Chandon Australia, Bodegas Chandon Argentina; the re-use of retreated waste water in California at Domaine Chandon Carneros and the recovery of run-off water through the creation of artificial lakes at Newton and Cape Mentelle.
- **Establishment of measurement standards** and description of water requirements: analyses of moisture of ground, leaves, visual inspection of vines, adapting water supply to the needs of each plot of land (Domaine Chandon Australia).
- **Widespread practice of drip irrigation:** between 73 and 100% of vinegrowing areas of each domain now use this method.
- **Weather forecasts** for optimized irrigation use (weather stations at Domaine Chandon California).
- **Periodic inspections of the irrigation systems** to prevent the risk of leaks.
- **The practice of “reduced loss irrigation”,** which limits water use and improves the quality of the grapes; the size of the vine also enhances the concentration of the aromas and color.

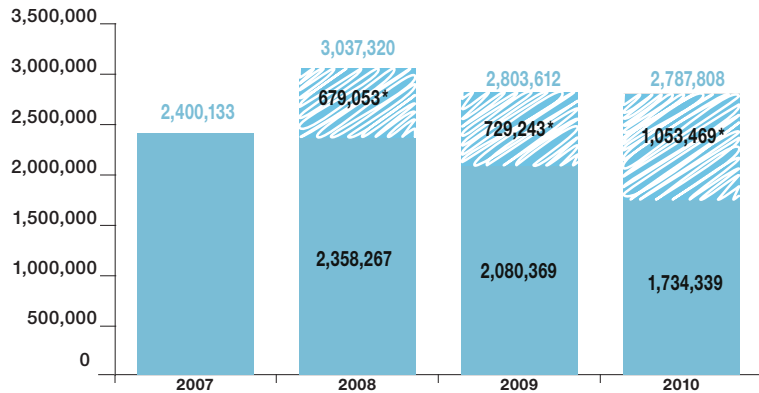


GUERLAIN CONTINUES TO EXPAND ITS ORCHIDARIUM IN CHINA

Through the Orchidarium, its research platform devoted to the orchid, Guerlain strengthened its partnership with Tianzi, the biodiversity research and development center founded nearly ten years ago by Dr. Joseph Margraf. Based in the center of Yunnan in China, this center works on reforestation and protecting an ecosystem which has thousands of species and houses the Guerlain orchid exploration reserve. It also works to increase awareness among the inhabitants, the Bulang people, of the environmental and economic value of the region. Guerlain decided to actively participate in this ambitious program and expand it by investing in the preservation, protection and production of orchids, which are an integral part of the ecosystem in these tropical forests, one of the species of orchids most under threat being the *Vanda Coerulea*. Minguo Li Margraf, director of the Guerlain Orchidarium Exploratory Reserve, received the “Charming China” environmental prize from the Chinese government.

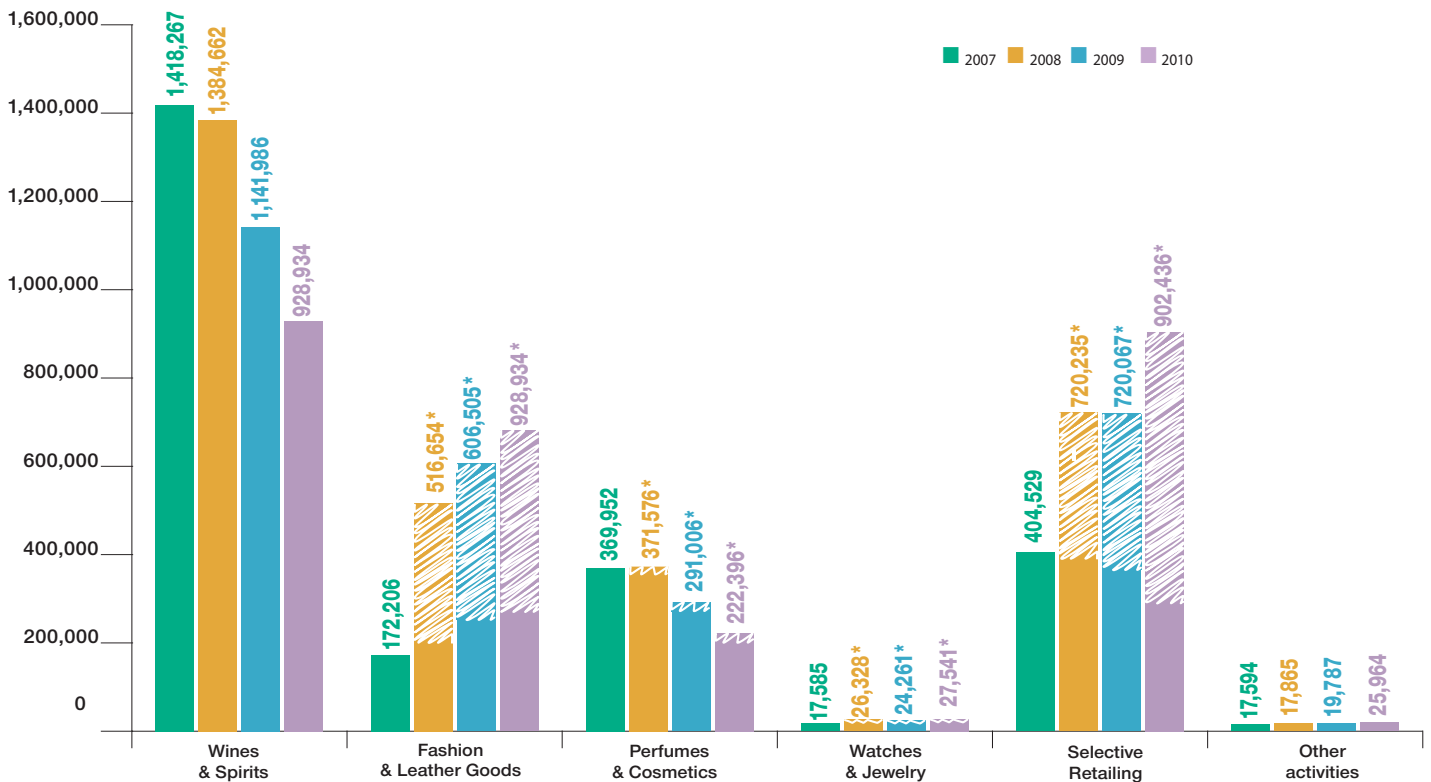
In 2010, the Group Companies used 6,521,146 m³ of water to irrigate vines (versus 6,539,212, m³ in 2009). Process needs in 2010 totaled 1,734,339 m³ (2,074,369 m³ in 2009). 83% of the sales areas (Selective Retailing, Fashion and Leather Goods, Perfumes and Cosmetics) are excluded from the scope of reporting; their water consumption is estimated at 1,053,469 m³.

CHANGE IN WATER CONSUMPTION (IN CUBIC METERS)



* Estimates of water consumption for the sales areas excluded from the scope of reporting and audit (83% in 2010, 72% in 2009 and 62% in 2008) are shown separately: 1,053,469 m³ in 2010, 729,243 m³ in 2009 and 679,053 m³ in 2008.

CHANGE IN WATER CONSUMPTION BY BUSINESS GROUP (IN CUBIC METERS)



* Estimates of water consumption for the sales areas excluded from the scope of reporting and audit (72% in 2009 and 62% in 2008) are shown separately.

Louis Vuitton continued its initiatives in 2010. The Fiesso workshop in Italy installed a rain water recovery system which was then used for sanitary water or watering green spaces. The Company also widely uses cleaning fountains that operate in a closed circuit.

Parfums Christian Dior has completed major work aimed at reducing water consumption at its Saint Jean De Braye site. The many projects included the systematic

dismantling of lost water equipment and its replacement with recycled water equipment. Meters connected to oversight were installed in order to control consumption more precisely. All these efforts are already bearing fruit since consumption dropped from 292,569 m³ in 2007 to 137,843 m³ in 2010, a reduction of more than 50% in three years, exceeding the commitments announced by the Company on the Environment Day it organized in 2008.

WATER DISCHARGES

The only significant relevant discharges are releases of organic substances associated with eutrophization (excessive algae and water plant growth) into the water. These substances are measured by the chemical oxygen demand (COD). This is calculated after treatment of the discharges in plants owned or shared by the Group. "Treatment" refers to community or independent treatment (aeration basins) and land application.

COD is actively monitored on all sites of the Wines and Spirits and Perfumes and Cosmetics companies. These Companies measure the level on a regular basis, sometimes even daily during periods of large, concentrated discharges, such as the harvest period for the Wines and Spirits business group). Bodegas Chandon developed an extremely effective treatment for the waste generated by wine-making, which recycles it to irrigate green spaces: last year 5 hectares of eucalyptus and 1.3 hectares of Cabernet Sauvignon.

COD AFTER TREATMENT (IN METRIC TONS/YEAR)

| Sector | 2010 | 2009 | 2008 | 2007 |
|---------------------------------|------------------------|------------------------|---------|---------|
| Wines & Spirits | 2,107.0 ⁽¹⁾ | 3,291.2 ⁽²⁾ | 1,395.9 | 1,996.5 |
| Perfumes & Cosmetics | 18.3 | 14.2 | 16.1 | 102.0 |
| Total | 2,125.3 | 3,305.4 | 1,412.0 | 2,098.5 |

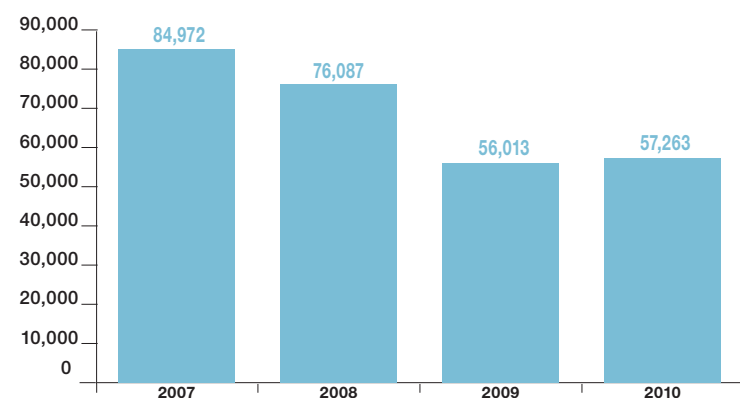
(1) Change related to the decline in operations at certain Glenmorangie sites.

(2) Change related to the increase in operations and improved measurement of discharge at a Glenmorangie site.

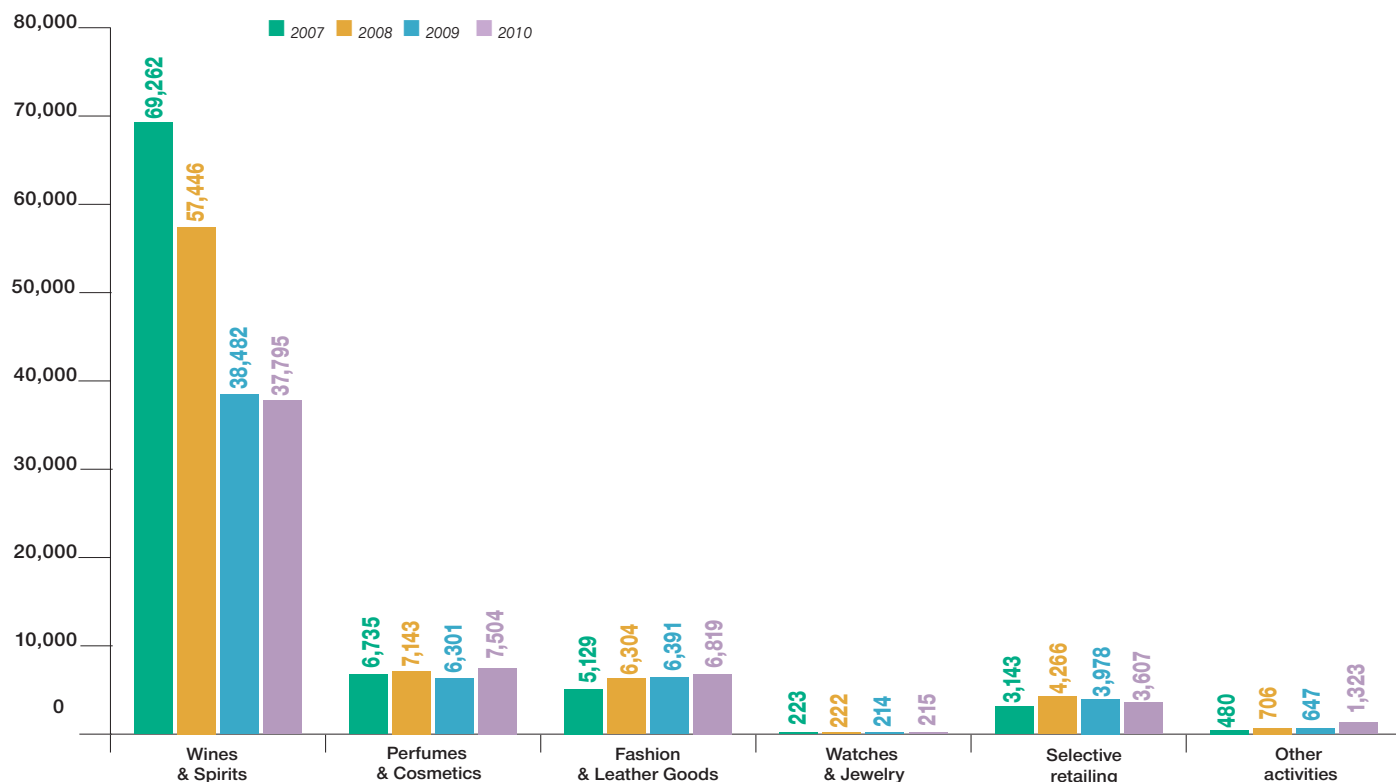
WASTE RECYCLING

In 2010, a total of 57,263 tons of waste was produced by the Group's Brands, 2% more than in 2009. In 2010, the distribution of tonnage by sector was as follows:

CHANGE IN WASTE PRODUCTION (IN METRIC TONS)



CHANGE IN WASTE PRODUCTION BY BUSINESS GROUP (IN METRIC TONS)



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

| Business groups | Hazardous waste (metric tons) in 2010 | Hazardous waste (metric tons) in 2009 | Hazardous waste (metric tons) in 2008 | Hazardous waste (metric tons) in 2007 |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Wines & Spirits | 196 | 146 | 192 | 108 |
| Fashion & Leather Goods | 73 | 61 | 64 | 67 |
| Perfumes & Cosmetics | 776 ^(a) | 767 | 738 | 701 |
| Watches & Jewelry | 17 | 14 | 27 | 24 |
| Selective Retailing | 17 | 17 | 12 | 14 |
| Other activities | 111 | | 1 | 1 |
| TOTAL (metric tons) | 1,190 | 1,005 | 1,034 | 915 |

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

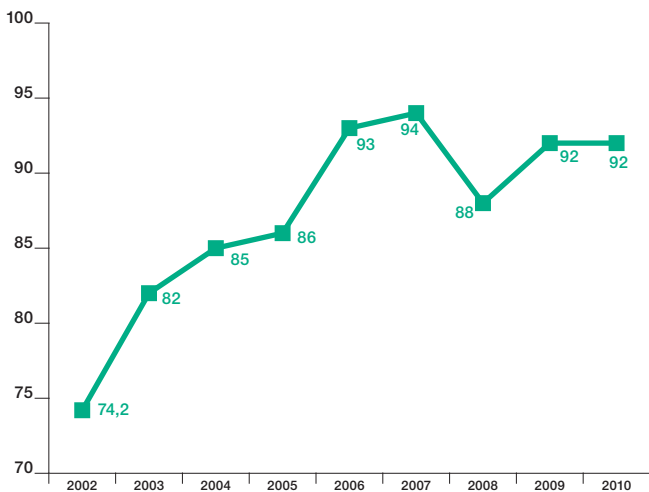
The various Group companies are continuing their initiatives to reduce waste at source and sort it. 2010 was the year for the start-up of the CEDRE platform dedicated to the recycling and recovery of the waste from the Perfumes & Cosmetics companies and Sephora. This recycling platform accepts several types of products: obsolete packaging items, surplus promotional materials, testers used in stores and empty packaging returned by customers to the stores. In this first year, the platform processed 800 metric tons of waste and resold different materials, such as glass, cardboard, wood, metal, plastic, alcohol and cellophane, to a network of specialized recyclers. Other projects are currently being studied to expand the articles acceptable to other Group Companies.

Through its ambitious “g2 revolution” program, Sephora USA has developed a process to expand its initiatives for recycling obsolete perfumes, skin care and make-up products, as well as make-up accessories, small electronic devices and even the waste generated in training sessions.

RECYCLING OF WASTE PRODUCED BY THE LVMH GROUP SITES IN 2010

| | Percentage of waste recovered | | | |
|------------------------------------|-------------------------------|--------------------|----------------------------------|-------------------|
| | Reused | Materials recycled | Incinerated with energy recovery | % Total recovered |
| Wines & Spirits | 33 | 60 | 4 | 97 |
| Fashion & Leather Goods | 5 | 42 | 18 | 65 |
| Parfumes & Cosmetics | 6 | 64 | 26 | 96 |
| Watches & Jewelry | - | 55 | 23 | 78 |
| Selective Retailing | 9 | 66 | 12 | 87 |
| Other activities | - | 52 | 48 | 100 |
| Total (metric tons) | 24 | 58 | 10 | 92 |

PERCENTAGE OF WASTE RECOVERY



In 2010, 92% of the waste was recovered (92% in 2009).

MANAGING ENVIRONMENTAL RISKS

Managing the environmental risks resulting from its operations in the safest possible way is an absolute 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 initiative is being conducted by the qualified professionals in 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.

- **Reducing industrial risks** includes a policy of prevention, which means compliance with the highest safety standards. LVMH applies the HPR (highly protected risk) standards to significantly reduce fire risks. 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 2010 (30 sites audited in 2009).
- **Prevention of product-related risks** is ensured by enhanced 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, which is intended for 250 on-site service providers and covers three components: environment, food safety and security.

Hennessy has also published safety data sheet summaries which are clear and easy to understand at a glance so that employees know what precautions 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 along with 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 that must be treated as a priority. This information and warning tool ensures early action to reduce the probability that the dangers identified will occur. The entire Champagne-Cognac-Vodka division is also certified ISO 22000 in food safety management. ISO 22000, which covers all activities in the food chain, is designed to harmonize food safety management practices in order to guarantee maximum safety for the consumer.



THE ENVIRONMENT: A PROFITABLE INVESTMENT

The cost of the environmental policy is hard to evaluate. First, it is a commitment, a desire: increasing awareness of employees and suppliers, reducing packaging, new transport methods, a High Environmental Quality building - all these approaches come at a cost but they all result in savings in the short, medium and long term. Under these conditions, it is difficult to calculate the exact figures for the many programs conducted at all levels by the 60 or so Group brands.

In 2010, the amount of expenditures related directly to environmental protection divides up into 6.9 million euros for operating expenses (5.6 million in 2009) and 6 million euros for investments (2.3 million in 2009). There was no provision in 2010 for environmental risks.

The environmental expense items were 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;
- los roques weather- protection against radiation,
- research and development;
- other environmental protection activities.

CONVINCING INVESTORS

Over the years, adopting green practices reduces water or electricity consumption, and less 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.

LVMH has been included in the Ethibel Excellence index since February 2, 2011 and is regularly analyzed. The Group is also included in the FTSE4Good and DSJI indexes. The LVMH group earned 75 out of 100 on the Carbon Disclosure Leadership Index France 2010. LVMH improved its 2009 performance and is one of the top twenty French groups.

Finally LVMH received a dual distinction in the SAM Sustainability Yearbook 2011 (evaluation as of October 31, 2010) in the 'Clothing, Accessories & Footwear' category as a member of the 'SAM Silver Class' and as a 'SAM Sector Mover' (recognition of significant progress made over the year).



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 its

PRODUCTS AT THE VERY HEART OF WHAT WE DO

products. Consumer protection and health are also a key concern in the studies conducted in the Wines and Spirits and Perfumes and Cosmetics business groups.

FORMALIZED REQUIREMENTS FOR OUR SUPPLIERS

In an effort to ensure consistency between its internal commitments and those of the companies with which it does business, the LVMH Group developed its Supplier Code of Conduct in 2008, with the aim of sharing with its suppliers its philosophy on social and environmental responsibility along with its work, control and audit methods. At the same time, the Group established a buyer task force which collectively deals with these issues.

Supplier audits have been expanded. In the Wines and Spirits Brands, Hennessy, for example, conducted a vast operation to improve awareness in all buyers last year. The environmental audit of all distilleries with which the Company works exclusively was initiated and will be completed by the end of 2011. Hennessy also offers technical advice on environmental concerns to its various grape suppliers. At Polmos Zyrardow, the Belvedere distillery has launched a "Green Programm" with Polish farmers and its pure alcohol suppliers. It has a threefold objective: to improve the quality of the grains and maintain the Polish Dankowsky varietal; to guarantee safe farming that respects the environment and, finally, to ensure high quality in the distillation process used. The Champagne Brands also continued audits of the pressing centers during the harvest periods and programs to increase awareness and assist grape suppliers continued. Other Companies, including Louis Vuitton, Guerlain, Donna Karan, Loewe, Hennessy and Moët & Chandon initiated environmental audits of their suppliers.

Along with these efforts, the Watches and Jewelry business group of LVMH is a member of the Responsible Jewellery Council (RJC), an organization of more than 260 professionals around the world committed to the promotion of ethics, human and social rights and environmental practices throughout the gold and diamond product chain, from the mines to the points of sale. The RJC has developed a certification system for members which requires audits by independent accredited auditors. The scope of the current certification process within the Watches and Jewelry business group includes TAG Heuer, Hublot, Zenith, Chaumet and Fred, as well as the retail subsidiaries in the United Kingdom, Japan and the United States. Self-assessments were launched in 2010 for each of the brands using the RJC methodology. These self-assessments were transmitted to an independent firm accredited by the RJC to analyze the level of compliance.



GUARANTEEING MAXIMUM SAFETY OF PERFUMES AND COSMETICS

LVMH's policy on the sensitive question of animal testing to evaluate the safety of its finished products is very clear: our objective is to ensure the safety of the consumer with our products while respecting animal life.

This is why the Perfumes and Cosmetics companies within the LVMH Group in 1989 ended animal testing on products they market, long before the official ban in the European Union in 2004. The LVMH Group played a crucial role in developing alternatives to animal testing within the framework of European programs (EPAA, ECVAM, Colipa, 7th Research and Development Framework Program and others) or within research programs with university teams specializing in this area.



Developing alternative methods is a real scientific challenge and the LVMH Group has made a commitment to continue to make every effort to comply with laws, and ensure safety for consumers and animal life.

Moreover, the regulatory framework for cosmetics products changed with the adoption on November 30, 2009 of the European regulation on cosmetic products.

The primary objective of the Commission in this new regulation is to guarantee a high level of safety:

- by strengthening the manufacturer's responsibility: clarification of the minimum requirements for evaluating product safety.
- by enhancing oversight of the market: the obligation to notify serious adverse effects to the competent authorities.

The LVMH Group has already been working for several months on establishing procedures so that it is ready when the new regulation takes effect. This directive is considered by experts to be one of the most stringent in the world regulating the marketing of cosmetics products. It regulates all substances used by the cosmetics industry and requires the completion of a risk assessment for each product, conducted by a qualified person responsible for this, taking into consideration the conditions under which the product is used.

In addition, the Scientific Committee on Consumer Products (SCCP) of the European Commission continually evaluates the safety of substances used in cosmetics products.

Other European regulations have entered into force, some of them recently:

- the Globally Harmonized System Regulation, intended to harmonize the classification and labeling of chemicals,
- the REACH regulation which streamlines and improves the former regulatory framework of the European Union governing chemical products. The primary objectives of REACH are to ensure a high level of protection of human health and the environment against the risks that may be posed by chemicals, the promotion of alternative testing methods, the free circulation of substances within the internal market, and strong competition and innovation.

The LVMH Group is in compliance with these new texts.

The LVMH Group is particularly vigilant in complying with regulations, opinions from scientific committees, and the recommendations from professional associations. Not only do the products comply with the most stringent regulations in the world, such as those in the European Union, the United States and Japan, but they comply with regulations in all countries where they are marketed. They also comply with strict internal rules also required from our suppliers.

The Group, which has held true to this commitment for several years, backs this policy up with an approach designed to anticipate changes in international regulations. 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 totally guaranteed. This anticipation is possible because of the work of our experts who regularly participate in the working groups of national and European authorities and who are very active in professional organizations. This dual work of keeping watch and anticipating changes in regulations has led the LVMH Group to ban a number of substances and reformulate certain products.

At an environmental level, growing scientific knowledge and changes in regulations sometimes lead to substitute certain ingredients. For example, it was decided to stop using triclosan in products because of its environmental risk, even though European scientific bodies (Executive Scientific Committee and the SCCP) provided favorable consumer safety assessments in 2002. Today, it has been completely eliminated from all cosmetic products sold by the Group. This is also the case for phthalates and preservatives that generate formaldehyde.

This very strict discipline guarantees the safety of cosmetic products, but does not stop once they are marketed. In fact, the implementation of a cosmetics vigilance network ensures that all claims from customers are analyzed.

Any claim, whether an intolerance or a severe irritation, is reviewed by a specialized team. An evaluation of the case by a professional determines whether there is any link between the effect observed and the product used. A consultation with a dermatologist may be offered to the customer.

The conclusions of the case evaluation are notified in the product safety file available to the competent authorities. In addition, an analysis of these claims and these cases of cosmetic vigilance lead to the exploration of new research avenues and improvements in the quality of products.

OFFERING PRODUCTS DEVELOPED WITH ECO-DESIGN

The Companies have different adaptive tools and training programs so that they can optimize environmental concerns in designing their products. Eco-design includes the reduction of packaging weight and volume, the choice of components and raw materials, the use of more energy-efficient production processes. Public information on products environmental impacts is a growing requirement which has, for example, led the French government to initiate a process. The LVMH Group is actively participating in this work, particularly for the Perfumes and Cosmetics and the Fashion and Leather Goods business groups.

Packaging, a major challenge for eco-design

Eco-design of packaging is a major challenge for the Group's companies. The IPE (Environmental Performance Index), created by the Perfumes and Cosmetics Brand to evaluate, compare and improve the environmental performance of their packaging, takes into account in product development the separability of the materials, the volume and weight, the use of refills and the use of materials that are better for the environment. A grade is given to each package and may lead to a review of some decisions. A Perfumes & Cosmetics eco-design committee was formed in 2009 and continues to encourage and facilitate eco-design processes by pooling efforts. In 2010, the IPE tool was deployed for other products, like the promotional materials offered in stores, and shared with other business groups like Wines and Spirits. In addition to other programs, Guerlain reduced the use of aluminum by 25% in the packaging for samples and completely eliminated the steel ballast in its skin care pots, thus saving 6 tons a year. It also saved 155 tons of CO₂ by relocating the fabrication of its Terracotta box to France. Guerlain regularly organizes training in eco-design: to date, all the Purchasing-Development-Marketing teams of the Company, nearly 60 people, have already been trained.

Louis Vuitton also continued its work with the elimination of silk papers and plastic protection in the shipping cartons for its shopping bags, in its customer boxes, pouches or containers and in its shoeboxes. Last year, the leather goods brand completed the



Guerlain s'engage depuis plusieurs années **dans une stratégie de développement durable**.

L'un des projets qui nous permet de réduire notre impact environnemental est une meilleure gestion de la fin de vie de nos produits et notamment une valorisation de nos flacons.

Aujourd'hui, Les Boutiques Parisiennes Guerlain recyclent déjà leurs propres testeurs.

Pour nos fidèles clients qui souhaitent **agir avec nous dans cette démarche de protection de la planète**, nous vous proposons de **rapporter vos flacons vides**. Nous les transférons sur notre plateforme de tri : ils seront ainsi recyclés et pourront avoir une nouvelle vie. Nous vous remercions vivement pour votre participation.

Vanessa Plessey
Responsable Réseau Guerlain Rive gauche
Chef de Projet Développement Durable des Boutiques Parisiennes



The commitment of Guerlain to recycle packaging in french stores.



KENZO RECOGNIZED FOR ITS ECO-REFILLS

After Guerlain, Parfums Givenchy and Parfums Christian Dior with its Or de Vie product line, it was the turn of Parfums Kenzo to launch its eco-refills. In fact, the perfume company created two innovative systems for FlowerbyKenzo to allow its empty bottles to be refilled. The company wanted to give a responsible consumption alternative to its customers by offering an attractive and functional refill. The Company offers refills with minimum packaging which reduces energy and resource consumption and CO₂ emissions by 60% compared with the traditional bottle. And, second, it offers its customers perfume fountains at its different points of sale. This eco-refill system was awarded the 2010 Eco-Packaging trophy in the “Business” category.

Carbon Footprint of its Neverfull bag and shipping packaging. The resulting measures reduced the volumes transported by 60%, representing more than 950 tons of CO₂ equivalent prevented each year. Since the fall of 2010, forty stores in the North America region are no longer receiving leather goods and other accessories in cardboard boxes that can be used only once, but in reusable plastic containers. The Champagne brands last year racked bottles of non-vintage crude in lighter bottles, thus reducing glass tonnage by 1,755 tons, a savings of 792 tons of CO₂ equivalent. Bodegas Chandon in Argentina also reduced the weight of its bottles, thus generating a savings of 1,576 tons of glass, or 693 tons of CO₂ equivalent. Finally, the Polmos Zyrardow distillery not only eliminated the plastics in its promotional packs in favor of cardboard which can easily be recycled by consumers but it also significantly reduced the weight of its packaging by up to 46%.

Reach:

The Companies proactively meet their obligations

LVMH continues to deploy its initiatives under the Reach regulation and works to anticipate future changes. The work group established by the Environmental Department is a venue for exchange and feedback from everyone. All the companies have prepared or modified their contracts and sales

documentation and questioned their suppliers. They have set up a Reach Committee, the role of which is to increase the awareness of employees who are responsible for giving accurate answers to any question asked.



A 'YACHT' CONCEPT CREATED WITH THE PRINCIPLES OF BIO-MIMICRY IN MIND

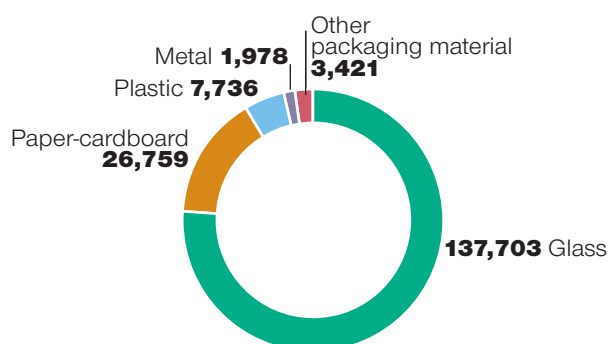
Right from the start of the project the designers of the superb yacht Breathe, at Royal van lent, got their inspiration from nature in developing this luxury boat which is at this stage still a virtual concept. It offers a large number of environmentally friendly solutions: natural ventilation and cooling using the fresh air present at the surface of the water, heat recovery, the use of solar energy with photovoltaic cells that do not contain silicon, priority given to natural light and LED bulbs. The hull is also designed to offer the least possible resistance to air and water. The smart propulsion system was built with a minimum number of components to reduce the energy used at cruising speed by 30%. Finally, inspired by whale fins, the deliberately irregular design of the stabilizers on each side aft gives greater stability to the boat, whether at anchor or underway.

PACKAGING PLACED ON THE MARKET (IN METRIC TONS)

| | 2010 | 2009 | 2008 | Evolution 2010-2009 |
|------------------------------------|----------------|----------------|----------------|-------------------------|
| Wines & Spirits | 148,145 | 115,950 | 147,728 | 28 |
| Fashion & Leather Goods | 5,711 | 4,764 | 5,266 | 20 |
| Perfumes & Cosmetics | 21,974 | 20,800 | 23,887 | 6 |
| Watches & Jewelry | 440 | 386 | 421 | 14 |
| Selective Retailing | 1,327 | 1,327 | 1,538 | 0 |
| Total | 177,597 | 143,227 | 178,840 | 24⁽¹⁾ |

(1) Change associated with increase in business

PACKAGING VOLUME BY TYPE OF MATERIAL IN 2010 (IN METRIC TONS)



ENCOURAGING RESPONSIBLE CONSUMPTION

The Wines & Spirits Brands of the Group are increasingly committed to promoting responsible consumption. For example, to create more awareness when visitors arrive at Moët Hennessy, the Human Resources Department has included in its Welcome Program a presentation on the Brands' policy for responsible consumption. The principal tools are a Charter, a Marketing Code and awareness documents for employees and visitors.

In 2010, the different Moët Hennessy brands began to place a responsible consumption message on the bottle labels. This message will be extended as the labeling is replaced. When possible, this message includes a reference to a website in the language of the country, which offers clear and specific information about consumption thresholds, the occasions when an alcoholic beverage should not be drunk, the way to organize rides for party guests, etc. A similar program to publish a responsible communication message has also been developed for the advertising prepared by the various Moët Hennessy brands around the world. Finally, in line with its conviction that only by educating the public will behavior change progressively and permanently, Moët Hennessy in 2010 supported the partnership between Entreprise & Prevention and the Limoges Academy. This initiative, which has received the full support of the French Ministry of National Education, works to develop controlled responsible behavior by young people when it comes to drinking alcohol.

A woman with long dark hair, wearing a dark green jacket and black top, stands on the left. A man with short hair, wearing sunglasses, a black shirt, and a red scarf, stands on the right. They are in a field of tall grass with a small white and red airplane in the background. The sky is blue with some clouds.

PRESERVING THE ENVIRONMENT

The Global Compact, which was launched in 1999 by Kofi Annan, commits major corporations to compliance with ten principles relating to human rights and labor and environmental standards in order to contribute to more sustainable development for the planet. LVMH is a member of this international initiative and also contributes to local efforts through the Ile-de-France Sustainable Development Club. Formed in 2007, this club works to disseminate best practices to small and medium sized businesses and has

PROGRAMS EXTENDED TO CIVIL SOCIETY

established a system of cross audits between companies with similar concerns and resources. Bernard Arnault also signed the Copenhagen Communique on Climate Change launched in June 2009 at the initiative of the Prince of Wales and Cambridge University. This document called for an ambitious, vigorous and equitable global agreement that would provide a credible response to the magnitude and urgency of the crises facing the world.

LVMH: A PARTNER TO ASSOCIATIONS, LOCAL COMMUNITIES AND SCHOOLS

Aware of the advances made through joint study and work in environmental issues, LVMH makes a significant investment in partnerships with national and international associations, local communities and educational institutions. For example, the Group is a member of the Orée association (Entreprises, territories and environment) and Vice Chairman of the strategic committee of the Foundation for Research in Biodiversity (FRB). Working with the Orée association, LVMH is heavily involved in the "Biodiversity & Economy" working group which, after publishing a reference work and developing an Indicator of Business Interdependence with Biodiversity, is working on the construction of a Biodiversity Assessment of Organizations, primarily focused on establishing accounting for biodiversity flows and eco-system services for a business, but also for businesses working together. LVMH's work on measuring the dependence of its activities on biodiversity was presented at the conference of the parties to the Convention on Biological Biodiversity organized by the United Nations in Nagoya in October 2010. LVMH is also active in other Orée working groups, including Eco-design, Environmental risks and Expertise.

In addition to its work within the Responsible Jewellery Council, the Group continues its commitment to Business for Social Responsibility where it is working specifically within a work group to deploy good practices in the sourcing of exotic leathers. Finally, LVMH continues to present the environmental challenges for its businesses and operations at presentations at major business schools and universities.

Some particularly active companies have initiated partnerships with associations

Louis Vuitton renewed its support for the Climate Project led by former US Vice President Al Gore, the goal of which is to educate the general public on the effects of climate change. A donation made by Louis Vuitton on behalf of the celebrities invited for the institutional communications campaign "Louis Vuitton Core Values" was paid to the association.

In 2010, this campaign was also an opportunity to establish a partnership with Edun, a pioneer in ethical fashion, supported by the LVMH Group. The two Companies contributed assistance to the "Conservation Cotton Initiative," an association which promotes the growing of organic cotton in Africa and thus encourages local manufacture. In addition, to mark Earth Day in April, Louis Vuitton partnered with the NGO "Global Green," the American subsidiary of the "Green Cross International" Foundation, led by former Russian President Mikhail Gorbachev, the mission of which is to promote global change to guarantee the preservation and peace of the planet.

Finally, Louis Vuitton sealed a partnership with the "Réserve des Arts", a French association that recycles unused production materials and sends them to artists or cultural institutions. For this first year, the Louis Vuitton cultural space offered staging elements, while the Ateliers Louis Vuitton in Asnières supplied various types of materials, ranging from wood to metal pieces or even fabrics and cardboard. One artist has already completed a work on the theme of the bee hive using these materials.

TAG Heuer in 2009 launched a partnership with Leonardo DiCaprio, whose commitment to protecting the environment and climate is well known. This partnership has already resulted in the introduction of a limited edition of the "Aquaracer 500M" watch which the actor redesigned himself in order to raise funds for the Natural Resources Defense Council and Green Cross International, two associations which he also personally supports.

Organized at the initiative of LVMH Research, the International Africa and Beauty Forum was held in Ouagadougou in Burkina Faso early in June 2010. A real venue for meetings and debates among researchers, manufacturers, herbalists, traditional health practitioners and non-governmental organizations, this event is intended to promote the sharing of experiences in the use of African plants and tradition in cosmetics, health and well-being. Sponsored by Professor Z. Charrouf, one of the specialists in the "Argan oil" segment, this third annual Forum focused on the theme of pigmentation and clarifying beauty products. Like previous events, this one resulted in a variety of local initiatives, including the improvement of the Koro Ecological and Cultural Site, tree planting and support for women's associations and educational scholarships.

SEVERAL BRANDS MOBILIZE TO PROTECT BEES

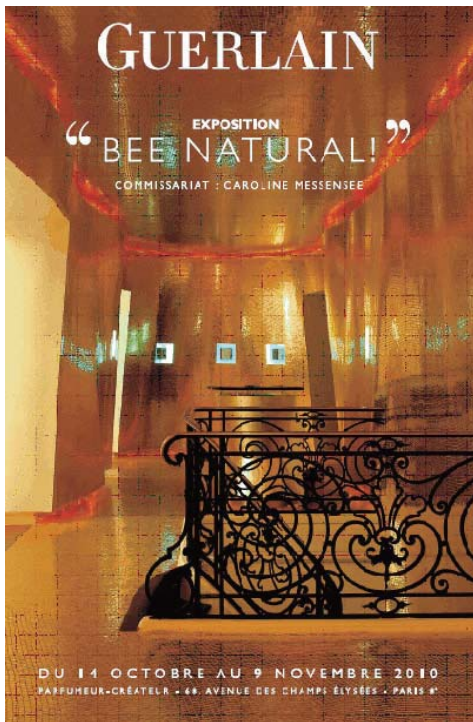
“If bees were to disappear, humanity would have only a few years to live.” This statement attributed to Albert Einstein is particularly pertinent today. According to the INRA and the CNRS, nearly 35% of the food on the planet and 65% of our food diversity come from pollination by bees. In recent years, we have seen a disquieting mortality rate among the bees, particularly in regions with crops that are heavily treated with phytosanitary products, like colza, wheat or corn. Bees are even reportedly doing better in cities than in rural areas today. The bee, which has been on Earth long before us is a real sentinel of the health of our ecosystems.

Since 2002, the association Terre d’Abeilles [Land of Bees] has worked to promote the development of bee-

keeping within the socio-economic and technical framework of sustainable development in rural areas: in particular, it has helped create the first European genetic conservatory network on the black bee at the Parc de la Brenne and has organized a large number of educational programs (www.sauvonslesabeilles.com). Maison Chaumet, with its historic link to bees, decided to support the work of this association both at the level of the conservation program and in its work to include the bee as part of the UNESCO Heritage. Each of the 17 bee jewels in the “Attrape-moi... si tu m’aimes” collection in diamonds, citrine, rose opal and amethyst contributed to this support.

In addition, Guerlain signed an environmental sponsorship agreement with the Black Bee Conservatory in Ouessant. In fact, on this island 20 km off the coast of Brittany, colonies have been reconstituted since the 1980s using ancient indigenous strains (*Apis mellifera mellifera*) and are developing protected from any hybridation or contamination by phytosanitary products, viruses or parasites, including the varroa, a particularly deadly acarion. Under this contract, Guerlain makes a commitment not only to continue the rare production on the island where the Company obtains its supply for the formulation of the *Abeille Royale* serum, but also to preserve this “bee conservatory” that is so valuable for the study and protection of the bees. This program is also supplemented by applied research on the bees.

Finally, Louis Vuitton like Guerlain, has established hives on some of its sites and produced events during the year to increase awareness of the issue of the mortality of the bees. For Louis Vuitton, this led to the organization in June 2010 of “open house” days with a beekeeping presentation for employees and their families. For Guerlain, two of the four workshops provided during the sustainable event were focused on bees and biodiversity. The perfume maker also devoted the last issue of its in-house newsletter “Être Guerlain” to the bee.



Any person or association

with questions for the Group can ask them and will receive

a response by writing to the Group at

environnement@lvmh.fr

Objectives

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

2010 OBJECTIVES ACHIEVED

AIM FOR A HIGH LEVEL OF ENVIRONMENTAL PERFORMANCE

| Strategy | Business group | Objective assigned to the company in 2010 | Deadline |
|-----------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Strictly comply with environmental regulations | HOLDING COMPANY | <ul style="list-style-type: none"> ■ Systematically verify environmental compliance during internal financial audits of the sites ■ Maintain the French and international environmental regulatory watch | <ul style="list-style-type: none"> ■ Ongoing ■ Ongoing |
| Reduce environmental industrial and administrative sites and the shipping hubs: water, energy, waste, transport, etc. | WINES & SPIRITS | <ul style="list-style-type: none"> ■ Obtain carbon neutrality for one company. ■ Continue to expand piggy-back rail transport (80% for Asia and 30% for the United States) to reach embarkation ports in Europe (for one company). | <ul style="list-style-type: none"> ■ Ongoing ■ Achieved |
| | WINES & SPIRITS | <ul style="list-style-type: none"> ■ Update the Carbon Footprint of at least three companies | <ul style="list-style-type: none"> ■ Achieved |
| | PERFUMES & COSMETICS | <ul style="list-style-type: none"> ■ Reduce the energy consumption of one company by 20% | <ul style="list-style-type: none"> ■ Ongoing |
| | FASHION AND LEATHER GOODS | <ul style="list-style-type: none"> ■ For one company: <ul style="list-style-type: none"> Reduce water consumption by 50% Reduce gas consumption by 30% Reduce electricity use by 11% Reduce the percentage of unsorted waste by 50% Reduce the volume of products delivered by air by 10% | <ul style="list-style-type: none"> ■ Achieved |
| | WINES & SPIRITS | <ul style="list-style-type: none"> ■ Begin construction of a new ultra energy-efficient site | <ul style="list-style-type: none"> ■ Ongoing |
| | SELECTIVE RETAILING | <ul style="list-style-type: none"> ■ Reduce the energy consumption of one company by 20% | <ul style="list-style-type: none"> ■ Ongoing |

FOSTER A COLLECTIVE PURPOSE

| Strategy | Business group | Objective assigned to the company in 2010 | Deadline |
|---------------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Involve all employees | HOLDING COMPANY | <ul style="list-style-type: none"> ■ Develop a new environmental reporting tool ■ Deploy and activate the new LVMH Mind Sustainable Development extranet accessible to all Group employees. | <ul style="list-style-type: none"> ■ Ongoing ■ Achieved |
| | HOLDING COMPANY AND OTHER COMPANIES | <ul style="list-style-type: none"> ■ Offer awareness training to the employees of at least five Group companies during sustainable development week. | <ul style="list-style-type: none"> ■ Achieved |
| | WINES & SPIRITS | <ul style="list-style-type: none"> ■ Integrate the environment in the training of 100% of the harvest seasonal workers (presses) | <ul style="list-style-type: none"> ■ Ongoing |
| Distribute the results to all hierarchical levels | HOLDING COMPANY | <ul style="list-style-type: none"> ■ Provide employees with the 2009 environmental results on the LVMH environmental intranet | <ul style="list-style-type: none"> ■ Achieved |

CONTROL ENVIRONMENTAL RISKS

| Strategy | Business group | Objective assigned to the company in 2010 | Deadline |
|------------------------------------------------------------------------------|------------------------------------|----------------------------------------------------------------------|------------------------------|
| Have an effective management system, audited at least once every three years | WINES & SPIRITS | ■ Obtain "Green Winery" certification for one company. | ■ Achieved |
| | FASHION & LEATHER GOODS | ■ Obtain ISO 14001 certification for all workshops of one company | ■ Ongoing 2012 |
| | PERFUMES & COSMETICS | ■ Obtain ISO 14001 certification for 3 industrial sites | ■ Ongoing 2012 |
| Detect all environmental risks, prevent and reduce them | ALL COMPANIES | ■ Train a second ISO 14001 internal audit team | ■ Not achieved postpone 2011 |
| | WINES & SPIRITS | ■ Audit all suppliers of a company that are not ISO 14001 certified. | ■ Achieved |

FOLLOW THROUGH ON PRODUCT DISPOSAL

| Strategy | Business group | Objective assigned to the company in 2010 | Deadline |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Integrate the environment in the design of Group products, in-house, and with suppliers and subcontractors | HOLDING COMPANY AND OTHER COMPANIES | ■ Distribute to marketing, purchasing and development managers a sixth version of the document "Materials to Consider, an Eco-material Handbook" | ■ Achieved |
| | HOLDING COMPANY AND OTHER COMPANIES | ■ Train the marketing, purchasing and development teams of four companies | ■ Achieved |
| | PERFUMES & COSMETICS | ■ in eco-design. | |
| | HOLDING ET MAISONS AND OTHER COMPANIES | ■ Maintain environmental watch on materials, processes and products. | ■ Ongoing |
| | WINES & SPIRITS | ■ Reduce the weight of Champagne bottle: continue launch | ■ Achieved |
| | | ■ Reduce the weight of the glass in the bottles of one Wine company. | ■ Achieved |
| | PERFUMES & COSMETICS | ■ Distribute and use the environmental performance measurement tool for packaging. | ■ Achieved |
| | HOLDING AND OTHER COMPANIES | ■ Monitor and anticipate the work being conducted in France, Europe and internationally on environmental product labeling. | ■ Ongoing |

MAKE COMMITMENTS OUTSIDE THE COMPANY

| Strategy | Business group | Objective assigned to the company in 2010 | Deadline |
|-------------------------------|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Be involved with stakeholders | HOLDING COMPANY | ■ Continue involvement with OREE association | ■ Ongoing |
| | | ■ Continue joint initiatives with the 11 other partner organizations and associations, particularly the Responsible Jewellery Council and the Federation for Research on Biodiversity | ■ Ongoing |
| | WINES & SPIRITS | ■ Open the site to the public during Heritage Days | ■ Ongoing |
| | FASHION & LEATHER GOODS | ■ Develop partnerships with environmental NGOs like Green Cross | ■ Achieved |
| | WATCHES & JEWELRY | ■ Continue sharing best practices with small and medium companies in the Paris region within the Ile de France Sustainable Development Club | ■ Achieved |

OBJECTIVES FOR 2011 AND BEYOND (not exhaustive)

AIM FOR A HIGH LEVEL OF ENVIRONMENTAL PERFORMANCE

| Strategy | Business group | Objective assigned to the company in 2011 | Deadline |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-------------------|
| Strictly comply with environmental regulations | HOLDING COMPANY | ■ Systematically verify environmental compliance during internal financial audits of the sites | ■ Ongoing |
| | | ■ Maintain the French and international environmental regulatory watch | ■ Ongoing |
| Reduce environmental impacts on the industrial and administrative sites and the shipping hubs: water, energy, waste, transport, etc. | WINES & SPIRITS | ■ Develop rail transport with the objective of 25% of products shipped | ■ 2011 |
| | | ■ Obtain carbon neutrality for one company | ■ 2011 and beyond |
| | | ■ Begin construction of a new High Environmental Quality building in a Champagne Company. | ■ 2011 |
| | SELECTIVE RETAILING | ■ Obtain carbon neutrality for one company | ■ 2011 |
| | | ■ Implement an energy recovery system for a cold group with a gain of 1000 kWh | ■ 2011 |
| | PERFUMES & COSMETICS | ■ Reduce the energy consumption of one company by 20% | ■ 2011 and beyond |
| | PERFUMES & COSMETICS | ■ Continue to reduce water consumption at one production site (at least 50%) | ■ 2011 |
| WATCHES & JEWELRY | ■ Finalize the installation of 750 m ² of photovoltaic panels | ■ 2011 | |
| WINES & SPIRITS | ■ Reduce the greenhouse gas emissions of a Champagne company by 20% in 10 years | ■ Ongoing | |

FOSTER A COLLECTIVE PURPOSE

| Strategy | Business group | Objective assigned to the company in 2011 | Deadline |
|---------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------|-----------|
| Involve all employees | HOLDING COMPANY | ■ Develop a new environmental reporting tool | ■ 2011 |
| | HOLDING COMPANY AND OTHER COMPANIES | ■ Educate all Group employees during the sustainable development week | ■ 2011 |
| | WINES & SPIRITS | ■ 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 2010 environmental results on the LVMH environmental intranet | ■ 2011 |

CONTROL ENVIRONMENTAL RISKS

| Strategy | Business group | Objective assigned to the company in 2011 | Deadline |
|------------------------------------------------------------------------------|------------------------------------|-------------------------------------------------------------------|----------|
| Have an effective management system, audited at least once every three years | WINES & SPIRITS | ■ Obtain renewal of the ISO 22000 certification | ■ 2011 |
| | FASHION & LEATHER GOODS | ■ Obtain ISO 14001 certification for all workshops of one company | ■ 2012 |
| | PERFUMES & COSMETICS | ■ Obtain ISO 14001 certification for 3 industrial sites | ■ 2011 |
| Detect all environmental risks, prevent and reduce them | ALL COMPANIES | ■ Train a second ISO 14001 internal audit team | ■ 2011 |
| | WINES & SPIRITS | ■ Conduct an environmental audit with 220 grape suppliers | ■ 2011 |

FOLLOW THROUGH ON PRODUCT DISPOSAL

| Strategy | Business group | Objective assigned to the company in 2011 | Deadline |
|------------------------------------------------------------------------------------------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Integrate the environment in the design of Group products, in-house, and with suppliers and subcontractors | HOLDING COMPANY AND OTHER COMPANIES | ■ Distribute to marketing, purchasing and development managers a seventh version of the document "Materials to consider, Eco-material Handbook" and maintain the watch on environmental materials, processes and products | ■ 2011 |
| | PERFUMES & COSMETICS | ■ Systematize the use of the CEDRE internal recycling platform CEDRE | ■ 2011 |
| | WINES & SPIRITS | ■ Implement reusable crates for the delivery of certain packaging components ■ Continue the launch of the lighter bottle | ■ 2011 |
| | HOLDING COMPANY AND SELECTIVE RETAILING | ■ Participate in the French experiment on putting environmental information on products | ■ 2011 |

MAKE COMMITMENTS OUTSIDE THE COMPANY

| Strategy | Business group | Objective assigned to the company in 2011 | Deadline |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Be involved with stakeholders | HOLDING COMPANY | ■ Continue the work with the OREE association, the BSR, the Responsible Jewellery Council, the Federation for Research on Biodiversity and the 11 other partner organizations and associations | ■ Ongoing |
| | WINES & SPIRITS | ■ Open the site to the public during | ■ Ongoing |
| | PERFUMES & COSMETICS | ■ Heritage Days | |
| | FASHION & LEATHER GOODS | ■ Develop partnerships with the environmental | ■ 2011 |
| | WATCHES & JEWELRY | ■ NGOs like Green Cross, The Climate Project or Terre d'Abeilles | |
| PERFUMES & COSMETICS | ■ Continue sharing best practices with small and medium companies within the Ile de France Sustainable Development Club | ■ 2011 | |

The LVMH Group has been consolidating environmental indicators since 1999, and they have been published since 2001. They have been verified by one of the Auditor's specialized teams 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 by writing to: environnement@lvmh.fr

SCOPE OF REPORTING

The reporting on environmental indicators in 2010 covered the following:

- Production sites, warehouses and administrative sites: 175 of the 191 sites held and/or operated by the companies controlled by the Group are covered. The 16 sites not covered are primarily production sites of Hublot, StefanoBi, and Wen Jun Distillery, and the administrative sites of Benefit, Berluti, Donna Karan, Emilio Pucci, Fresh, Marc Jacobs, and Thomas Pink.

METHODOLOGY FOR LVMH GROUP ENVIRONMENTAL REPORTING

- Stores: the French stores of Céline, and Guerlain, the French stores and some international stores of Louis Vuitton, Le Bon Marché, the DFS stores, the Spanish stores of Loewe, and some French, US and Canadian Sephora stores are covered. Depending on the environmental indicators, the scope of reporting can vary significantly:
 - energy consumption and greenhouse gases: 53% of the sales areas of the Sephora American and Canadian stores are covered. Certain Louis Vuitton and DFS stores are not covered;
 - water consumption 28% of the sales areas of the Sephora French stores are covered. Sephora's US and Canadian stores are not covered;
 - waste production the Céline and Fendi stores, the Loewe stores in Spain, the French, US and Canadian stores of Sephora and the Louis Vuitton stores (with the exception of some Japanese stores) are not covered;
 - no other environmental indicator is used for the stores.

In 2010, the scope of the store reporting covered 40% of the sales areas for energy consumption and 17% for water consumption. The environmental indicators for stores that are not covered are deducted by extrapolation, on the basis of actual average ratios per unit of sales area. The scope of the store reporting does not cover the franchise stores for Perfumes and Cosmetics and Fashion and Leather Goods.

The changes in the scope of reporting from 2009 consist of the integration of Royal Van Lent, Chandon Do Brasil, Numanthia and Louis Vuitton stores and the sale of La Brosse and Dupont. For Fendi, the 2009 data was repeated.

REPORTING TOOL AND METHODOLOGY

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

- a file that compiles 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 checked and automatically consolidated in a central file. This file has many control and alert mechanisms (abnormal data, unit problems, etc.).

INTERNAL AND EXTERNAL ASSESSMENTS

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 etc.).

Certain environmental indicators are also verified externally by one of the Group's Auditors whose conclusions are presented in their reasonable assurance report on certain environmental indicators.

CHOICE AND RELEVANCE OF THE INDICATORS

The purpose of the environmental indicators published 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 (*New Economic Regulations decree*)," only the nature and magnitude of impacts that are relevant and significant with regard to 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. The information and environmental indicators of the GRI presented in this report are as follows:

Strategy

1.1 p. 1 and 2
1.2 p. 7

Profile of the organization

This information is available in the LVMH 2010 Annual Report.

Reporting parameters

3.1 to 3.12 p.38 to 41
3.13 p. 42

Gouvernance et engagements

4.12 p. 7 and 26
4.13 p. 22 and 23

Management et Indicateurs

EN1 p. 30
EN3 p. 14
EN4 p. 14
EN5 p. 3, 4, 5, 12 and 13
EN6 p. 29
EN7 p. 17
EN8 p. 20
EN14 p. 18 and 19
EN16 p. 15 and 16
EN18 p. 3, 4, 5, 12, 13, 15, 16 and 17
EN21 p. 21
EN22 p. 21 and 22
EN26 p. 26 à 30
EN29 p. 17
EN30 p. 24

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, more generally, estimated.
- Process need: this measures all non-agricultural needs (industrial, sanitary, cleaning processes, spraying green areas etc.). This water consumption is generally measured.

In 2010, a workshop in the Fashion and Leather Goods business group and a store from Selective Retailing took 212, 033 m3 of water for cooling needs. This water is discharged into its environment without significant physical, chemical or biological change for the workshop and circulates in a closed circuit for the store. It is not consolidated by the Group.

COMMENT FROM ERNST & YOUNG

EXTERNAL VERIFICATION OF THE ENVIRONMENTAL REPORTING

Since 2003, the LVMH Group has had its environmental reporting voluntarily and independently audited by Ernst & Young, one of the Group's auditors, in accordance with ISAE 3000 (the International Standard on Assurance Engagements 3000 of the International Federation of Accountants). For fiscal 2010, the work focused on a selection of 9 indicators relating to the challenges the LVMH Group believes are key (environmental audits, water and energy consumption, CO₂ emissions, COD discharges, production and recycling of waste, and packaging marketed). During our work, we directly verified the indicators for a sample of entities representing on average 57% of the total value of the indicators published by LVMH. Our conclusions are presented in the reasonable assurance report on page 42.

Water Pollution

Water pollution is expressed in metric 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 matter 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.

The various methods for waste recycling are:

- Reuse: the use of a waste product for the same use as the one for which the product was initially designed (e.g. Wines & Spirits business group: bottles resold to third parties).
- Material recovery which includes:
 - recycling: the direct reintroduction of a waste product into the production cycle from which it came to partially or completely replace a brand new raw material: paper-cardboard, certain plastics etc.
 - organic recycling: composting, controlled spreading of organic waste to fertilize soil.
 - energy recovery: incineration with recovery of the energy from combustion in the form of electricity or heat.

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) and company vehicles.

Greenhouse gas emissions

This indicator is expressed in metric tons of CO₂ equivalent and corresponds to greenhouse gas emissions related to the energy consumption of the sites. It covers the direct and indirect emissions of greenhouse gases.

Upstream and downstream transport

This indicator is expressed in metric tons/kilometer and metric 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 wholesale 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 metric 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 training and awareness sessions completely or partly 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 health, safety and environment officers, training in environmental audits, water management, waste management, sustainable grape-growing, etc.).
- general environmental training/awareness (major challenges: greenhouse gases, biodiversity, raising 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 Environmental Committee, work of the LVMH Environmental Department in executive committees or other meetings, etc.).
- hours devoted by in-house environmental trainers (sustainable development week, world water day, health, safety and environment officer who conducts training/awareness sessions, etc.).

Percentage of sites that have undergone an environmental audit

This indicator represents the number of sites which have been subject to an environmental audit (internal or external) during the year, out of the total number of sites.

The audits included in this indicator must cover:

- environmental performance (waste, atmospheric emissions, water, soil, energy and water consumption, noise, etc.),
- an assessment of the environmental risks (flood, fire, etc.),
- the regulatory compliance of the company,
- an evaluation of the environmental management system (tracking audit, internal audit, certification audit, etc.) and/or the performance of the environmental management system.

These audits are validated by a written audit report which sets out recommendations.

The sites included in the scope of this indicator are the production sites, warehouses and administrative sites held and/or operated by companies controlled by the Group. These audits do not cover boutiques.

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 ONE OF THE AUDITORS ON CERTAIN ENVIRONMENTAL INDICATORS

To the Shareholders,

Pursuant to the request we received, and in our capacity as auditor of LVMH Moët Hennessy Louis Vuitton, we conducted controls to allow us to express reasonable assurance that certain environmental indicators¹ for fiscal 2010 (the "Indicators") were established, in all material aspects, in accordance with the LVMH environmental reporting protocol, version No. 7 dated September 5, 2010 (the "Standards").

The Indicators are presented in the LVMH Environment report which can be consulted on the Group's website.

The Standards are summarized in the section "Methodology for the environmental reporting of the LVMH Group" in the LVMH Environmental Report.

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

It is our responsibility, on the basis of our audits, to express an opinion on these Indicators. Our audits were conducted in accordance with the international ISAE 3000 standard (International Standard on Assurance Engagements) of the IFAC (International Federation of Accountants) of December 2003, in compliance with the rules of independence defined by the laws and regulations and the professional code of ethics.

The opinion expressed below concerns only these Indicators and not all the environmental indicators contained in the LVMH Environmental Report. This opinion does not cover the data from retail sales operations not directly integrated in the process to provide environmental indicators and estimated by extrapolation.

NATURE AND SCOPE OF THE CONTROLS

To allow us to express an opinion, we conducted the following controls:

- 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 Indicators;
 - conducted an analysis of the risks of anomalies and material relevance;
 - assessed the application of the Standards, implemented analytic procedures and consistency tests, and verified on a test basis the consolidation of the Indicators.
- We selected a sampling of companies that were representative of the businesses and geographic locations, based on their contribution to the Indicators and the risks of anomaly previously identified:
 - The entities selected represent on average 57% of the total value of the Indicators published by LVMH².
 - 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 Indicators in the LVMH Environmental Report.

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

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

INFORMATION ON THE STANDARDS

We have the following comments to make on the Standards:

- For the retail sales businesses, LVMH distinguishes between the data coming directly from the Indicator feed-in process and the data estimated by extrapolation; the proportion of estimated data increased this year and remains significant.
- Deployment of the internal controls on the Indicator feed-in process which has been conducted for several years is generally satisfactory, but presents significant differences among the Companies; it must be systematized and strengthened, in particular for the Companies where variances have been found which contribute significantly to the Group's indicators.

OPINION

Concerning the "Percentage of waste recovery" indicator, we did not obtain all the supporting documentation that would allow us to ensure the correct typology of the waste treatment methods.

In our opinion, subject to this reservation, the Indicators have been established, in all material respects, in accordance with the Standards developed by LVMH.

Paris-La Défense, March 3, 2011

One of the Auditors

ERNST & YOUNG and others

Gilles Cohen

Olivier Breillot

(1) Percentage of sites subject to environmental audits (%); total water consumption for process needs (m3); total COD after treatment (metric tons/year); total waste produced (metric tons); total hazardous waste produced (metric tons); percentage of waste recovery (%); total energy consumption (MWh); total CO₂ emissions (metric tons CO₂ equivalent); total packaging placed in market (metric tons).

(2) In detail, the contributions by indicator are as follows: percentage of sites subject to environmental audits: 47%; total water consumption for process needs: 53%; total COD after treatment: 96%; total waste produced: 47%; total hazardous waste produced: 77%; percentage of waste recovery: 48%; total energy consumption: 49%; total CO₂ emissions: 45%; total packaging placed in market: 48%.

LVMH

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