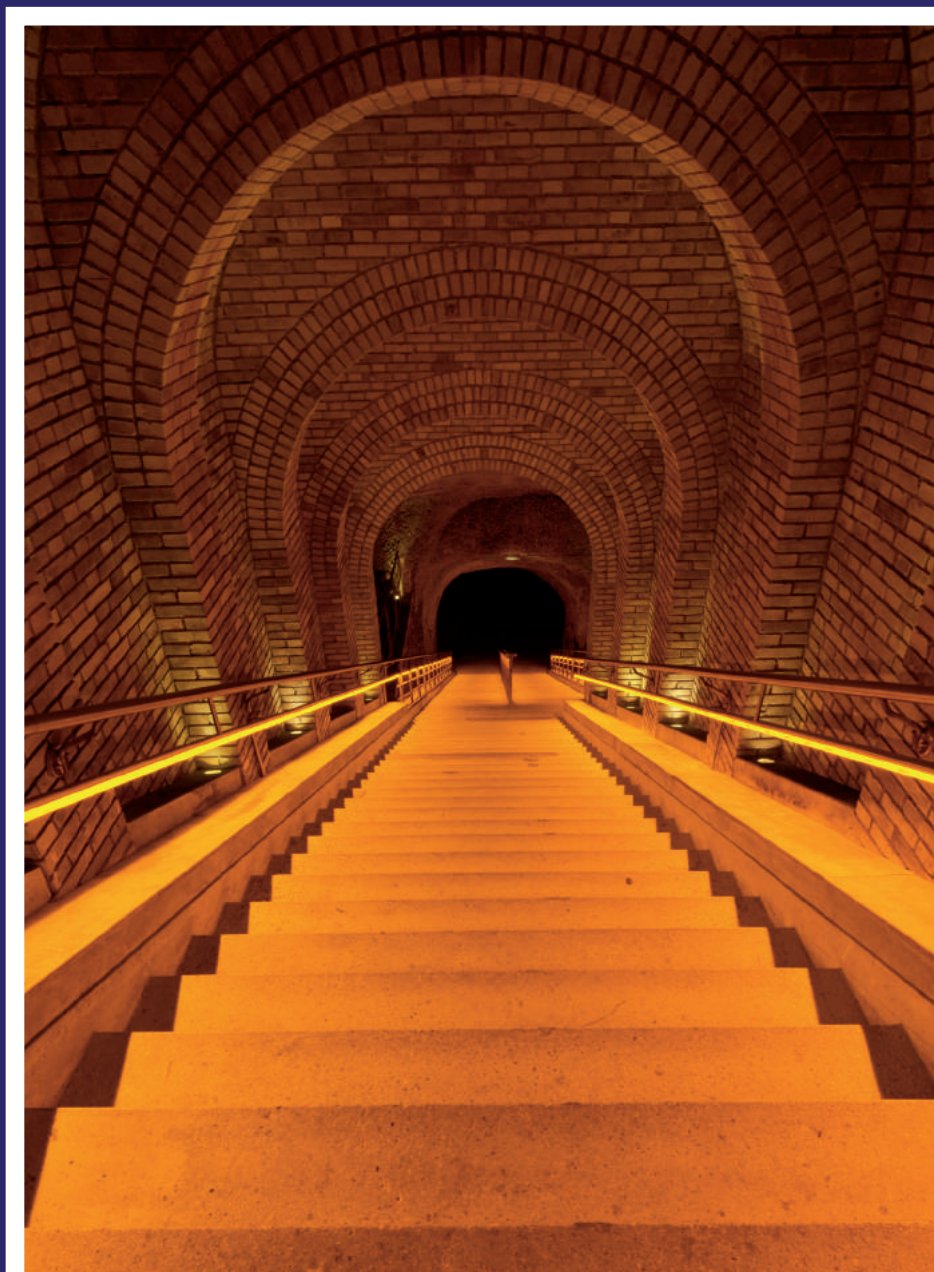


LVMH 2015

ENVIRONMENTAL REPORT



LVMH

MOËT HENNESSY • LOUIS VUITTON

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AFFIRMING OUR VALUES AND OUR VISION FOR THE GROUP

This new edition of the LVMH Environmental Report presents the efforts made by all of our Group's Maisons and teams to protect natural resources in 2015. These efforts are not recent, far from it: for over two decades, our values, our responsibility as a corporate citizen and our determination to ensure the long-term future of and develop our businesses have been encouraging us to get involved so we can improve our environmental performance.

As a major operator in the luxury goods industry, delivering dreams and beauty to the world, LVMH has a duty to protect the quality of water and soil and the diversity of animal and plant life that we channel into our products and which are essential for the future of mankind. Today, this environmental imperative is an integral part of our strategy and has become a fully-fledged component of our success, just like quality or creativity.

This imperative has never been more topical than in 2015, which will remain characterised by the success of COP21 and the signing of a universal climate agreement. This exceptional event, in which we were a partner, has highlighted our environmental policy in a very specific way. We were able to bear witness to, and increase, our commitment further through new initiatives to continue down the path of environmentally-compatible growth.

Bernard Arnault

Chairman and Chief Executive Officer

INTERVIEW WITH ANTONIO BELLONI, GROUP MANAGING DIRECTOR, AND SYLVIE BÉNARD, GROUP ENVIRONMENT DIRECTOR



Antonio Belloni
Group Managing Director



Sylvie Bénard
Group Environment Director

1/ What is your 2015 review of LVMH from an environmental standpoint?

Antonio Belloni: 2015 was an extremely successful year, primarily thanks to the momentum provided by the United Nations Conference on Climate Change, chaired by France and organised in Paris in late 2015. This event on a world-wide scale made protecting the quality of the air, and of natural resources on a more overall basis, the top priority among global concerns. It enabled us to involve our teams on these issues to an even greater extent and strengthen our environmental policy. This resulted in a qualitative leap in the roll-out of LIFE (LVMH Initiatives For the Environment). We launched this programme in 2013 to provide a strategic backbone to the initiatives that we are implementing in order to meet our nine environmental challenges: incorporating the environment from the point at which products are created, securing access to key raw materials, the traceability and compliance of the raw materials and products used, suppliers' environmental and social responsibility, reducing the CO₂ emissions relating to the businesses, preserving critical skills, the environmental excellence of the production processes and the products' life span, and the ability to answer the questions about the environment asked by our stakeholders. The Group's Maisons have been incorporating LIFE into their strategy plans since 2014. Their Chairmen were heavily involved in this incorporation process in 2015, and we felt that the teams had gained genuine maturity on this issue.

Sylvie Bénard: 2015 was also characterised by a sharp increase in the number of collaborations on environmental issues. Inside the Group, the environment has become a cross-divisional issue that involves all our employees. Regular meetings are organised to disseminate information and best practices. Working groups and committees are being set up to pool areas of expertise and create a collective momentum around issues such as optimising energy efficiency or the circular economy. Teams are working together to launch experiments, thereby enabling LVMH to continue to innovate to protect natural resources. This co-construction approach can also be seen in our relations with our external partners, whether public or private. Our Group has always been very actively involved in discussions and initiatives relating to the environment. Today, some of our Maisons that operate in the same business sector are even forming partnership to discuss issues with their suppliers and their competitors with a view to encouraging taking the environment into account on their markets.

2/ What was the main highlight of the year in your opinion?

Sylvie Bénard: It is hard to choose just one, as there were many initiatives, and some of them were particularly remarkable. I would say the introduction in November 2015 of our internal carbon fund, driven by our Maisons and intended to finance the innovative projects that were launched to reduce the greenhouse gas emissions of our Maisons. Reducing the impact of the businesses on climate change is one of the priorities of LVMH's environmental policy. Our company began measuring its greenhouse gas emissions very early on at a time when carbon reports were in their infancy. By setting up this fund – a major first in the Group's history, LVMH has shown that it has retained a pioneering spirit.

3/ How does the Group intend to build on the achievements in 2015?

Antonio Belloni: We are already expecting significant progress in several areas relating to the protection of natural resources as a result of what was achieved in 2015. LVMH intends to continue on this trend by further improving the environmental performance of all its products and of all its sites. In particular, we want to ensure that best practices are complied with in our strategic procurement outlets, primarily by boosting the collaboration with our suppliers to establish the highest environmental standards. Continuing to reduce our greenhouse gas emissions will be another major goal: we have set ourselves the target of reducing the emissions relating to our production facilities, logistics facilities, and stores' direct and indirect energy consumption by 25% between 2013 and 2020.



THE FRAMEWORK FOR ACTION

THE YEAR 2015, WHICH WAS SPECIFICALLY CHARACTERISED
BY THE INTERNATIONAL COMMUNITY'S COMMITMENT TO CLIMATE CHANGE,
ENABLED LVMH TO CONSOLIDATE LIFE (LVMH INITIATIVES FOR ENVIRONMENT),
THE GLOBAL PROGRAMME LAUNCHED BY THE GROUP IN 2013 IN ORDER
TO REINVIGORATE ITS ENVIRONMENTAL POLICY.

PROTECTING THE ENVIRONMENT IS A MAJOR CONCERN

SAFEGUARDING A CAPITAL THAT IS ESSENTIAL TO THE COMPANY

France hosted and chaired the 21st Conference of the United Nations on Climate Change, the largest international summit ever organised in order to combat global warming, between 30 November and 12 December 2015. At the end of the discussions, the 195 participating countries signed a universal agreement intended to limit the average increase in temperatures to between 1.5° C and 2° C by 2100.

LVMH, which is aware of its duties and responsibilities to the community, was one of the partners of COP21. Caring for the environment is not just a civic commitment for the company: it is also a key factor for progress and competitiveness. In fact, the luxury goods sector transcends the beauty of nature. Like Louis Vuitton, which has been sublimating wood, cotton and leather since 1854, the Group's Maisons use natural raw materials, which are often rare and exceptional, to manufacture their products. Like innovation, creativity or the quality of execution, environmental performance is key to LVMH's success, and is closely linked to its business lines and to its values of excellence, sustainability, and transmission of expertise. The Group has made environmental performance a cornerstone of its strategy, and works on this issue in accordance with exacting requirements, buoyed by the conviction that it must aim to set an example, as a global leader and

a symbol of the French art of living. The solutions that LVMH provides to environmental challenges are now fully incorporated into its business activities. They amount to underlying trends that have a profound influence on the company's development, shape the future challenges in its markets and determine the growth opportunities for its brands.

A LONG-STANDING COMMITMENT

MAKING A COMMITMENT IN-HOUSE

LVMH formally established its commitment to protect natural resources in 1992, the year of the Earth Summit in Rio, by setting up an Environmental Division. The company set down its ambitions and its strategy in an Environmental Charter signed by Bernard Arnault on behalf of the Group's 125,000 employees in 2001. This founding document was extended by two internal Codes of Conduct. The first Code, which was introduced in 2008, is intended for suppliers. The second Code, which was disseminated in May 2009, concerns all the employees. These Codes of Conduct supplement and formally set down the Environmental Charter's commitments by reminding everyone that compliance with laws, regulations, and national and international decisions is an essential premise for the credibility of LVMH's approach.

A PRIORITY INCLUDED IN THE BUDGET

LVMH's 2015 budget shows the importance that the Group assigns to protecting natural resources. Consolidated environmental expenditure amounted to €23.3 million, including operating expenses of €11.3 million and investments of €12 million. This amount also includes the indirect expenses

relating to the high environmental quality of the buildings and to the training and technical support provided to the teams in-house for instance, as well as to environmental corporate sponsorship.

ONE CHARTER AND FIVE GOALS

LVMH confirms five goals in its Environmental Charter:

- 1/ aiming for a high level of environmental performance;
- 2/ generating a collective commitment;
- 3/ managing environmental risks;

- 4/ designing products by incorporating environmental innovation and creativity;
- 5/ making commitments outside the company.

MAKING COMMITMENTS OUTSIDE THE COMPANY

LVMH has made a certain number of external commitments, which now form the general framework for all its environmental initiatives, along with its internal commitments. Accordingly, Bernard Arnault adhered to the United Nations Global Compact, which focuses on promoting companies' civic responsibility, in 2003. LVMH supports the Universal Declaration of Human Rights, the OECD Guidelines, the International Labour Organisation's Fundamental Conventions, Caring for Climate (a programme of voluntary initiatives that are complementary to the United Nations Global Compact), the Kimberley Process, and the CITES conventions on the international trade in endangered species. In France, the Group adhered to the National Strategy for Biodiversity for the period between 2011 and 2020 (national roll-out of the 2011-2020 Biodiversity Strategy Plan for the Planet adopted in October 2010 during the Nagoya Convention on Biological Diversity). In fact, the Group's plan, which is known as "Improving LVMH's activities biodiversity footprint from upstream to downstream, with the aim of having a positive impact on those activities" for the period between 2012 and 2015, enabled it to be selected as a beneficiary of the "National Biodiversity Strategy" accolade by the French Government.

A GENERAL COMMITMENT

UNITING WITHOUT STANDARDISING

LVMH has organised itself in such a way as to reflect its environmental commitment through useful and tangible initiatives. The company has had one priority from the start, i.e. uniting without standardising. It has preferred a model that is both decentralised and united, in order to take its history, its size as a leading multi-national group in the luxury goods sector, and the highly specific nature of its business lines

into account. LVMH actually includes five groups of activities: Wines & Spirits, Fashion & Leather Goods, Perfumes & Cosmetics, Watches & Jewellery, and Selective Retailing. Its Maisons face certain common environmental challenges, such as reducing their greenhouse gas emissions. However, they also have a different impact on the natural environment, and must therefore focus on specific issues that are directly related to their environmental footprint and to their operating challenges. It is this observation that led LVMH to set up a division dedicated to the Environment. This division, which reports directly to Antonio Belloni, the Group's Deputy Chief Executive Officer, plays several roles. It instils a shared view, and determines the major lines of action in all the areas relating to protecting the natural environment. It monitors compliance with the commitments made, and the application of the company's environmental strategy. It coordinates cross-divisional initiatives and helps the Maisons with their approach by developing new initiatives with them in order to improve their environmental performance. The team also performs a regulatory and technical watch, develops expertise and practical tools, promotes the exchange of experience and the dissemination of best practices, and constantly fine-tunes the internal assessment process by organising environmental audits.

INVOLVING ALL THE GROUP'S COMPONENTS

In some ways, the Environmental division is the orchestra conductor responsible for setting LVMH's environmental policy to music. It performs its roles with a permanent desire to involve all of the company's components, and to significantly increase internal collaboration. For instance, the division worked with many Maisons on pilot experiments and operations in 2015, including on the stores' energy efficiency with the Group's architects and with the Marketing and Development teams in order to encourage the eco-design of products, as well as with the teams responsible

THE MAISONS ARE ALSO GETTING ORGANISED

Several Maisons have an organisation dedicated to implementing environmental initiatives. At Louis Vuitton, for instance, the environmental strategy has been entrusted to a specific department which has set up steering groups on issues such as recycling materials or ISO 14001 environmental

certification. The initiatives launched by the Head Office are conveyed in the workshops and the geographical regions by around 100 environmental officers who are supplemented by a network of pilots in the stores in some countries such as China or Italy, known as "Green Advisors".

for procurement in order to ensure a sustainable supply of natural raw materials. The Environmental division relies on a network of around 60 officers at the Maisons in order to take action. It gathers the officers at the Environmental Committee several times a year in order to address certain problems such as managing waste, or protecting biodiversity, review topical issues, exchange information and best practices, and present new initiatives. In addition to these meetings, the Environment Department facilitates several specialised internal working groups, such as the group dedicated to eco-design, to the environmental management of the stores, or to the REACH Regulation, which has governed the registration, assessment and authorisation of chemicals within the European Union since 1 June 2007.

REGULAR ASSESSMENT OF PERFORMANCE

MEASURING ITS ENVIRONMENTAL IMPACT

Only that which can be measured exists. Driven by this conviction, LVMH has quickly implemented and updated indicators aimed at assessing its environmental impact, identifying its areas for improvement and estimating the progress

made from one year to the next. The company designed a reporting tool in 1998 based on questionnaires which covers the main issues relating to the environment. Its first Environmental Report was published in 2001. The Maisons may use the questionnaires to monitor and steer their own indicators, while each Maison is free to adjust them depending on its environmental impact and the frequency of the measures implemented. The data collected thanks to this reporting tool is checked by the Statutory Auditors every year, supplemented by audits, and has been consolidated in LVMH's Management Report since 2004. It can also be forwarded to environmental and social rating agencies, shareholders, investors, consumer associations or any other stakeholder at the Maisons' request.

BOOSTING THE INTERNAL ASSESSMENT PROCESS VIA EXTERNAL ASSESSMENT

In addition to the indicators that it produces internally, LVMH is assessed on its environmental policy by its external stakeholders. The Group is included in the main indices based on responsible investment criteria, i.e. FTSE4Good Global 100, Euronext Vigo Eurozone 120, and ESI (Ethibel Sustainability Indices) Europe.



The Rose de Granville by Parfums Christian Dior.



The Louis Vuitton logistic center in Cergy.

THE BUSINESS GROUPS' MAIN CONCERNS

	Wines & Spirits	Fashion & Leather Goods
Saving energy resources and combating climate change	• Packaging production. • Distillation. • Transportation of product shipments.	• Store lighting and air-conditioning. • Transportation of product shipments.
Protecting and saving water resources	• Water consumption (irrigation of vines in Australia, New Zealand, Argentina and California). • Production of effluents containing organic matter during wine-making and distillation.	–
Protecting ecosystems and natural resources	• Especially plant resources (vines) required for production.	• Especially plant resources (textile fibers) required for production. • Exotic leather. • Fur
Waste recovery	• Wine-making and distillation processes.	–
Reduction in impact of production and transformation of raw materials, specifically through eco-design	• Packaging.	• Packaging. • Cotton and other textiles, leathers. • Tanning.

KEY FIGURES FOR 2015

At constant scope, LVMH succeeds to improve most of the environmental indicators; a positive outcome compared to the 6% of organic revenue growth.

Stable⁽¹⁾

Energy consumption:
762,889 MWh

-2%⁽¹⁾

Greenhouse gas emissions:
246,328 metric tons CO₂ equivalent

Perfumes & Cosmetics	Watches & Jewelry	Selective Retailing
• Packaging production. • Transportation of product shipments.	–	• Store lighting and air-conditioning. • Transportation of product shipments.
• Protection and saving of water resources.	–	–
• Especially plant resources required for production.	• Packaging. • Stones and precious metals. • Exotic leather.	–
–	• WEEE (waste from electrical and electronic equipment, such as batteries).	–
• Packaging. • Constituents of perfumes and cosmetics.	–	–

-5%⁽¹⁾

Water consumption for process requirements:
2,298,791 m³

-1%⁽¹⁾

Water consumption for agricultural requirements:
7,095,196 m³

-18%⁽¹⁾

Water pollution:
3,418 tons of COD/year

-5%⁽¹⁾

Waste produced:
86,403 metric tons

+4%⁽¹⁾

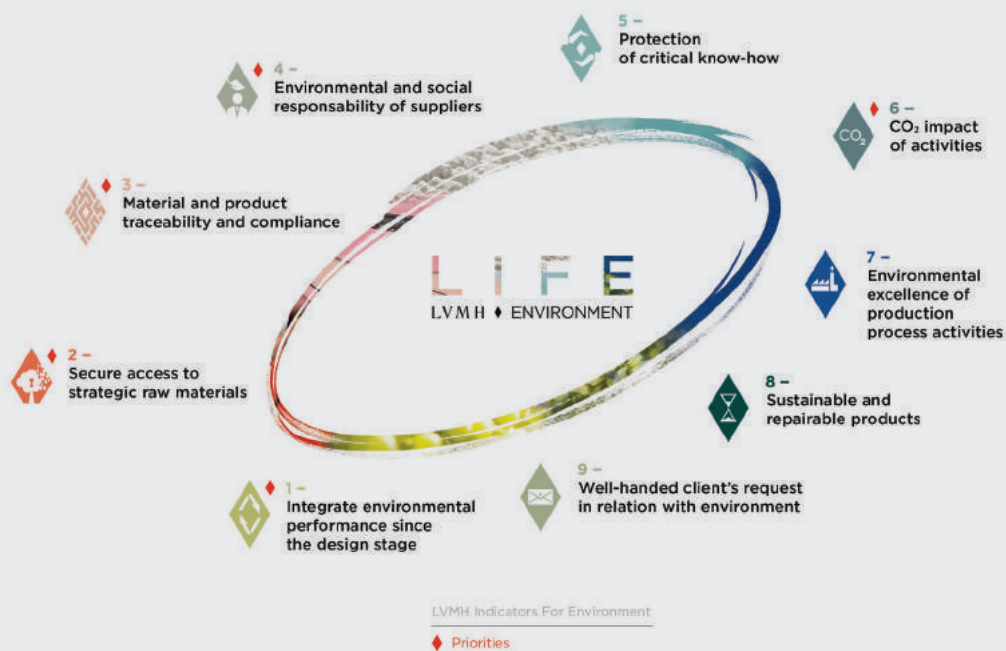
Packaging :
195,920 metric tons

(1) Change compared to 2014 at constant scope

THE DYNAMICS OF THE LIFE PROGRAM

In 2015, all of our Maisons incorporated the LIFE program into their strategic plans. LIFE is a source of innovation and creativity, and also a common language that will allow our upper-level management to be

intensely involved. The Group will oversee all of these activities, in cooperation with the LVMH Environment Department.



GROUP WIDE OBJECTIVES

To give our environmental policy an extra boost, we are working on setting and implementing specific objectives based on the strategic priorities of the LIFE program for the next five years. We plan to make significant progress in:

- improving the environmental performance of all our products;
- improving the environmental performance of all our manufacturing sites;

- enforcing best practices at our key internal and external supply chains;
- working with our suppliers to bring their production sites up to the highest environmental standards;
- reducing our greenhouse gas emissions: LVMH is already aiming for a 25% reduction in direct and indirect emissions across all manufacturing sites, logistics centers and stores between 2013 and 2020.

A MAJOR TURNING POINT: THE LIFE PROGRAM

STRUCTURING INITIATIVES AROUND TWO STRATEGIC CHALLENGES

LVMH has gradually incorporated the culture, values and practices relating to protecting the environment in over twenty years of commitment, by involving all of its stakeholders in its approach, including its employees, partners, and suppliers, customers, government authorities, NGOs, and civil society representatives, etc. This roll-out has been characterised by key stages. In 1998, for instance, Hennessy became the first wines and spirits company in the world to obtain ISO 14001 certification. This policy took a major turn in 2011 with the launch of LIFE (LVMH Initiatives for the Environment). To design this global programme, LVMH performed a review with seven volunteer Maisons belonging to its five business groups. Hennessy and the Champagne Maisons represented the Wines & Spirits group, Louis

Vuitton and Givenchy represented the Fashion & Leather Goods group, Guerlain represented the Perfumes & Cosmetics group, Chaumet was the representative for the Watches & Jewellery group, and Sephora was the representative for Selective Retailing. The aim is to identify the strategic issues that enable the steering of the Group's environmental approach to be strengthened. Nine issues, five of which are priorities, were identified following these reviews. All the Maisons have joined the LIFE program and selected the four or five issues that are most essential for them among the nine issues, in view of their activities and of their respective problems. For instance, limiting greenhouse gas emissions is more important for the Maisons that form part of Selective Retailing, and where the stores consume energy, than for the Maisons in the Watches & Jewellery business group, which are more concerned with protecting ecosystems and natural resources since they work with precious stones and metals.

EACH MAISON HAS ITS OWN LIFE ISSUES: THE EXAMPLE OF GUERLAIN

Guerlain drew up its environmental action plan based on six key issues it identified:

- environmental responsibility in order to make day-to-day environmentally-friendly behaviour systematic and develop the best civic practices at all the company's sites;
- transport so as to control the CO₂ emissions resulting from shipments and travel;
- eco-design in order to perfect the way in which the com-

pany innovates and designs, while limiting the environmental impact of the products and activities;

- biodiversity in order to help protect raw materials, which are a source of inspiration and innovation that is essential for beauty in the world, and is vital for Guerlain;
- social responsibility in order to promote diversity and improve employees' working conditions and quality of life, as well as support voluntary organisations that are dear to the brand.

A "LIFE EFFECT" FOR THE WINES & SPIRITS BUSINESS GROUP

The Maisons in the Wines & Spirits business group did not wait for the LIFE program to launch a large number of ambitious initiatives aimed at protecting natural resources. However, they have taken a further step thanks to the programme by introducing global momentum. This momentum is steered by an Environmental Committee attended by around 15 specialists from each Maison together with Sylvie Bénard, LVMH's Environment Director. The momentum created by LIFE has increased employees' awareness of and involvement

in environmental issues. The Maisons have been able to make progress in determining their goals, sharing their experiences and best practices, and increasing their power and motivation together. They have set themselves goals based on seven topics identified as major (sustainable farming, energy, waste, water and wastewater, eco-design, responsible procurement, and the "green supply chain") and are now applying the highest levels of expertise in order to make progress with each of those goals.

3 QUESTIONS FOR...



Jean-Christophe Babin,
Chairman of Bvlgari

What does the environment mean for Bvlgari?

Since Bvlgari was founded in Rome in 1884, the most precious materials and stones, together with the rarest substances created by our planet, have been at the heart of its identity. When combined with exceptional expertise, these raw materials enable us to create extraordinary pieces. This is why the natural environment, and protecting it, is so essential to our Maison's culture and values.

What is the initiative implemented by your Maison of which you are proudest?

I could mention the exemplary sustainable renovation of our historic boutique in Via Condotti in Rome; however, I would like to look to the future to some extent by mentioning our new Jewellery Manufacturing Facility in Valenza in Piedmont, which will open its doors in the summer of 2016. Everything in the design of this new building, from its plans to its construction, was organised so that this fantastic working facility can apply for LEED certification – where LEED stands for Leadership in Energy and Environmental Design, the reference eco-design label in the United States. I am sure that it will be certified, thereby proving that reducing our environmental footprint is the focal point of all our concerns.

How can setting up a carbon fund enable your Maison to go further in reducing its greenhouse gas emissions?

Setting up an internal carbon fund financed by and for the Maisons is an extraordinary initiative implemented by the LVMH Group. This initiative will encourage us to go further and to implement new initiatives aimed at reducing our carbon footprint. In fact, we have recently organised a system of shuttles that leave from stations in Rome to encourage our employees to give up their cars to get to work at the Lungotevere Head Office. This is just one example among many others; however, every step counts where reducing our greenhouse gas emissions is concerned, and the carbon fund will provide us with new opportunities to innovate in this area!

INITIATING AN ONGOING IMPROVEMENT APPROACH

Once they had identified their issues, the Group expected the Maisons to implement action plans. The approach selected combined environmental expertise with a participative approach: the Maisons were guided and supported by the Environment division and all their departments (Finance, Procurement, Marketing, Information Systems, Human Resources, Production, Logistics, etc.) were involved in the projects. The review was based on a series of key questions. How do we incorporate eco-design into product briefs and development stages? How do we identify strategic materials and develop specific sectors with the suppliers in order to preserve resources and secure long-term supplies? How do we identify critical skills and ensure their continuity? What do we do to improve the energy efficiency of the logistics chain so we can reduce greenhouse gas emissions? What resources do we use to reduce the environmental footprint of production systems? How do we increase products' lifespan or ensure that they can be repaired? What organisational structure should we adopt in order to answer increasingly frequent questions about the environmental impact of our activities from stakeholders? These were all preliminary questions, which were supplemented by the many initiatives that have already been implemented by the Maisons to protect their natural resources, and have enabled them to design solutions aimed at reducing their environmental footprint. Each action plan came with an array of indicators intended to monitor and assess the progress made. Accordingly, LVMH was able to make its environmental policy part of an ongoing improvement loop.

INSTILLING A NEW MOMENTUM

LVMH has provided the initiatives implemented by its Maisons with a strategic backbone thanks to LIFE. The programme, which was designed in order to structure all their initiatives around a united vision and a collective commitment as part of a long-term approach, has given new momentum to the Group's environmental policy. By establishing the priorities to be shared, the programme is the source of many benefits involving all employees which encourages the creation of a common language and which encourages cooperation and the dissemination of best practices. It reinforces the inclusion of the environment in management processes, encourages the development of new management tools, enables the changes and enhancements resulting from the Maisons' innovative practices to be taken into account and promotes shared and cross-divisional action. It is also a source of new opportunities and a driver for innovation and development. In addition, it makes a contribution to protecting the image of the LVMH brand, to reducing costs and to improving internal and external communications.

A BOOST TO THE PROGRAMME IN 2015

INCORPORATING LIFE INTO THE MAISONS' STRATEGY

LIFE was gradually rolled out within the LVMH Group following the pilot stage. All the Maisons then incorporated LIFE into their strategy plan in 2014 at the request of Antonio Belloni, LVMH's Deputy Chief Executive Officer. The Environment Department supported this incorporation, went to meet the Maisons' teams and published handbooks

A "CLIMATE AND LOGISTICS" CONFERENCE AT COP21

LVMH and its Maisons took part in the discussions during COP21 by organising a conference on the topic of "Climate and Logistics". Following a presentation of the LIFE program by Sylvie Bénard, the Group's Environment Director, the spotlight switched to the Solar Impulse solar aeroplane project, which is supported by Moët Hennessy to demonstrate the importance of using renewable energy for a carbon-free world. Three issues on the agenda then formed the basis for

the discussions: the transportation of products by boat over long distances, the use of electric vehicles for local deliveries and the importance of the human factor when implementing these initiatives. This was an opportunity for Moët Hennessy, LVMH Fragrance Brands Guerlain, Sephora, and Louis Vuitton to present their best practices and to show that the environment was a cross-divisional and uniting topic within the Group.

for implementing the programme intended for each business group. The Maisons made protecting the environment a fully-fledged component of their strategy for the second year running in 2015. Thanks to the direct involvement of their Chairmen and Chairwomen, and to the employees' investment in and maturity regarding the issue, the financial year was characterised by a qualitative leap forward. To capitalise on these achievements and give an additional boost to its environmental policy, LVMH has begun reviewing a new stage, i.e. determining and implementing specific targets for certain issues in the LIFE program as of 2016.

INNOVATING BY INTRODUCING AN INTERNAL CARBON PRICE

In November 2015, against a backdrop characterised by the voting of the law on the transition to a low-carbon economy for green growth in mid-August in France, followed by the preparations for the 21st United Nations Conference on Climate Change, LVMH took an additional step in rolling out the LIFE program via an unrivalled initiative. The Group introduced an internal carbon price. Since 1 January 2016, a Maison must invest €15 in financing innovative projects every time that it emits one metric ton of greenhouse gas in order to reduce its emissions.

RELYING ON COP21 IN ORDER TO STRENGTHEN THE PROGRAMME

The creation of an internal carbon price was one of the initiatives highlighted by LVMH as part of its partnership with the 21st United Nations Conference on Climate Change. As the global highlight of the year, the Conference enabled the Group to showcase its contribution to international efforts aimed at limiting the increase in temperature.

LVMH has teamed up with the Paris Town Hall in order to achieve the goals of the European Climate & Energy Plan by signing a partnership charter.

Emphasis has also been put on transport. LVMH has already made significant progress in this sector that is strategic for its carbon footprint by involving a large number of partners. Accordingly, the company was able to illustrate its determination by presenting a number of outstanding initiatives, from receipt of ISO 14001 certification by Louis Vuitton for its Leather Goods & Accessories supply chain – a world first – to Guerlain and Sephora's deliveries via electric vehicles and the arrival of "green" tractors that do not emit any greenhouse gases in the Moët & Chandon vineyards. COP21 was also an internal highlight for the Group since four newsletters were sent to 70,000 Group employees during this two-week period. Some Maisons had made arrangements to capitalise on the event, including Louis Vuitton, which rolled out a specific communication system during the Conference. Its senior executives spoke at meetings to explain the challenges that the Maison was facing in relation to global warming and to issue instructions to turn the lights in the stores off at night. In addition, a worldwide campaign was rolled out on the corporate social network encouraging employees to publish photographs online in order to showcase environmental best practices, while several events were organised at the sites. Accordingly, the summit provided LVMH with an opportunity to perform a global review of two decades of commitment to natural resources and involve its employees in preparing the next stage.

Between now and 2020, the Group has committed to reducing energy consumption by 20% and to increasing the consumption of renewable energy by 50% compared with 2013 at its 150 sites in the Greater Paris Area (head offices, warehouses and boutiques). These efforts must be reflected by a 60% decrease in its greenhouse gas emissions.



THE INTERNAL CARBON PRICE

LVMH is contributing to international efforts to limit the increase in temperature to 2°C by 2100 by implementing an internal carbon price.

A flagship idea: assigning an internal price to carbon

LVMH's approach is based on the idea that assigning a carbon price to activities that emit greenhouse gases may encourage economic operators to change their behaviour, and therefore are an effective driver for combating climate change. This idea is making headway among the international community. It was advocated by the World Bank, the International Monetary Fund and six heads of state – including François Hollande and Angela Merkel – as part of a call launched at the beginning of COP21.

A simple mechanism

The governance process for the plan is provided by the Group's Environmental and Financial divisions. The Maisons will be required to invest in innovative projects aimed at improving their energy efficiency or their carbon footprint,

for each metric ton of greenhouse gas generated by their activities, and more specifically by the production facilities and stores' energy consumption. The price for a metric ton, which was set at €15 in November 2015, is within the range of current practices and may be reviewed over time. The contribution basis may be broadened, specifically by including transport.

Three kinds of projects are financed

The amounts raised will be dedicated to financing investment plans intended to reduce the Maisons' greenhouse gas emissions in 2016. The Group has planned to finance three kinds of projects: investment in equipment that enables a reduction in energy consumption, investment in the production of renewable energy on an international scale and research aimed at improving LVMH's understanding of its greenhouse gas emissions. Accordingly, LVMH is creating a virtual circle that will boost the effectiveness of its environmental policy.



LORO PIANA'S ENVIRONMENTAL POLICY

The Loro Piana Maison, which has been based in Northern Italy for six generations, was founded in Trivero at the start of the 19th century. The Maison is now the uncontested setter of standards in the luxury goods sector with unparalleled expertise in searching for the rarest and most precious fibres. Loro Piana aims for excellence in clothing by combining traditional craftsmanship, Italian expertise and technological innovation in order to obtain the highest quality. The company, which employs 2,700 people, consists of two divisions. The Textile division manufactures fabrics, threads and fibres that are intended for clothing workshops, stylists and tailors, as well as providing fabrics that are offered to architects and interior designers. The Luxury Goods division develops exclusive clothing and accessory lines for men, women and children, and offers a tailor-made service. Everything is produced in Loro Piana's plants in Italy, working together with qualified suppliers, and is then distributed via an international network of shops. The Maison manages each manufacturing stage according to very high standards, from gathering the raw materials to delivering finished products to the boutiques.

Products made from natural raw materials

Protecting the environment is part of Loro Piana's DNA. As part of its permanent search for authenticity and quality with no compromises, the Maison actually only produces items from exceptional natural materials, such as the unique cashmere and baby cashmere found in Northern China and Mongolia, vicuna from Peru and Argentina, extra-fine merino wool from Australia and New Zealand, or lotus flowers from Burma. It has even discovered a precious natural fabric, that of the fibre extracted from lotus flower stalks. Loro Piana uses this aquatic plant that is harvested in the waters of Lake Inle and worked exclusively by hand to make around 40 jackets every year. This specific feature of the Maison has guided its procurement policy. In order to retain the unique properties and superior qualities of the fibres, it works in partnership with government authorities and livestock farmers in the countries of origin for its raw materials and invests in research in order to improve the quality of its threads and fabrics on an ongoing basis.

Encouraging local production

Loro Piana commits to purchasing certain raw materials at prices that are independent from market prices, which enables local communities to make a living. It also encourages livestock farmers to increase their output. For instance, baby cashmere can only be supplied in very small quantities as it comes from the down of young hircus goats: each kid provides 30 grams of fibre just once during its lifetime! Enabling its customers to benefit from these rare fibres, where the softness and fineness are unequalled, was the result of ten years of negotiations with Mongolian shepherds. More recently, the Maison has signed multi-year agreements with a group of Australian and New Zealand sheep farmers in order to purchase the best and finest wool in the world on an exclusive basis; it then turns that wool into an exclusive clothing range that is known as "The Gift of Kings".

A partnership with livestock farmers

Loro Piana also provides training to livestock farmers on sustainable breeding techniques that respect the animals, which grow up in their natural environment while remaining under strict supervision. The Maison specifically collaborated with the Peruvian Government Authorities in order to successfully conduct a campaign that saved the vicuna from extinction. It obtained the right to reintroduce vicuna fibre to the market in 1994 by committing to help save the species, which was threatened with extinction. Then, in 2008, it purchased an area of 2,500 hectares in the Pampa Galeras region in order to create the "Franco Loro Piana" reserve. The new reserve welcomed 800 vicunas, raised according to traditional methods imported from Australia and have multiplied quickly since there are now over 2,000 of them. Loro Piana extended its initiative to protect vicunas to Argentina in 2013 by purchasing a majority interest in a company that is authorised to shear the flocks that roam freely in an area covering almost 85,000 hectares.

A permanent search for quality

Loro Piana's very high standards encourage it to constantly improve the quality of the natural raw materials that it uses. This is what drove the Maison to go against the market, against a backdrop characterised by increasingly intensive cashmere production: it launched a pilot project in China in 2009 aiming to protect the quality of its cashmere supplies and develop the entire sector on a sustainable basis. The project was implemented with the Chinese Agricultural

University in Jilin and the Italian Camerino University in collaboration with ENEA (the Italian National Agency for New Technologies, Energy and Sustainable Economic Development). The Maison has developed the "Loro Piana method": thanks to a scientific analytical approach, a selective breeding model that contributes to a balance between animals, the environment and the local population, while enabling an exceptional quality of cashmere to be achieved. By preferring small flocks in the same region, and a rationalised combing method, the shepherds guarantee high annual volumes and high-quality fibre, and therefore higher income for themselves.

The experiment was extended in late 2015 via the creation of the "Loro Piana Cashmere of the Year Award", which will reward the livestock farmers that achieve the highest quality criteria every year. The aim is to encourage farms in every production area to adopt the "Loro Piana method" and thus enable the entire cashmere industry to enter into a sustainable virtuous circle... all while protecting the environment.

Production is becoming increasingly sustainable

Loro Piana's environmental policy is not limited to raw materials. The company takes care to manufacture its products while respecting natural resources. As its production requires a large amount of water, it has adopted and implemented strict rules to reduce its water consumption. Fifty percent of the water that is now used at its plants is generated by recycling. The Maison has also developed processes that enable it to discharge water of an irreproachable purity following several years of research. At the same time, it has significantly increased the use of renewable energy in order to reduce its carbon footprint. Loro Piana has installed 11,000m² of solar panels at four of its Italian sites, which avoid emitting 750 metric tonnes of CO₂ into the atmosphere every year. It has equipped itself with a power and heat generation system, where the aim is to reduce greenhouse gas emissions by 30%. It even became the first operator in the Italian textile industry to invest in a natural gas turbine in 1994. The system, which runs for 5,000 hours per year, produces 5,200 MWh of electricity and 13,000 MWh of thermal energy, and leads to a saving of 800 metric tonnes of CO₂ emissions. Loro Piana does not intend to stop there: the company is now focusing on its transport systems and has begun to invest in electric vehicles, not only for its employees' trips, but also to make deliveries from one plant to the next.



THE ACTION DRIVERS

LVMH HAS BEEN PURSUING THE IMPLEMENTATION OF ITS ENVIRONMENTAL POLICY FOR OVER TWENTY YEARS BY RELYING ON ALL THE ACTION DRIVERS AT ITS DISPOSAL AND BY INVOLVING ALL OF ITS STAKEHOLDERS IN ITS APPROACH, INCLUDING ITS EMPLOYEES, CUSTOMERS, PUBLIC AND PRIVATE PARTNERS, GOVERNMENTS, LOCAL AUTHORITIES, NGOS AND VOLUNTARY ORGANISATIONS.

EMPLOYEES INVOLVED

INVOLVING ALL THE EMPLOYEES IN THE APPROACH

To improve its environmental performance, LVMH must enable its employees to be fully involved in the approach, regardless of their position and their role at the company. This is the reason for the Group and its Maisons' constant efforts to inform, raise the awareness of and train the staff on protecting natural resources. LVMH and its Maisons adjust their actions to the level of involvement of the persons concerned in the day-to-day management of issues relating to protecting natural resources. The result is a wide array of initiatives, which range from disseminating handbooks and making awareness-raising modules available on the Group intranet to organising extensive technical training courses. For instance, LVMH continued the training course on the ISO 14001 internal audit intended for the Maisons' environmental management system heads in 2015. This training course, which leads to a qualification and began in 2014, is expected to enable the Group to develop joint audits with the Maisons' environmental auditors, to exchange best practices and to increase the overall effectiveness of the audits.

RAISING AWARENESS, INFORMING, AND TRAINING

A large number of initiatives illustrated LVMH's efforts to inform, raise awareness and train its employees on the environment in 2015, together with the variety of the initiatives in this area developed within the Group. These initiatives amounted to a total of 17,049 hours. For instance, Guerlain focused on reminding its teams about day-to-day behaviours, especially in terms of sorting and recycling waste.

Hennessy published a large number of articles on sustainable transport, waste management and energy, as well as on the ISO 14001 environmental standard on its intranet. Loewe circulated its sustainable development report to all of its employees. LVMH Fragrance Brands raised the environmental awareness of each new employee at its industrial plants, regardless of whether they were on a permanent or a fixed-term contract, a temporary worker or an intern. Make Up For Ever partnered European Sustainable Development Week, which took place between 30 May and 5 June, by organising the "For Ever Week". Over a period of three days punctuated by conferences, almost 200 of the Maison's employees gathered together to discuss sustainable development issues and to provide tangible and practical solutions aimed at making a commitment together. Meanwhile, Marc Jacobs made his workshop designers work on incorporating an environmental criterion into the selection of raw materials and on limiting waste. Meanwhile, Parfums Christian Dior rolled out a 40-hour training programme for the 36 "environmental officers" at the Saint-Jean-de-Braye site. The aim was to enable them to facilitate environmental initiatives and approaches as close to the ground as possible – and to make them "whistleblowers" if necessary.

This awareness-raising process was extended to all the staff at the Paris Head Office in order to implement the site's ISO 14001 certification, and thus improves the measures aimed at controlling the Maison's environmental footprint as part of an ongoing improvement approach.

HIGHLY INNOVATIVE MAISONS

The LVMH Group Maisons compete with one another in terms of their imaginative ideas for involving all their teams in their environmental initiatives, as shown by three initiatives that were implemented in 2015:

- Hennessy converted its general module aimed at raising awareness of the environment into a highly attractive e-learning tool thanks to videos, animations and a quiz. The launch of this tool is scheduled in 2016;

- Make Up for Ever involved Nicolas Cordier, its Chairman and Chief Executive Officer, in producing a video aimed at raising awareness of the environment, which is now shown during the "Brand Induction" in France and abroad;
- Louis Vuitton has created an Environmental Community on its corporate social network, in order to share best practices and to account for initiatives implemented in real time.

MANAGED RISKS

OPTIMISING THE MANAGEMENT OF RISKS

LVMH has introduced a comprehensive system for identifying, reducing and preventing the environmental risks that relate to its activities. This system covers all kinds of risks, regardless of whether they relate to the areas where the sites operate, to the purchase of raw materials, to the design and production of the products and their packaging, to transport and logistics, or to specific media issues. It is structured around a shared methodology and a single set of guidelines, the roll-out of which is coordinated by the LVMH holding company. Thanks to a risk mapping tool that was designed in-house, the Group has been able to systematically identify industrial, environmental and operating risks since 2004; those risks are then ranked in order to highlight those that must be dealt with as a priority, which makes decisions easier. Accordingly, LVMH is implementing operating action plans and business continuity plans in order to reduce the frequency and gravity of incidents.

MONITORING ALL THE LINKS IN THE VALUE CHAIN

The entire LVMH value chain is under strict supervision. Upstream, the Group focuses on identifying, assessing and preventing risks (water damage, earthquakes, etc.) to which its production and storage sites are exposed. Downstream, the Group takes care to eliminate any risk relating to its products, while ensuring compliance with quality and security regulations and increasing traceability on an ongoing basis. Its risk management system involves both internal expertise (including the Maisons' heads of Safety, Quality Assurance and the Environment) and external expertise. LVMH also relies on tools and approaches, such as the case law watch that is performed to improve the management of liability risks in addition to the HACCP (Hazard Analysis Critical Control Point): thanks to this method for managing food safety, the Maisons in the two Wines & Spirits and Perfumes & Cosmetics business groups can react more quickly in the event that products are recalled.

REGULAR CONTROLS

LVMH performs a large number of audits every year in order to monitor, control and assess the results of its environmental risk management policy. Accordingly, 135 internal audits and 103 external audits specifically relating to the environmental issue, which covered 29% of the Group and its Maisons' industrial, logistics and administrative sites were performed in

2015. These audits were supplemented by the performance of regular compliance checks on specific regulatory points, e.g. the rules for sorting waste. LVMH also made use of its right – which is included in the Code of Conduct signed by its suppliers – to perform compliance audits at its partners' premises at any time and without notice.

ENVIRONMENTAL CERTIFICATION: GUERLAIN IS STRENGTHENING ITS APPROACH

Guerlain's environmental policy is structured around an ISO 14001 certification process that was launched in 2011 when the French sites were certified (the Head Office, the boutiques and the Orphin and Chartres sites). To go further, the Maison decided to stop the site-by-site certification process in 2015 and to renew its certification across the overall scope of "France" by including the production facilities, the

boutiques and the offices, which was achieved in October. At the same time, Guerlain decided to implement this approach internationally, and specifically to certify all of its European subsidiaries by 2020. The German and Belgian subsidiaries were certified in early 2016, while audits were scheduled in the Netherlands and Spain.

3 QUESTIONS FOR...



Laurent Boillot,
Chairman of Guerlain

What does the environment represent for Guerlain?

In the Name of Beauty... Since the foundation of Guerlain, the Maison's founders have always sought to protect natural raw materials which are the source of their inspiration and creations. When I became the head of Guerlain eight years ago, I naturally sought to make the strength of these values a visible part of our strategy. I achieved this by setting up a division dedicated to Sustainable Development, as well as a Steering Committee that represents all of the organisation's departments. Our approach is organised around six key issues that are now included among the Management Committee's targets, while sustainable development is the focal point of our Maison's strategy. We must now go even further and set ourselves daring wagers, including with regard to the eco-design of our products and our sales outlets. Committing to a more sustainable world is a wonderful opportunity for conveying the culture of the beautiful and the good, which is the source and cornerstone of our prosperity, and driving it ever further forward.

What is the initiative implemented by your Maison of which you are proudest?

I am proud of the many actions and initiatives rolled out within our Maison: the emulation that they have generated is inspiring. However, if I were to choose one, it would be the sustainable sectors that we have developed in order to protect biodiversity. We have teamed up with several local operators on issues that we hold dear. Accordingly, we have signed ten-year Sustainable Development Corporate

Sponsorship agreements with the Brittany Black Bee Conservation Centre on the Island of Ouessant, with the Tianzi Exploratory Reservation in China, and with a partner thanks to whom we are reintroducing vetiver to its area of origin in India. Other sustainable sectors will be added to this system over the coming years. Furthermore, since bees are so symbolic for our Maison, and are now so vulnerable, we have decided to go further and to support a voluntary organisation that aims to reintroduce bees to Europe.

How can setting up a carbon fund enable your Maison to go further in reducing its greenhouse gas emissions?

At Guerlain, we decided to measure our progress specifically via our carbon footprint as soon as the initiative was launched. We measure that footprint every year and have set ourselves the goal of reducing it by 50% in 2020 in comparison to 2007, which we announced when we signed the Paris Climate Action Charter in October last year. As the biggest contribution we can make is reducing emissions generated by transport, we know that one of the key issues is promoting sea transport and limiting our transport in major export markets.

The carbon fund supports our choice to drastically reduce our carbon footprint and motivates us to go even further. There is no doubt that we will be able to show creativity and innovation in order to put forward ambitious solutions aimed at continuing to reduce our environmental impact and ultimately reach carbon neutrality.

CERTIFICATION PROCESSES

MAKING PROGRESS THANKS TO ISO 14001 CERTIFICATION

LVMH's Environmental Charter requires the Group's Maisons to establish an environmental management system as part of a management-driven policy. Most Maisons have opted for the ISO 14001 environmental certification process, which enables them to commit to a highly operational process for improving their performance on an ongoing basis. At the end of 2015, 33% of the Group's industrial, logistics or administrative sites (including 58% of the industrial sites) were ISO 14001 certified. The sites that were awarded the certification in 2015 include LVMH Fragrance Brands' plants in Beauvais and Vervins, for instance Loewe's Spanish sites in Getafe and Barcelona, as well as the Fendi shoe manufacturing facility in Porto San Giorgio. The environmental performance management system has proven its worth at Hennessy, which has been certified since 1998: it is a dynamic system and makes a full contribution to the "search for excellence", one of the Maison's values. Likewise, in the case of Louis Vuitton, ISO 14001 certification has become a uniting and motivating tool that serves the environmental performance of its sites and activities. The Maison has increased the number of certified sites from one year to the next, as well as the scope covered by the certi-

cation process. Eighty-one percent of its workshops were certified at the end of 2015, compared with 65%, the end of 2014. As the standard changed in 2015, Louis Vuitton also used the year to prepare for the introduction of the new version of ISO 14001 in order to take market developments and society's expectations into account.

RELYING ON ALL THE EXISTING STANDARDS

Several LVMH Maisons are strengthening their environmental policy by relying on certification processes in addition to the ISO 14001 certification process. For instance, this is the case for some Maisons in the Wines & Spirits business group. The Champagne-Cognac-Vodka unit, and the Belvedere Distillery in Poland have been awarded ISO 22000 certification, which is the leading international standard for the implementation of a food safety management system. In California, Chandon California and Newton have been awarded two certifications. The first of these is the Napa Green Winery certification, which is awarded to vineyards and sellers in the Napa Valley that practise environmentally-friendly and independent farming. The second is the Napa Green Land, which is based on a programme aimed at protecting watersheds in Northern California, and specifically includes the protection of ecosystems, the prevention of erosion and the reduction of waste.

LA RUCHE OR ENVIRONMENTAL EXCELLENCE ACCORDING TO GUERLAIN

The La Ruche production unit, which was opened in Chartres by Guerlain in September 2014 and has been awarded an excellent HQE certification level, is a symbolic example of the sustainable construction policy implemented by LVMH and its Maisons. The construction site set an excellent example from an environmental standpoint: the waste was sorted, the noise, visual and traffic nuisance was limited, while the soil, water and air pollution was controlled. Guerlain also requested the monitoring of water and energy consumption, ongoing team training and regular information for the neighbouring residents. The actual building is exemplary from an environmental standpoint.

The Maison even signed an agreement with the main contractor for the works that committed them to achieving

good results for the site. To monitor the progress achieved, over 600 sensors were fitted in the plant in order to record the consumption of energy, water and steam. Particular care was taken with the insulation in order to optimise the site's energy efficiency. The lighting is provided by low-consumption systems managed by motion sensors and light intensity sensors. The use of air conditioning is limited by the bioclimatic design and a heat exchanger. The sanitary facilities are supplied by recovered rainwater and the water is heated by thermal solar panels. Outside the plant, the emphasis has been placed on protecting biodiversity: 300 trees have been planted, and eight hives – which give the plant their name – have been installed.

A SUSTAINABLE CONSTRUCTION POLICY

MINIMISING THE BUILDINGS' ENVIRONMENTAL FOOTPRINT

The building sector has a significant environmental footprint, especially in terms of global warming, since it emits the third highest amount of greenhouse gases on a world-wide basis. Based on this observation, LVMH has been endeavouring to systematically incorporate the protection of natural resources into the construction and renovation of its sites for many years, regardless of whether those sites involve plants, warehouses, boutiques or offices. In order to enable its buildings to achieve an environmental profile that complies with the highest sustainable construction standards, LVMH relies on the most demanding standards and methods, including the BBC® (Low Consumption Building) label, certification according to the French HQE® (High Environmental Quality) standard, the United Kingdom BREEAM® (Building Research Establishment's Environmental Assessment Method) for assessing the environmental behaviour of buildings, and the US LEED® (Leadership in Energy and Environmental Design) standardisation system. This approach enables the Group and its Maisons to take into account and maintain environmental parameters at every stage of property development projects as far as possible, including the design, construction and operation stages.

CONTRIBUTING TO THE DESIGN OF THE ENVIRONMENTALLY-FRIENDLY BUILDINGS OF THE FUTURE

Thanks to this sustainable construction approach, around 30 highly environmentally-friendly buildings have appeared within the Group over the past ten years. Some of those buildings were landmarks since LVMH and its Maisons do not hesitate to rely on innovation in order to help a new generation of eco-designed buildings to emerge. This was the case for the Eole Building, which was opened by Louis Vuitton in Cergy-Pontoise in 2007 and was the first warehouse in France to be built according to an HQE approach as part of a pilot project. In actual fact, Louis Vuitton has developed remarkable expertise in the sustainable construction field over time. This policy reached its high point on 20 October 2014 with the inauguration of the Museum built by its Foundation in the centre of the Bois de Boulogne, under the direction of architect Frank Gehry. The project made caring for the environment a priority, from the construction site to the operation of the building, to such an extent that it was also selected as a pilot project for drawing up new HQE® guidelines dedicated to cultural buildings. Like Louis Vuitton, Moët & Chandon was a trailblazer and was awarded official certification as a pilot operation as part of the "Industrial Buildings HEQ" approach, which was issued by Certivéa for the Maison's Montaigu Winery in Oiry, in the Champagne-Ardenne region. The Maison then continued down this route for the entire site, including the certification of the next stages of the project, which cover the cellars, and the bottling, disgorging and labelling workshops.

BVLGARI, A PIONEERING JEWELLER

Bvlgari, which had its RJC certification renewed in December 2014, was the first Jewellery Maison to be awarded a traceability chain (CoC) certification for its gold jewellery production lines by the Responsible Jewellery Council. This standard, which was launched by the Council in March 2012, in agreement with the OECD's recommendations, applies to gold and to the metals produced by platinum mining. It aims to encourage the use of responsible procurement sources in the Jewellery chain. To obtain the RJC's CoC certification, Bvlgari implemented

an internal and external environmental management system, which enables the Maison to trace the metal not only at every stage of the production process, but also beforehand, at its suppliers. This certification confirms Bvlgari's commitment to promoting responsible practices. This is a commitment that has been made as part of an ongoing improvement approach with the aim of contributing to the sustainable development of all the geographical regions from which the Maison obtains its supplies.



A REMARKABLE BUILDING: THE UNDERGROUND CHÂTEAU D'YQUEM BOTTLE CELLAR

Building a rational, healthy, safe and energy-efficient bottle cellar on its historical and listed site was a sizeable challenge, which Château d'Yquem met with success.

An HQE approach

The construction of the bottle cellar, which was the subject of a certified HQE approach, had four main aims. The first was to maintain a temperature that was as stable as possible and a humidity level that “naturally” helped to protect the corks. The second aim was to create an atmosphere with no odours or solvents – which are bad for the quality of the wine – by monitoring the materials used inside the building. The third was to minimise the project’s visual impact. Lastly, the fourth aim was to avoid natural light, as it is harmful for the preservation of wine.

Innovative systems

The works began in 2009 and lasted for two years. The building was completely buried and its shell was covered with a very thick insulating layer made from glass beads, helping to regulate the temperature. The bottle cellar is nei-

ther heated nor air-conditioned, thanks to innovative systems such as a heat exchanger, which is a natural ventilation system where the air is captured by buried pipes that cool it or heat it before sending it inside the building. Temperature and humidity are the subject of very close monitoring thanks to a technical management system that was installed in 2014. The bottle cellar has also been fitted with fluorescent lighting that is managed via motion sensors in each area.

Very positive feedback

Thanks to these innovations, the bottle cellar is now recording a very low power consumption of around 4.16 kWh per m² per year. The feedback is very positive, since the forecasts made at the time when the building was designed have been confirmed through its operation. In fact, the heat exchanger has been sufficient for maintaining the desired temperature and has therefore covered 100% of the heating and cooling requirements since 2010. Meanwhile, the temperatures inside the storage area have remained stable, ranging between 17°C and 18°C on average, including during summer heat waves.

PROFESSIONAL DISCUSSIONS

DISCUSSIONS AT EACH BUSINESS SEGMENT LEVEL

To reinforce its environmental policy, LVMH is involved in a wide variety of professional technical projects that are conducted in its various business sectors, since it is aware that joint reviews and collaborative work drive progress. Within the Wines & Spirits business group, for instance, Bodegas Chandon is a member of the Argentina Wineries Sustainable Development Committee, which determines and fine-tunes the water and energy consumption indicators that are most relevant for the wine industry. LVMH – where several Maisons work on leather – has also been a member of the Leather Working Group (LWG) since 2012. This British professional organisation wants to establish a protocol for assessing tanners' environmental compliance and capabilities, and is promoting environmentally-sustainable commercial practices. Furthermore, LVMH has contributed to the work performed by the Responsible Jewellery Counsel (RJC), since it was founded in 2005. This not-for-profit organisation has set itself the task of promoting ethical, social, and environmentally-responsible practices that respect human rights, throughout the Jewellery supply chain, from the mine to the boutiques. The RJC now includes over 160 global professional operators who are adjusting their management systems and their practices in order to guarantee compliance with sustainable development issues and criteria at every stage of the extraction, processing and marketing process. The RJC has specifically developed a certification system for its members who are involved in the gold and diamond sectors, which requires them to undergo audits by accredited independent auditors. All the Maisons in the LVMH Watches & Jewellery business group (including Bvlgari, Chaumet, Christian Dior Couture, Fred, Hublot, De Beers Diamond Jewellers, Zenith and

TAG Heuer, and its distribution subsidiaries in the United Kingdom, Japan and the United States, as well as the Louis Vuitton jewellery business) have obtained RJC certification.

DISCUSSIONS WITH ALL THE ECONOMIC OPERATORS

LVMH discusses environmental issues not only with the other operators within its business groups but also with economic operators from every background. For instance, this is what explains its commitment within the international Business for Social Responsibility (BSR) network, which is a global leader in the corporate social, societal and environmental responsibility fields. LVMH is particularly interested in sustainable procurement issues and is also involved in the RESP (Responsible Ecosystems Sourcing Platform), which has brought together operators in the cosmetics, fashion and jewellery luxury goods sectors since 2012 in order to develop best practices for the procurement of raw materials and natural resources. RESP focuses its work on systemic problems that no company can solve alone, by relying on an extensive network of public and private participants. Accordingly, the platform has set up four working groups dedicated to the traceability and sustainability of exotic leathers, coloured gemstones, wool and some plant-based substances, in which LVMH plays an active role.

PROJECT AND RESEARCH PARTNERSHIPS

MAKING A COMMITMENT ALONGSIDE GOVERNMENT AUTHORITIES

One of the aspects of LVMH's environmental policy consists in partnering initiatives implemented by government authorities in order to encourage sustainable development. The company is a stakeholder in the French National Strategy for Biodiversity between 2011 and 2020 which is

LVMH IS A SIGNATORY OF THE PARIS CLIMATE ACTION CHARTER

In 2015, the year of COP21, LVMH teamed up with the Paris Town Hall in order to achieve the goals of the European Climate & Energy Plan by signing a partnership charter. Between now and 2020, the Group has committed to reducing energy consumption by 20% and to increasing the con-

sumption of renewable energy by 50% compared with 2013 at its 150 sites in the Greater Paris Area (head offices, warehouses and boutiques). These efforts will be reflected by a 60% decrease in its greenhouse gas emissions.

introducing a consistent framework aimed at enabling all public and private project backers to contribute to restoring and strengthening the diversity of the living world. The Group and its Maisons are also getting involved alongside regional authorities. Meanwhile, Louis Vuitton attends local committees on the issues of waste and energy organised by the Cergy Urban Area and helps facilitate the Plato economic development network, which has been set up by the Val-d'Oise Chamber of Commerce and Industry. LVMH's commitment to government authorities goes beyond Europe's borders. Accordingly, Bodegas Chandon has adhered to the "Clean Production" programme in Argentina, where the aim is to increase synergies between the government and wine-producing companies in order to develop a responsible production system.

MAKING A COMMITMENT ALONGSIDE VOLUNTARY ORGANISATIONS AND RESEARCH BODIES

To strengthen its methodological review on environmental protection, and so develop its capacity for action, LVMH is also working in partnership with voluntary organisations and research bodies. Its partnership with the French Foundation for Research on Biodiversity (FRB) is exemplary in this regard. The Group, which has long been committed to biodiversity, is a founding member of FRB. Sylvie Bénard, the Group's Environment Director, acted as the Vice-Chairman of the Foundation's Strategic Orientation Committee for several years; this Committee brings together 160 members to review the joint design of research programmes aimed at promoting biodiversity. The ties between both partners became even closer in November 2014, since LVMH became the first private company to join the eight public research bodies that are members of the FRB's Board of Directors. This role is supplemented by vari-

ous academic partnerships. For instance, Belvedere signed an agreement with the Łódź Technological University in 2005 enabling it to reward the best theses in the biotechnology field every year. In addition, LVMH has been one of the industrial partners for CIRAIG, the Inter-University Research Centre for the Life Cycle of Products, Processes and Services based at the École polytechnique and Management Sciences School at the University of Quebec in Montreal. The Group is primarily a member of the working groups on the circular economy and the water footprint.

ENVIRONMENTAL CORPORATE SPONSORSHIP

ACTING DIFFERENTLY IN ORDER TO HELP THE ENVIRONMENT

The signing of corporate sponsorship agreements is another way for LVMH to take action for the environment. One of the flagship projects during the year was Moët Hennessy's support for Solar Impulse, the only solar aeroplane in the world – with unlimited independence – that is capable of flying without fuel during the day and at night. Moët Hennessy was alongside the Solar Impulse teams in order to celebrate every challenge that they met and the extraordinary accomplishments that they represent. By making a commitment to protect the Dornoch Estuary in Scotland alongside the Marine Conservation Society (MCS), Glenmorangie is capitalising on its reputation in order to attract attention to the importance of safeguarding areas of outstanding natural beauty. By taking part in setting up the Foundation for the Protection of the Local Environment in Poland, Belvedere is contributing to the cleanliness of the water and banks of the Pisia River and to sustainable waste management. By becoming a founder partner of FIA Formula

THE FIRST SCIENTIFIC CORPORATE SPONSORSHIP TRANSACTION FOR HENNESSY

In early 2016, Hennessy donated €600,000 to a team of French and international scientists involved in combating wood and vine diseases, in particular esca. This disease, which has been nicknamed "vine cancer", and which has been spreading increasingly quickly since 2001, suffocates the plant until it dies. It is particularly affecting the grape

variety used to produce cognac in the Charente region, where it has made 8,500 hectares unproductive. Faced with the threats to France's wine-growing heritage and to the development of the entire cognac production sector, Hennessy has decided to act by launching its first scientific corporate sponsorship transaction.

3 QUESTIONS FOR...



Christophe Navarre,
Chairman of Moët Hennessy

What does the environment represent for Moët Hennessy?

Wines and spirits are intrinsically closely linked to nature. At Moët Hennessy, we remind ourselves every day that we would be nothing without nature. Thanks to the work performed by mankind, our secular Maisons sublimate this unique heritage every day in order to produce exceptional wines and spirits.

We are aware of the impact of our activities on the environment; our duty is obviously not only to protect our heritage, but also to enhance it thanks to research and innovation and to pass it on to future generations.

What is the initiative implemented by your Maisons of which you are proudest?

All our Maisons work on improving their environmental performance every day. I am extremely proud of the work accomplished in this area. Mentioning one initiative would be simplistic; however it would take too long to mention all of them. However, I would nonetheless like to describe a few. Our vineyards in Champagne have been benefitting from a dual Sustainable Viticulture in Champagne and High Environmental Value certification since July 2014. This certification was introduced and its national recognition was enabled at the initiative of our Maisons, which, after certifying

ing their own vineyards, are now attempting to encourage the entire sector, and especially the grape suppliers, to take account of the environment in this way.

Hennessy is prioritising transport methods that have the lowest negative impact on its carbon footprint by carrying out over 95% of its shipments by sea and rail. Accordingly, we were a stakeholder in the reopening of the Cognac to Le Havre rail-road freight transport line, and we are trying to go further this year by adopting a circular economy approach with one of our suppliers on this route.

This responsible approach applies not only to the shipments, but also to employee travel, by organising a fleet of 60 electric vehicles at our various production sites and providing training on environmentally-friendly driving to our drivers.

How can setting up a carbon fund enable your Maisons to go further in reducing its greenhouse gas emissions?

We set ourselves the target in 2008 of reducing our CO₂ emissions by 30% by 2020, across all the Maisons. The carbon fund will enable us to accelerate this reduction – or even to exceed it. Accordingly, we will be able to go further in terms of rolling out innovative processes in order to reduce our carbon footprint.

E, the new 100% electric car racing championship that was launched in Beijing in 2013, TAG Heuer is once again demonstrating its interest in developing environmentally-friendly transport modes and is making a commitment to one of the future areas for the car industry over the coming decades. By signing a three-year programme aimed at protecting biodiversity and at the sustainable development of the State-owned Montagne de Reims forests in the department of Marne with the French National Forestry Office (ONF) in 2012, the Maisons of the Wines & Spirits business group are enabling the ONS to launch high-quality environmental initiatives at two sites that are symbolic of Moët Hennessy's heritage, namely Manoir de Verzy and Abbaye d'Hautvillers. Thanks to this corporate sponsorship, the biological diversity of the ponds in the Verzy State-owned forest is currently being restored, which represents a first stage in having Montagne de Reims certified as an "Exceptional Forest". By providing around 300 m² of leather off-cuts to students at Central Saint Martins College of Art and Design in London, in order to successfully complete a project on the creative re-use of materials, Bvlgari has shown that you can create value from waste. This is also what Louis Vuitton is doing by supporting La Réserve des Arts®, a voluntary organisation that connects fabric off-cuts and remainders from companies, recovers them and sells them to professionals in the cultural sector (costume designers, architects, young artists, choreographers, sculptors, etc.) at a low price.

PROTECTING BEES

Protecting bees plays a special role in LVMH's environmental corporate sponsorship policy. In fact, the bee is historically linked to several of the Group's Maisons. Guerlain

became a partner of the Brittany Black Bee Conservation Association on the Island of Ouessant at the time when it launched its Abeille Royale skincare range. Its initiative in Ouessant enabled the Maison to receive the "Special Favourite" Corporate Sponsorship Trophy awarded by the French Ministry of the Environment, Sustainable Development and Energy in 2013. The Conservation Centre celebrated its 25th anniversary in 2015, and Guerlain has renewed its support for the Centre for ten years. The Maison specifically decided to encourage the Conservation Centre to obtain organic certification. The first inspection – a stage in preparing the final audit which is scheduled in October 2016 – took place in October 2015.

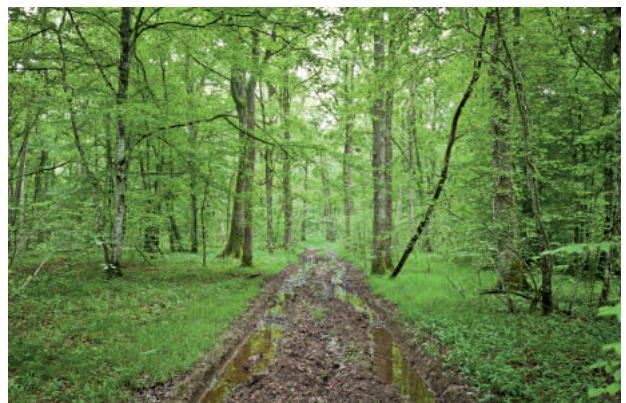
COMMUNICATIONS

INFORMING ALL THE GROUP'S STAKEHOLDERS

LVMH and its Maisons use all the media available to them in order to increase the amount of information about the Group's environmental policy, including publications, videos, information on the Internet and on social networks, and organising exhibitions or theme-based days, etc. The aim is twofold: firstly, providing information that is both comprehensive and transparent on the initiatives performed and the results obtained to employees, partners and shareholders, as well as to all the other operators concerned by LVMH's activities, including customers, neighbouring residents, control authorities, local authorities, NGOs, voluntary organisations, etc.; secondly, answering all the stakeholders' questions that relate to environmental protection within the Group. Guerlain's communications in 2015 illustrate this



The Ouessant Black Bee Conservatory supported by Guerlain.



The Bois de la Celle forest PEFC certified and owned by Hennessy for casks manufacturing.

policy. The Maison sent 20 e-news items to its employees working in France and abroad during the year and worked on its first Sustainable Development Report. Guerlain included all the topics required to fulfil the regulatory obligations in that report, while prioritising a human tone in order to make it a genuine communication tool intended for the general public. This process was supplemented by shared moments, which were christened the “Sustainable Inspirations in Department 68”, which brought together sustainable development experts and various stakeholders at breakfasts or private evening events.

PARTNERING MAJOR EVENTS RELATING TO THE ENVIRONMENT

The year 2015 was characterised by the organisation of the 21st United Nations Conference on Climate Change in Paris, of which LVMH was a partner, and which represented an extraordinary internal and external communication driver for the Group (see also page 16). Other major national and international events relating to the environment and to sustainable development offer the company an ideal framework for displaying its commitment to the environment on

a regular basis. For instance, LVMH has been taking part in Green Week, the largest annual conference on Europe’s environmental policy, since 2010. The Group partnered the 2015 event, which took place between 3 and 5 June, on the topic of “Nature and Biodiversity”. Around 70,000 of its employees received three factsheets dedicated to biodiversity translated into five languages (French, English, Italian, Spanish and Chinese) including “Biodiversity: what are we talking about?”, “LVMH and Biodiversity”, and “LVMH and Research and Biodiversity”. Furthermore, Sylvie Bénard, LVMH’s Environment Director, spoke at a conference in order to present the Group’s biodiversity strategy on 4 June. At the same time, several Maisons relayed Green Week to their teams, such as Louis Vuitton, which organised local events at most of its sites. LVMH and its Maisons also took part in Sustainable Development Week (which is now a European event), which took place between 30 May and 5 June 2015 on the theme of sustainable transport. For instance, Hennessy organised a competition for all its employees in the form of a quiz: 120 of the company’s employees replied, and the four winners took part in the Tour of Poitou-Charentes by electric vehicle.



The LVMH conference about transportation and climate change at the COP21.



The stairs to Veuve Clicquot cellars illuminated by LEDs.



LVMH AND BIODIVERSITY

Biodiversity, which was the theme of the 2015 European Green Week, is an essential source of wealth for LVMH's activities, and protecting it is a major issue in the Group's environmental policy.

Safeguarding a threatened capital

How can you produce perfumes and cosmetics with no plants or flowers? Wines and spirits with no vines or cereals? Fashion and leather goods items with no cotton, wool, silk or leather? How can you package and market products with no wood, paper or cardboard? Biological diversity provides the Group with its finest ingredients, which its Maisons sublimate as part of a constant search for excellence. This search can only be conducted in a manner that is consistent with caring for the natural environment and ecosystems. If extinctions continue at the same rate, half of the current species may well have disappeared within a hundred years.

Managing the impact of the activities on biological diversity

Given its close links with the living world, LVMH became aware of the need to protect biodiversity at a very early stage. The company's commitment in this field goes well beyond complying with the regulations. The Group has been seeking to control the impact of its activities on biological diversity for over twenty years and is investing for the long term in order to safeguard this heritage. Its Maisons, which are aware and conscious of the importance of the challenge, are increasing the number of initiatives by developing ethno-botany, sensible viticulture and eco-design, setting up sustainable procurement sectors and involving themselves in protecting symbolic species or in restoring ecosystems. For instance, Louis Vuitton has contributed to the French National Scientific Research Centre's four-year research programme on the issue of "City Bees and Country Bees", in order to understand why bees are doing better in urban areas than in rural areas. This research, which was completed in 2015, demonstrated the very wide variety of Paris' animal and plant species.

Adhering to the French National Strategy for Biodiversity

LVMH's involvement in promoting biological diversity has led it to adhere to the French National Strategy for Biodiversity for the period between 2011 and 2020, which is the French application of the global Strategic Biodiversity Plan for the period between 2011 and 2020. The Group's project, entitled "Improving the LVMH activities' effects on biodiversity with a view to having a positive impact on that biodiversity", was presented at the first session in 2012 and obtained the status of "recognised commitment to the French National Biodiversity Strategy". The project capitalises on the Group's experience, by summarising and formerly setting down twenty years of initiatives and provides an additional boost to its policy by reinforcing the overall consistency of its actions. The French National Biodiversity Strategy is structured around six major goals divided into 20 targets, three of which have been selected by LVMH, namely "Making biodiversity a positive issue for decision-makers" (target 3); "Guaranteeing the sustainable use of biological resources" (target 12); and "Sharing the benefits of using biodiversity in a fair manner at every level" (target 13).

Taking part in collective reviews

LVMH also promotes biodiversity by taking part in discussions and work on the issue, as demonstrated by the participation of Sylvie Bénard, the Group's Environment Director, at the Global Forum on Natural Capital organised in Edinburgh, Scotland in 2015. The company has a presence on two platforms: RESP (Responsible Ecosystems Sourcing Platform) which brings together operators in the luxury goods sector to develop sustainable materials and natural resources procurement practices; and the European "Business and Biodiversity" platform. LVMH is also a founding member of the French Foundation for Research on Biodiversity (FRB), a partnership that has resulted in a large number of studies. For instance, the FRB experts met the LVMH Perfumes & Cosmetics research team, and examined two of its supply chains (*Aframomum Angustifolium* from Madagascar and *Anogeissus Leiocarpus* from Burkina Faso). They were therefore able to make a series of recommendations regarding the use of natural substances, and access to, and sharing benefits in the cosmetics industry.

Convincing all the economic operators

Despite recent developments, most economic operators still see incorporating biodiversity into their activities as a hindrance. This observation has led LVMH to provide a scientific explanation to encourage better inclusion of natural resources in companies' strategy. The Group has funded two theses entitled "Incorporating biodiversity into companies' strategies: the biodiversity report and the indicator showing companies' inter-dependency on biodiversity" (Joël Houdet, 2010) and "Biodiversity and organisational strategy: designing tools in order to manage multiple and inter-temporal relationships" (Ciprian Ionescu, 2015). The aim is twofold: firstly, to show that economic development can be limited by natural capital and that various capitals cannot be substituted for one another; secondly, to identify solutions. For instance, one of the paths suggested by Ciprian Ionescu in his thesis is to incorporate environmental criteria into organisations' accounting processes, which would put biodiversity at the centre of the operation of their business activities.

Preparing for the future

LVMH wants to contribute to the protection and sustainable use of biological diversity at local, national and international level via its actions. The Group has no hesitations in investing at a very early stage in order to achieve this aim. For instance, its teams began preparing in 2015 for the 13th Conference of the Parties to the Convention on Biological Diversity, which will be held in Mexico in November 2016. This Convention, which was adopted at the Earth Summit in Rio in 1992, consists of 42 articles and has three goals, those being to protect biodiversity, the sustainable use of its features and the fair and equitable sharing of the benefits arising from using genetic resources. Like the COP21 on Climate Change, this global summit will enable LVMH to share information and initiatives relating to the protection of species and ecosystems, and to demonstrate its commitment in this area.



THE INITIATIVES IMPLEMENTED IN 2015

THE MOMENTUM OF THE LIFE PROGRAM ACCELERATED IN 2015, WHICH WAS REFLECTED IN A FLURRY OF ENVIRONMENTAL INITIATIVES. ACCORDINGLY, LVMH AND ITS MAISONS WERE ABLE TO MAKE PROGRESS ON THE NINE STRATEGIC ISSUES IN THE GROUP'S ENVIRONMENTAL POLICY.



INITIATIVES IMPLEMENTED IN ORDER TO TAKE THE ENVIRONMENT INTO ACCOUNT STARTING FROM THE PRODUCT DESIGN STAGE

TRAINING AND EQUIPPING THE TEAMS

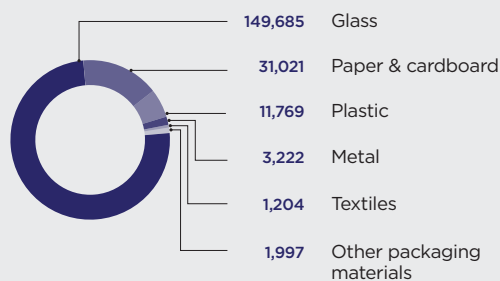
The development of eco-design, which aims to reduce the environmental footprint of a product throughout its life cycle, is a major priority in LVMH and its Maisons' environmental policy. For instance, Guerlain has set itself the goal of having 100 of its products eco-designed by 2020. This development is initially based on an array of tools that are made available to the Group's employees and that are updated on a regular basis. Edibox calculates the Environmental Performance Index (IPE) for packaging. It also calculates the CO₂ impact of packaging materials and of the product production and transportation processes. "Materials for Thought" helps the designers on the marketing teams to incorporate protecting the environment into their thinking by offering them innovative materials, which are environmentally-friendly, and appropriate for the luxury goods sector. These tools are increasingly used within the Group. LVMH Fragrance Grants provided one illustration in 2015 by calculating the EPI for over 60% of the products that it brings to the market. LVMH is also relying on training in order to develop eco-design. For instance, Louis Vuitton has been running a training programme entitled "Designing in another way in order to innovate tomorrow" since 2014. This two-day session is open to all the Maison's employees, and especially to those who work on designing or developing products. Its aim is to help attendees measure the added value provided by eco-design in their businesses and use it to innovate by relying on the life cycle of products.

Following the teams responsible for wheeled luggage, and the industrial teams at the accessory manufacturing plant in Italy, the employees involved in the development of metal parts at the Louis Vuitton Head Office were trained in 2015.

INNOVATING TO PROTECT THE ENVIRONMENT

As is the case for all aspects of LVMH's environmental policy, eco-design is a constant source of innovation for the Group and its Maisons, which it encourages to think about the luxury goods of tomorrow, by adopting more responsible thought processes. Sephora, Parfums Christian Dior, Chandon do Brasil and the Champagne Maisons provided further proof of this in 2015. Sephora had its make-up table eco-designed based on a life-cycle assessment performed in 2014. The project, which was supported by the French Environment and Energy Management Agency, resulted in making the metal frame of the table 30% lighter, and in a 4% reduction in its electricity consumption. The roll-out of this new table throughout Europe, which is scheduled for 2016, will avoid emitting 220 metric tonnes of CO₂ into the atmosphere. To prepare the design of its windows in 2016, the Maison also worked on the eco-design of a window kit, which uses a kit based on FSC-certified and 100% recyclable coated paper, which will result in eight fewer metric tonnes of CO₂ being emitted into the atmosphere. Lastly, in accordance with its 2020 environmental strategy plan, which provides for the eco-design of one product every year, Sephora performed the first assessment of the life cycle of the Profusion range nail varnish, and began working with its suppliers in order to reduce the product's main environmental effects. Meanwhile, the Veuve Clicquot Maison created an event by launching the first packaging made

PACKAGING GIVEN TO CUSTOMERS IN 2015
(in metric tonnes)



The new Veuve Clicquot packaging "Naturally Clicquot 3" made from grapes' wastes.



SUSTAINABLE BEAUTY ACCORDING TO CHA LING

Cha Ling – the LVMH Group’s new Maison –, which has been designed and is managed by Laurent Boillot, Guerlain’s Chairman and Chief Executive Officer, offers its customers a line of cosmetics “created by an environmentally-friendly dream”.

Protecting the oldest tea in the world

Behind Cha Ling cosmetics lies a desire to protect the oldest tea in the world, Pu’er Tea. The Maison’s skincare range is manufactured in France using extracts from Pu’er Tea tree leaves from the ancient forests of Yunnan, China’s “green lung”. Cha Ling is supplied by farmers who are committed to protecting natural environments, and with whom it has signed long-term agreements that guarantee their families a regular income. A quality charter and stringent specifications guarantee the high quality, origin and total traceability of the ingredients used by Cha Ling. The plots are cultivated with no fertilisers or pesticides and are harvested in accordance with traditional techniques. The Maison hopes to go even further in the years to come: it is currently assisting its suppliers with a process aimed at having the raw material certified as organic, and is reviewing the option of a fair-trade label. At the same time, Cha Ling is taking care to safeguard the local biodiversity and ecosystems. Thanks to a “Tea Garden”, which applies a reforestation system

devised by a German biologist, 20 hectares of trees have already been replanted.

Incorporating the environment at each stage

Cha Ling is extending this sustainable procurement policy by endeavouring to reduce its environmental footprint throughout the life cycle of its products. Its skincare ranges, which were designed in LVMH’s advanced research laboratories, are prepared according to a stringent Environmental Charter. The formulations are short: they include a small number of ingredients, most of which are derived from natural raw materials, and all of which are thoroughly traced. The packaging is eco-designed and uses few materials, has been developed to fit the contents exactly and is often refillable. The products are manufactured at La Ruche, the new Guerlain production facility, which combines performance, quality and sustainability (see also page 24). Cha Ling is also working on transportation and distribution with the aim of achieving carbon neutrality. Lastly, the Maison has signed a Sustainable Development manifesto in order to confirm and share its environmentally-friendly and human values. It encourages its customers to take action alongside it by refilling and returning their bottles, supporting its Tea Garden project, and suggesting ideas in order to contribute to the world of the future.

from grape skins ever produced in the Champagne Region: the Naturally Clicquot 3 box. Once the grapes have been pressed, and their juice recovered, the marc was preserved, and then crushed and turned into a fine powder. Adding water to it created a paste, which became a genuinely environmentally-friendly and biodegradable paper pulp when mixed with natural fibres. This is how a 100% recyclable box made from 100% Clicquot grapes was invented! Parfums Christian Dior has been developing a refill principle, which started with the premium ranges such as *L'Or de Vie* and *Prestige*, and was then extended to *Capture Totale*. Nowadays, 80% of the serums and creams launched are refillable. Solely in the case of the *Capture Totale* cream, the use of refills over one year enable 600,000m² of water to be saved, and 11.6 metric tonnes of waste to be avoided. In 2015, 90% of the cardboard boxes that package the products manufactured by the Maison came from a Scandinavian producer, which is a model for the sustainable management of forests and caring for the environment, in addition to its FSC and PEFC certification. Lastly, Chandon do Brasil has made its 75cl bottle lighter, thereby generating a saving of 413 metric tonnes of glass in 2015.

This eco-design approach, which is implemented by many Maisons within the Group, is fuelled by new initiatives on an

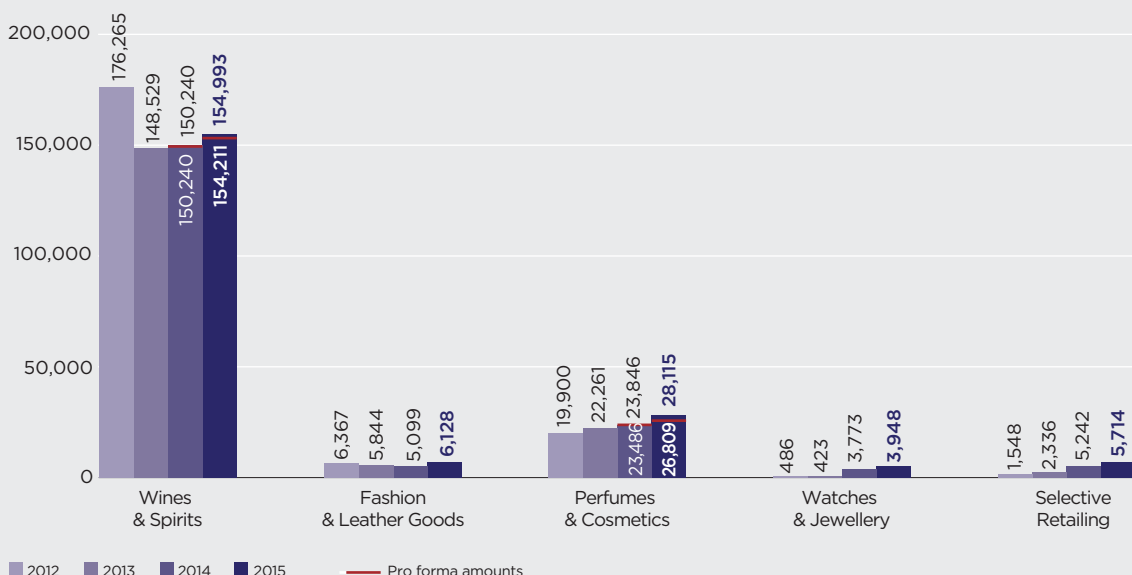
ongoing basis. Accordingly, Louis Vuitton continued assessing the life cycle of its wheeled luggage in 2015. Loewe launched a pilot campaign for testing the use of foldable and re-usable cardboard boxes for the transportation of its products. Hennessy calculated the EPI of 41 projects and designed training materials on eco-design for its teams responsible for marketing, development and purchasing. Lastly, Make Up For Ever decided to add an environmental notice to the presentation factsheets all its new products.



INITIATIVES IMPLEMENTED IN ORDER TO IMPROVE THE PRODUCTS' LIFE

Extremely high quality standards, which are inseparable from the luxury goods sector, are an essential dimension of LVMH's activities. They are also an environmental performance criterion. The manufacturing of products with an extremely long life, which can easily be repaired, and developing after-sales services – such as the ready-to-wear and leather products maintenance and cleaning service organised by Loewe – actually enable the Maisons to reduce the

CHANGE IN THE PACKAGING GIVEN TO CUSTOMERS BY BUSINESS GROUP (in metric tonnes)



consumption of natural raw materials and contribute to the dissemination of responsible consumption practices. Louis Vuitton has prioritised a global approach in this area. The Maison has committed to designing sustainable products for its customers that defy time and providing them with a very high quality after-sales service. To meet its commitments, the Maison has increased the collaboration between its departments responsible for product development, quality assurance and the after-sales service. As is the case every year, over 50% of its after-sales service operations were performed in a repair workshop, while the others were performed in the shop.



INITIATIVES IMPLEMENTED TO SECURE ACCESS TO STRATEGIC RAW MATERIALS AND PROTECT BIODIVERSITY FROM THE OUTSET

RESPONSIBLE PROCUREMENT

LVMH has been implementing a sustainable procurement strategy aiming at protecting raw materials for several years. This strategy is a key aspect of its environmental policy as many natural raw materials are included in the composition of the Group's products. The products that are most heavily used by its Maisons include grapes, leathers, plant essences, plant fibres and precious gemstones and metals, as well as wood, which is the source of the paper and cardboard used in packaging. To obtain its supplies, LVMH applies the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the European Union Timber Regulation issued in 2013. LVMH has also launched several projects in relation to the international regulations arising from the 1992 Convention on Biological Diversity, along with its Maisons in the three Perfumes & Cosmetics, Fashion & Leather Goods, and Watches & Jewellery business groups. The Group specifically performs outlet audits to ensure that its practices comply with the Nagoya Protocol on Access and Benefit-Sharing. For instance, the Perfumes & Cosmetics Maisons carried out outlet audits on roses, jasmine, orange blossom and bergamot in 2013, 2014 and 2015. LVMH also contributes to the development of new responsible and fair supply sectors. In light of heavy pressure on cashmere resources, it supports the programme introduced by the French Agronomes et Vétérinaires Sans Frontières (AVSF) NGO in Southern Mongolia, where over-grazing has led to major desertification problems and is threatening the future of local livestock farmers. This programme is based on encouraging ancestral behaviours and heritage. It is reflected in the build-

ing of "elite herds", the introduction of sustainable pasture grazing and the creation of livestock farmers' cooperatives.

LVMH is pursuing its commitment within the international Business for Social Responsibility (BSR) network, primarily on traceability and animal well-being issues relating to leather and fur. Transparency, traceability, and guarantee of origin are essential requirements; they enable the Maisons to jointly ensure the adoption of the highest standards with their partners. Accordingly, several of the Group's Maisons use fur. LVMH works with its suppliers in order to implement farm certification programmes, including with the assistance of the Welfur and Profur programmes.

At the same time, LVMH is also performing research aimed at guaranteeing the geographical origin of python skins, primarily by using DNA and other cell markers, in partnership with Professor Mark Auliya from the Leipzig Centre for Environmental Research-UFZ. Traceability is a key stage for guaranteeing the sustainability of this activity. This technology may be complementary to the one developed within the RESP Platform, which is based on visual recognition, as each skin is unique in terms of the pattern and size of the scales. LVMH also adhered to the Natural Capital Coalition in 2015. This body is a multi-participant platform, where the aim is to develop methods for assessing the use of natural capital by professional businesses. LVMH tested the protocol under development in the cotton sector this year. LVMH has also adhered to the Textile Exchange in order to contribute to the development and implementation of best practice standards in textile sectors.

The Group is still an active member of the RESP (Responsible Ecosystems Sourcing Platform) which has assembled luxury goods operators in the cosmetics, fashion and jewellery sectors since 2012 in order to develop best practices for the procurement of raw materials and natural resources. Accordingly, the platform has set up four working groups dedicated to the traceability and sustainability of exotic leathers, coloured gemstones, wool and some plant-based substances. In parallel with the RJC (Responsible Jewellery Council) certification, which covers gold and diamonds, and is implemented at all the Group's Maisons LVMH is also involved in plans to develop standards for social and environmental best practices for the procurement of coloured gemstones.

DEVELOPING ETHNO-BOTANY

LVMH and its Maisons are particularly active in the ethnobotany field. For instance, Guerlain has dedicated a research centre that is the only one of its kind in the world, and has been named the Orchidarium, to one of its symbolic raw



DEVELOPING A SUSTAINABLE COTTON SUPPLY

LVMH and its Maisons continued to strive to obtain sustainable cotton supplies in 2015.

LVMH aims to gain a better understanding of cotton procurement outlets, as well as of cultivation methods, to then make the most sustainable choices. It is in keeping with this approach that Thomas Pink mapped its cotton procurement chain. Based on the data gathered, the Maison is now

reviewing the solutions to implement in order to improve its cotton procurement. For instance, the Maison has adhered to the Better Cotton Initiative (BCI), which has established a standard aimed at promoting more sustainable cotton growing. Thomas Pink has set itself the goal of using 50% of BCI-certified cotton by 2019. Other Group Maisons will join the initiative during 2016.

materials, i.e. orchids. The centre consists of a fundamental research laboratory in Strasbourg, France, of an experimental garden in Geneva, Switzerland, and of a ten-year sustainable development partnership established with the Chinese Tianzi Reserve in 2009. This partnership has enabled the former tropical forest to be rebuilt and preserved, the region's animal and plant species to be protected, and the cultivation of orchids of all kinds, which exceeds Guerlain's procurement requirements. Accordingly, 10,000 orchids have been replanted in Tianzi since 2009, and the reserve is currently being converted to obtain the organic certification issued by Ecocert.

In addition to its ethno-botany approach, the Maison of Dior is involved in the Grasse region and is contributing to its revitalisation based on the cultivation of scented flowers in order to develop exceptional ingredients for its fragrances. Dior establishes exclusive partnerships with producers and guarantees the purchase of their entire crop. It is pursuing and increasing its commitment in the Grasse region, primarily via the purchase and restoration of Château de La Colle Noire, the Maison in which Mr Dior lived.

PRIORITISING SUSTAINABLE VITICULTURE

Sustainable viticulture, another key aspect of LVMH's sustainable procurement, ensures the sustainability of the vines by promoting biodiversity and reducing the use of plant-health products. The Champagne Maisons, which are very involved in this area, have adopted a wide variety of best practices, including the technique of planting grass between the vine rows (in order to prevent erosion and improve the soil's load-bearing capacity and permeability, capture nitrates and restructure the soil) or the planting of hedgerows. Spreading sexual confusion enables the use of insecticides to be significantly reduced. The treatment frequency

index (TFI), which corresponds to the number of approved doses applied per hectare during each wine-growing season, has decreased since the early 2000s. This approach was rewarded by a major first in the Champagne region in 2014, i.e. the receipt of dual Sustainable Viticulture and High Environmental Value certification for the entire vineyard. The Champagne Maisons have now become involved in achieving an even more ambitious target, namely rolling out this approach among all their grape suppliers in order to ensure the sustainability and guarantee their supplies in a manner that respects local regions and the environment.

Sustainable viticulture is also one of the main priorities of Hennessy's environmental policy. The Maison's vineyards were included in the network of benchmark farms established as part of the 2018 Ecophyto Plan, which was launched by the French Ministry of Agriculture to reduce dependency on plant-health products in France while maintaining a high level of agricultural production. The initiatives implemented by Hennessy have enabled it to achieve a record decrease of 54% in plant-health product doses at its benchmark farm. The Maison has also rolled out agro-environmental measures at its "Bataille et du Peu" estate. Eleven hectares of experimental fallow land have been planted with a mixture designed following research conducted by the French Institute of Vine and Wine Sciences on the plots where the vines were pulled up in early 2015. This mixture, which includes bee-forage plants, will prepare the soil prior to replanting and embellish the area. All the efforts made by Hennessy in order to maintain biodiversity and reduce the use of plant-health products should enable it to obtain Level 3 Option A certification in 2016.

ETHNO-BOTANY ACCORDING TO LVMH PERFUMES & COSMETICS

LVMH Perfumes & Cosmetics has a department that is entirely dedicated to ethno-botany. Its aim is to identify plant species that have a cosmetic interest and to contribute to both safeguarding them and to the economic and social development of the region of origin. This is the reason why "Jardins de Dior" have been opened throughout the world: these are plots that have been selected for the quality of the soil, their

irrigation and their climate, where flowering plants selected for their exceptional properties, such as the Granville rose, the active jewel of the Dior *Prestige* skincare range, are grown. Over 84% of the active ingredients contained in the Dior formulations are plant-based, and over 220 formulations include ingredients from the Jardins de Dior.



INITIATIVES IMPLEMENTED TO ENSURE THE TRACEABILITY AND COMPLIANCE OF MATERIALS AND PRODUCTS

MAINTAINING HIGH STANDARDS AND BEING VIGILANT ABOUT THE APPLICATION OF REGULATIONS

LVMH pays very close attention to the traceability and compliance of the materials and substances used to manufacture the products marketed by its Maisons, as part of its general risk management process. The challenge for the company is twofold since the aim is to prevent any harm to consumers' safety and to the environment. The Group takes care to comply with regulations, the opinions of scientific committees and the recommendations of professional organisations. In addition, it is governed by stringent internal rules on the development of new products, which it also makes its suppliers apply.

The increasingly intense regulatory pressure over the past few years has driven LVMH to introduce a "virtuous circle": the Group's experts identify the most restrictive regulations and help the Maisons to gradually adopt them by involving their suppliers using tools such as the REACH Letter. This document was created following the adoption in 2006 of the European regulations that rationalised and improved the European Union's former regulatory framework on chemical substances. The Group's Maisons systematically send it to their new suppliers. By signing the document, these suppliers commit to complying with the requirements of the REACH regulations (or of similar regulations). The LVMH Environment Department has supplemented this system by setting up a network of 150 REACH officers at the Maisons. The officers met in 2015, as they have done every year since the network was created, to exchange information and best practices, and encourage the emergence of substitution or innovation projects. Ten or so awareness-raising and training

sessions on product compliance and chemical substances were also organised during the year in order to strengthen the Maisons' inclusion of regulatory constraints. LVMH strengthens this approach for some business groups by developing a genuine risk management policy. Accordingly, the Group has rolled out a comprehensive programme for its Maisons in the Fashion & Leather Goods and Watches business groups which is based on an internal standard, the LVMH RSL (Restricted Substances List), which prohibits the use of hazardous substances in items brought to the market, as well as their use by suppliers. This standard includes the most stringent regulatory requirements, and anticipates future regulations. The LVMH Group also collaborates with our luxury brands on this issue, as part of a working group that deals with improving the management of chemicals in our supply chains. In order to boost the Maisons' control systems, the Environment Department has also designed the LVMH Smart Testing programme in partnership with independent international laboratories. This programme enables the Maisons in the Fashion & Leather and Watches & Jewelry Goods business groups to test the highest-risk substances depending on the materials at five partner laboratories. Lastly, to eliminate the use of certain substances and find alternatives, specific technical handbooks have been drawn up and circulated to suppliers.

ANTICIPATING AND INCORPORATING REGULATORY CHANGES IN THE PERFUMES AND COSMETICS SECTOR

The LVMH Group's policy on the sensitive issue of using animal-testing as part of assessing the safety of finished products has always been clearly defined: the aim is to ensure the safety of our products' consumers while taking respect for animal life into account. This is why the Perfumes & Cosmetics companies stopped performing tests on animals for the products that they brought to market in

LOUIS VUITTON IS ROLLING OUT ITS SAFETY PLAN

Louis Vuitton boosted its policy for controlling regulated substances by drawing up a safety plan in 2014 before rolling it out in 2015. This plan extends the list of undesirable substances in the Maison's products by setting thresholds to zero, i.e. below the regulatory thresholds. It also provides for

an annual programme of tests on priority materials (850 tests were scheduled in 2015), combined with substitution goals if required. Lastly, it establishes the monitoring of the suppliers' reply rate to the REACH Letter.

1989, well before the official European Union ban, which dates from 2004. Since then, the development of alternative methods to animal-testing remains a genuine scientific challenge, to which the LVMH Group continues to make a very active contribution.

The LVMH Group is particularly vigilant in terms of complying with regulations, the opinions issued by scientific committees and the recommendations of professional organisations, both in Europe and throughout the world. It also abides by strict internal rules for the development of new products, which are also imposed on the LVMH Group's suppliers.

The Group has held true to this commitment for several years and supports this policy via an approach designed to anticipate changes in international regulations. This anticipation is made possible thanks to the efforts of the Group experts, who regularly take part in the working groups set up by French and European authorities, and are very active in professional organisations. The work performed by the Group experts in terms of monitoring new regulations and changes in scientific knowledge regularly leads the LVMH Group to ban the use of some substances and to work on reformulating certain products.

This level of standards enables LVMH to guarantee the safety of its cosmetic products when they are brought to the market. The LVMH Group brands make customer relations services that enable the assessment of any claim, including those relating to undesirable side effects available to consumers, with a view to controlling the quality of the products once they have been marketed. This activity, which is known as cosmetic-vigilance, is carried out by a specialised team that makes a European network of health professionals who are capable of intervening rapidly with consumers in the event of secondary effects, available to the brands. A similar approach is currently under development in China. This post-marketing follow-up of the products enables new research avenues to be explored and the quality and high tolerance of the products to be improved on an ongoing basis.



INITIATIVES IMPLEMENTED IN ORDER TO INCREASE THE RESPONSIBILITY OF SUPPLIERS AND SUBCONTRACTORS

INTRODUCING RULES

Relations with its suppliers and subcontractors are an essential aspect of LVMH's responsibility, risk management process and competitiveness. It is by working closely with its partners that the Group can secure its supplies, ensure the traceability of its raw materials, develop eco-design and recover its waste. For this reason, even before adopting an internal Code of Conduct to simplify the application of its Environmental Charter by its employees in 2009, LVMH introduced a Supplier Code of Conduct in 2008. This document emphasises the importance of responsible practices and determines the basic requirements that the Maisons must disclose to the companies they commission. It specifically insists on compliance with regulations and standards, the use of environmentally-friendly technologies and the introduction of an environmental management system. This Code of Conduct has enabled sustainable development criteria to gradually be incorporated into the selection of LVMH's partners in combination with the initiatives implemented by the Maisons themselves. In fact, the Maisons continue to involve their suppliers and subcontractors in their environmental policy increasingly more closely every year. The Group finalised its Supplier Environmental Assessment tool, which is shared by all the Maisons, in 2015. Training courses intended for buyers as well as for the environment officers have already begun and will continue in Europe, the Americas and Asia in 2016.

For instance, Guerlain sent the "Responsible Purchasing" charter drawn up with the Group's Perfumes & Cosmetics division in 2014, to over 600 suppliers in 2015. Louis Vuitton has incorporated a supplier environmental assessment protocol into the processes of its Purchasing Departments. Donna Karan has established water consumption guidelines, with a view to sending them to some suppliers as from 2016. Sephora has drafted environmental specifications for its furniture, POS and supplies in order to select the most responsible products during its calls for tenders. Meanwhile, Hennessy has included a ban on comprehensive weeding and an obligation to scrupulously comply with the regulations on the treatment of wastewater in the new agreement signed with its grape suppliers. The Maison has also distributed a best practice handbook to 160 companies that provide it with services and invited 1,500 partners to its third technical forum event. The programme for the discussions included the management of plant-health and organic wastewater, confined pulverisation

techniques and alternatives to herbicides. Meanwhile, the Bvlgari and Marc Jacobs Maisons have relied on training. The first Maison has organised a session on responsible practices for its Watch-Making Department. The second has drawn up a programme aimed at raising its suppliers' awareness of best practices in terms of using chemicals.

ASSESSING THE SUPPLIERS' ENVIRONMENTAL PERFORMANCE

The LVMH Supplier Code of Conduct gives the Maisons the right to conduct compliance audits at any time with no notice in order to check that the guiding principles issued by the Group are properly complied with. A large number of audits are launched every year, and some results are published online on the SEDEX platform in order to share and pool information on the Group's suppliers. Forty collaborations were suspended, or did not start following an audit. LVMH and its Maisons had 1,027 social and/or environmental audits performed in 2015. The audited companies included

several of Loewe's suppliers in Spain, 30 of Hennessy's dry material suppliers, 9 of Guerlain's suppliers and 40 of Bvlgari's suppliers, as well as 186 of Fendi's suppliers.

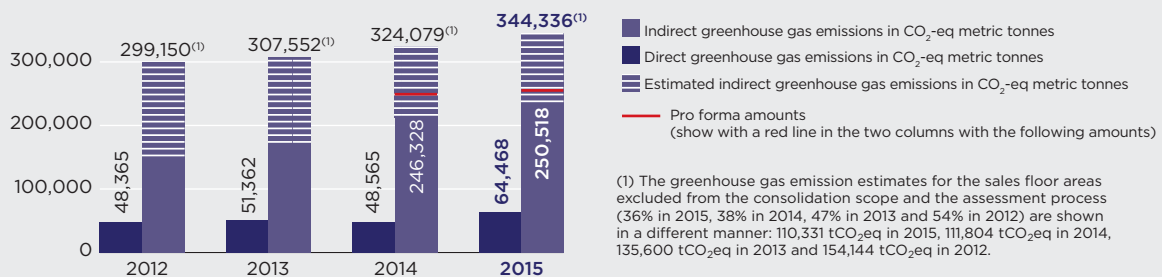


INITIATIVES IMPLEMENTED IN ORDER TO REDUCE THE BUSINESS ACTIVITIES' IMPACTS ON CLIMATE CHANGE

MEASURED EMISSIONS

Combating climate change was the main environmental topic in 2015, both from a domestic standpoint by the voting of the law on the transition to a low carbon economy for green growth in August, and from an international standpoint by signing in December a universal agreement on the climate following COP21. In this context, LVMH and its Maisons paid particular attention to Issue 6 of the LIFE program, which aims to reduce the activities' impact on air quality. The Group has made this issue a priority, since it

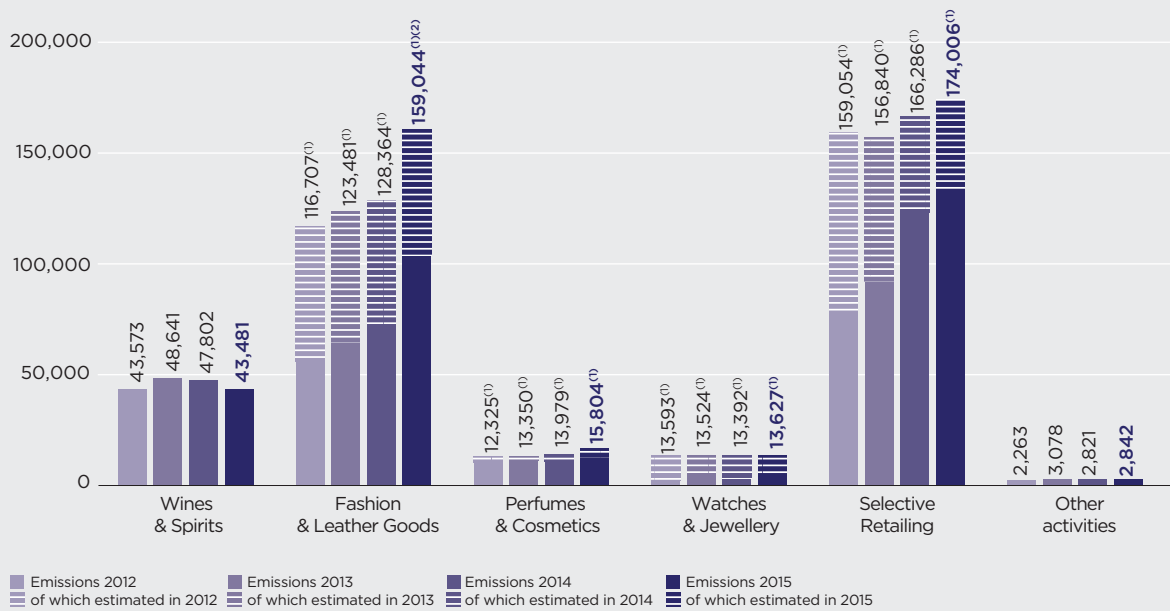
CHANGE IN GREENHOUSE GAS EMISSIONS (in CO₂ equivalent metric tonnes)



RISK ASSESSMENTS

An increasing number of Maisons are performing risk assessments to identify suppliers that must be assessed as a priority from an environmental practice standpoint. This is the case for Sephora. The Maison has planned to audit all of its high-risk suppliers by 2020 as part of its strategy plan. To identify

those suppliers, it has determined a methodology based on five criteria that, once weighted, have enabled it to assign an overall rating to each supplier. Once the results had been obtained, Sephora performed around 15 environmental audits on suppliers in 2015.

DEVELOPMENT OF GREENHOUSE GAS EMISSIONS (in equivalent tonnes of CO₂)

(1) The greenhouse gas emission estimates for the sales floor areas excluded from the consolidation scope and the assessment process (36% in 2015, 38% in 2014, 47% in 2013 and 54% in 2012) are shown in a different manner.

(2) Increase mostly due to the inclusion in 2015 of Loro Piana and the crocodiles farm in Florida.

BREAKDOWN OF DIRECT AND INDIRECT EMISSIONS PER YEAR (in CO₂ equivalent metric tonnes)

	2015			2014			2013			2012		
	Total	% of direct emissions	% of indirect emissions	Total	% of direct emissions	% of indirect emissions	Total	% of direct emissions	% of indirect emissions	Total	% of direct emissions	% of indirect emissions
Wines & Spirits	43,481	68	32	47,802	67	33	48,641	68	32	43,573	67	33
Fashion & Leather Goods	159,044	15	85	128,364	4	96	123,481	6	94	116,707	5	95
Perfumes & Cosmetics	15,804	39	61	13,979	40	61	13,350	45	55	12,325	41	59
Watches & Jewellery	13,627	13	87	13,392	10	90	13,524	8	92	13,593	9	91
Selective Retailing	174,006	2	98	166,286	2	98	156,840	1	99	159,054	4	96
Others activities	2,842	32	68	2,821	29	71	3,078	31	69	2,263	31	69
TOTAL	408,804	16	84	372,644	13	87	358,914	14	86	347,515	14	86

began rolling out its environmental policy and has regularly acted as a pioneer in this area, for example in November 2015 when the Group announced the introduction of an internal carbon price (see also page 17).

The cornerstone of LVMH's approach consists of measuring its greenhouse gas emissions with increasing accuracy in order to understand where to take action as a priority. The Group began assessing its emissions in the early 2000s, thanks to the first outlines of the method that turned into the carbon report. Most of the Group's Maisons have drawn up a carbon report since 2002. In addition, two Maisons (Le Bon Marché and Guerlain) have measured their emissions every year since 2008. Meanwhile, Sephora published its second global carbon report in 2014, where the scope includes all its stores and regional head offices.

LVMH emitted 298,499 metric tonnes of CO₂ equivalent into the atmosphere in 2015. This amount was supplemented by the 110,331 metric tonnes of CO₂ equivalent generated by 36% of the sales floors of four business groups (Selective Retailing, Fashion & Leather Goods, Perfumes & Cosmetics and Watches & Jewellery) that are not included in the accounting consolidation process. LVMH is capable of assessing its carbon footprint in an increasingly accurate manner and is making efforts to reduce it, primarily by working on two aspects, i.e. maximising the energy effi-

ciency of the sites and reducing the emissions relating to transportation. The Group is developing the use of renewable energy at the same time. Carrying out assessments also enables it to measure the progress made: accordingly, Hennessy's 2015 carbon report showed that the Maison's direct greenhouse gas emissions had decreased by 26%, while its indirect emissions relating to energy had decreased by 11% and its other indirect emissions by 7%.

The Group also performed a review of the various issues involved in adapting to climate change in 2013. The two key components of the Group's adaptation strategy in the medium term are changing viticulture practices and the location of its sites.

IMPROVING ENERGY MANAGEMENT

Energy management is one of LVMH's main areas of action for reducing its greenhouse gas emissions. The Group and its Maisons want to reduce overall energy consumption, i.e. the total amount of primary energy (heating oil, butane, propane and natural gas) and secondary energy sources (electricity, chilled water and steam), which are primarily used to implement manufacturing processes, and to provide air-conditioning, heating and lighting for the buildings and stores.

MONITORING VOC EMISSIONS

LVMH is also focusing on another kind of emission relating to its activities that has an impact on air quality, namely volatile organic compounds (VOCs). These emissions primarily concern the Maisons in the Wines & Spirits business group, since they appear when spirits are matured in casks. The Maisons in the

Perfumes & Cosmetics and Fashion & Leather Goods business groups are also concerned, albeit to a lesser extent, as they may use volatile substances like glues and solvents to manufacture their products.

A LINE-BY-LINE ANNUAL CARBON REPORT FOR GUERLAIN

Guerlain has been drawing up a line-by-line carbon report since 2008. This means that the Maison knows which activities emit the most CO₂ (the first is freight, which generated 12,594 metric tonnes of CO₂ equivalent in 2014, followed by packaging and the POS, where the volume of emissions was 7,244 metric

tonnes of CO₂ equivalent. It is therefore able to determine the priority measures to implement, and assess the progress made on a regular basis. Guerlain designed its action plan for improving air quality and adjusts it if required in order to make it more efficient on the basis of this carbon report.

3 QUESTIONS FOR...



Michael Burke,
Chairman of Louis Vuitton

What does the environment represent for Louis Vuitton?

The transmission of knowledge and heritage is one of the cornerstones of the Louis Vuitton Maison. These values obviously lead us to respect the heritage of humanity, which ensures the beauty and excellence of our products, namely nature. Today, no one doubts that this is indeed an essential key to our long-term future.

Although the Louis Vuitton craftsmen have been designing items intended to be handed down from generation to generation since 1854, our Maison nonetheless innovates on an ongoing basis in order to reduce the impact of its activities on the environment by adopting increasingly responsible practices that are challenged by the ISO 14001 certification of our sites.

Since the pioneering draft of its carbon report in 2004, tangible results have been achieved in terms of controlling the consumption of materials and energy, and reducing greenhouse gas emissions relating to the transportation of our products and the management of our waste.

Ten years later, our efforts are continuing on a daily basis, driven by a central Environment Department that coordinates over 50 business or on-site officers, who, as committed world passengers, design the Maison's environmental approach as a sub-text of the strategy.

Obviously, there are still many areas where progress needs to be made, including in terms of the eco-design of our products. The challenges posed by COP21 reflect this fact. However, I know that, as a leader in the luxury goods sector, the Louis Vuitton Maison has a major exemplary role to play not only in the sector but towards civil society, its customers and its stakeholders.

What is the initiative implemented by your Maison of which you are proudest?

What is remarkable is first accounting for the motivation of the teams and the employees, who act as eco-citizens, and are overflowing with initiatives that are based on common sense most of the time where the environment is concerned! This is also a uniting issue that increases synergies, as this approach requires cross-divisional working in order to avoid transferring pollution from one activity to the next. And let's say it, protecting the environment is also a source of savings, according to "an overall cost and long-term" approach in any event.

Now, to answer your question, I am obviously thinking about a project that I believe illustrates the ambitious level of our Maison's environmental commitment, while supporting the development of the business.

Louis Vuitton was the first company in the world to have been awarded ISO 14001 environmental certification for its Leather Goods & Accessories supply chain in November 2013! This proactive approach guarantees the development of an increasingly efficient supply chain, which enables us to have the right product in the right place at the right time, with an increasingly low environmental impact.

Practically speaking, the green supply chain project has enabled us to implement a certain number of virtuous initiatives, including developing a tool for measuring the CO₂ emissions generated by the transportation of the products in real time, reducing the kilometres travelled and the volumes carried, and optimising the transport packaging. Today, because we have established the environment as an elimination criterion in our tenders aimed at transport companies and logistics service providers, we have the means to demand the least polluting fleets and to drive the roll-out of environmentally-responsible transport methods.

How can setting up a carbon fund enable your Maison to go further in reducing its greenhouse gas emissions?

At Louis Vuitton, the revelations of the first carbon report led the members of the Management Committee to switch from awareness to action by making environmental performance the focal point of each one of the activities that emit the most CO₂, i.e. the transportation of our products, our shops' energy consumption and the design of our products.

Today, I view setting up the carbon fund primarily as a driver of innovation that will contribute to our Maison's long-term future. Because it is restrictive, this system will be an opportunity for the Maison to reinforce the environmental initiatives that have long since been implemented in order to continue to reduce our carbon footprint, including extending deliveries via electric vehicles, developing sea transport and installing LED lighting at our sites, etc.

Meanwhile, since creation is part of Louis Vuitton's DNA, I am convinced that we will be able to invent alternative solutions for ever more desirable products and an increasingly sustainable world.

The overall energy consumption at the LVMH subsidiaries included in the reporting scope amounted to 942,098 MWh in 2015, compared with 795,408 MWh in 2014. Meanwhile, the 36% of the sales floor areas excluded from the scope consumed 228,435 MWh, compared with 225,009 MWh in 2014. It was the Maisons in the Fashion & Leather Goods business group that consumed the most (36%), followed by the Maisons in the Selective Retailing (34%), Wines & Spirits (17%), and the Perfumes & Cosmetics (8%) groups. Electricity accounted for 70% of the total energy consumed, while natural gas accounted for 19%, renewable energy for 4% and other energies for a total of 6%.

The Maisons have fine-tuned their energy assessments over the years thanks to audits and through assessing their consumption by usage type in order to be able to review their energy management. One of the main drivers of improvement used by the company is the roll-out of new lighting technologies. LVMH launched the LVMH Light programme for that purpose in 2012. This technology actually enables electricity consumption to be reduced by 30% on average compared with traditional lighting, removes a considerable amount of maintenance and makes the light high-quality and reliable. The LVMH Environment division is increasing the number of initiatives aimed at disseminating the “LED culture” internally. It is working on lighting issues with the teams responsible for the Maisons’ design and environment, arranges training sessions and organises a “LED Exhibition” at LVMH’s Head Office in Paris every year. Furthermore, as LED technology is still recent and relatively non-standardised, LVMH rolled out an e-commerce website (lvmhlighting.com) in 2014. The aim is to provide the Maisons and their installation staff with the most innovative, effective and cost-efficient solutions. The catalogue included 600 listed products offered

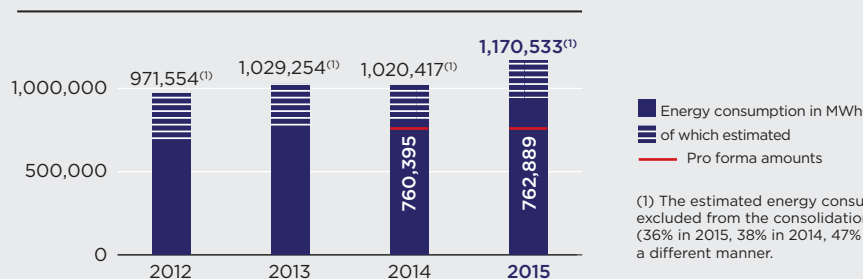
by 25 suppliers throughout the world at the end of 2015. LVMH intends to go further in 2016 thanks to a miniaturised lighting module, which has been designed with specialised manufacturers, the “LVMH Light Engine”, which provides the same amount of light as a 40 watt bulb while consuming only 12 watts. This module will be made available to any lighting manufacturer working for the Group.

Thanks to this policy, the percentage of m² fitted with LED lighting within the Group is increasing every year. For instance, LVMH Fragrance Brands performed a test on a section of the Vervins workshop in 2015 in order to measure the energy-consumption savings that could be achieved and the impact on the lighting of work stations. If the test proves conclusive, the Maison intends to replace all the lighting in the production areas between 2016 and 2017.

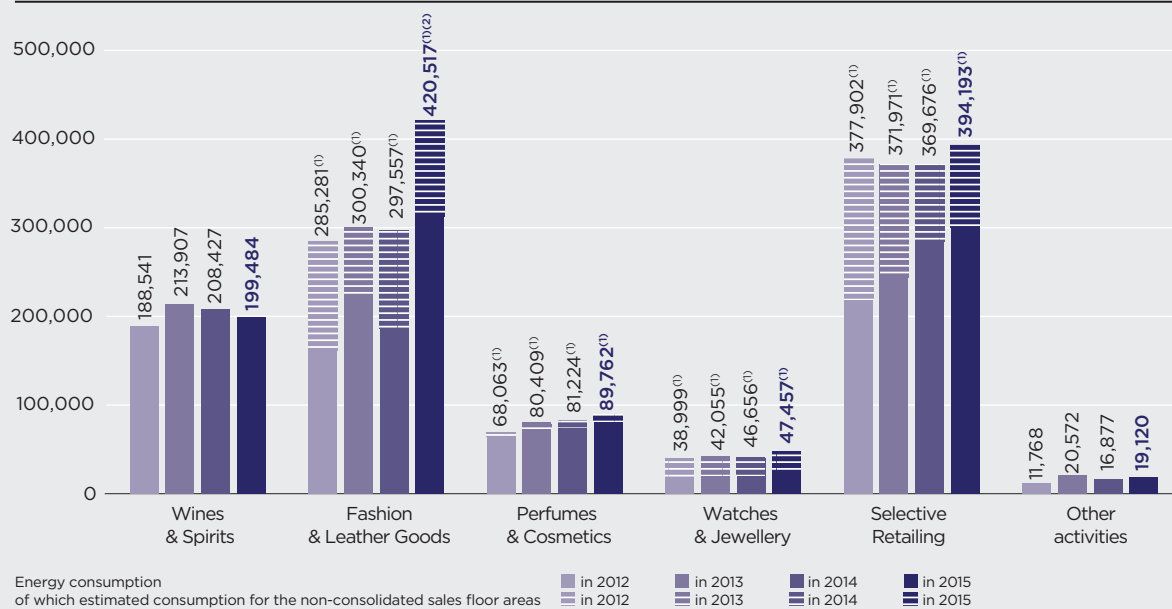
REDUCING THE IMPACT OF TRANSPORTATION AND LOGISTICS ON THE CLIMATE

To contribute to the combat against climate change, LVMH and its Maisons are also focusing on transport and logistics. As this segment emits a substantial amount of greenhouse gases, the number of initiatives within the Group has increased rapidly over the past two decades in order to transport raw materials and goods in a way that combines operating performance and environmental excellence. Even though long-distance transportation is not directly performed by the Group, it is nonetheless subject to specific measures, such as the preference granted to local procurement, or the choice of more environmentally-friendly transport modes. To reduce the impact of its logistics on the climate, LVMH Fragrance Brands, for instance, systemati-

CHANGE IN THE GROUP'S ENERGY CONSUMPTION
(in MWh)



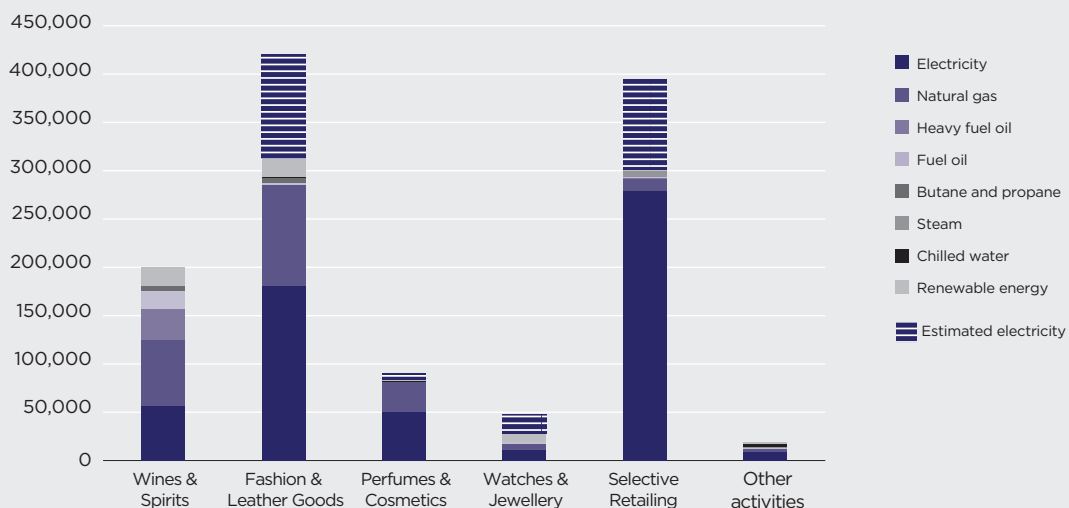
CHANGE IN ENERGY CONSUMPTION BY BUSINESS GROUP (in MWh)



(1) The estimated energy consumption for the sales floor areas excluded from the consolidation scope and the assessment process (36% in 2015, 38% in 2014, 47% in 2013, 54% in 2012) is shown in a different manner.

(2) Increase mostly due to the inclusion in 2015 of Loro Piana and the crocodiles farm in Florida.

ENERGY CONSUMPTION BY SECTOR AND BY SOURCE IN 2015 (in MWh)



cally prioritises the transportation of its products by sea rather than by air: accordingly, the Maison's average air-sea ratio declined from 64% to 57% between 2014 and 2015. Meanwhile, Louis Vuitton also prioritises transport modes that display the best carbon footprint. The Maison has been committed to responsible logistics for a long time and saw its policy rewarded in 2013 when it obtained ISO 14001 environmental certification for its Leather Goods & Accessories supply chain, thereby becoming one of the first companies in the world to have a "green supply chain". Hennessy implemented a similar approach in 2015: this approach will specifically result in a sea and rail shipment ratio of 93%, and will avoid the emission of 250 metric tonnes of CO₂ over the next four years. Many Maisons are taking an interest in electric transportation, where transportation over short distances is concerned. In France, 80% of the Maison's sales outlets are located in town centres, and urban traffic constraints complicate their supply. Sephora opted for a "final kilometre" delivery by 100% electric trucks in 2009, with the assistance of Transports Deret. The Maison has also launched a pioneering initiative in China by having its 21 stores in Shanghai supplied by electric trucks. It therefore avoids the emission of 10 metric tonnes of CO₂ equivalent into the atmosphere every year. The same system is also used by Louis Vuitton for its stores in Shanghai. Guerlain made innovations in the sustainable urban logistics field in 2014, including a world first: the Maison introduced a process for supplying its Paris boutiques from Bévill-le-

Comte, in the Eure-et-Loire department, via fully-electric 16-tonne trucks, which do not generate any polluting emissions or noise nuisance and perform roundtrips of over 200 km, in partnership with Renault Trucks, the truck manufacturer, and Speed Distribution, the logistics service provider. The vehicle was tested under actual operating conditions throughout 2015.

It has enabled seven metric tonnes of CO₂ to be avoided in one year. Sephora has also been attracted by green deliveries.



INITIATIVES IMPLEMENTED IN ORDER TO IMPROVE THE ENVIRONMENTAL PERFORMANCE OF PRODUCTION PROCESSES

SAVING WATER AND PREVENTING WATER POLLUTION

Water is a key resource for the Group. Its Maisons consumed 7,095,210m³ for agricultural purposes in 2015 (7,189,237m³ in 2014), and 3,411,932m³ to supply their production processes (2,476,937m³ in 2014). Meanwhile, the 83% of the Selective Retailing, Fashion & Leather Goods, Perfumes & Cosmetics and Watches & Jewellery sales floor areas that are excluded from the scope of the assessment consumed 1,511,101 m³ of water. The increase in production requirements in 2015 was due to the inclusion of the Loro Piana Maison and of the Florida crocodile farm in the reporting scope.

INCREASINGLY GREEN ENERGY

Although LVMH is taking action to reduce its consumption of fossil fuels, the company is also increasing its use of green energy at the same time. Bvlgari's Italian and Swiss Head Offices obtained green certificates certifying their exclusive use of renewable energy that does not emit any carbon into the atmosphere in 2014. TAG Heuer, Terrazas de los Andes, Bvlgari, Sephora Europe and Louis Vuitton have already installed solar panels at several of their sites. Some Louis Vuitton and Veuve Clicquot sites also use geothermal energy.

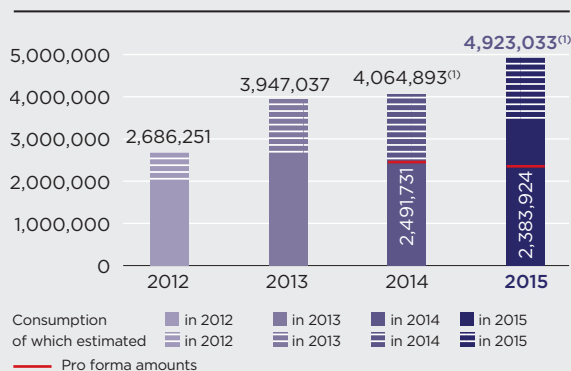
Following its Italian and Swiss Head Offices in 2014, Bvlgari was able to announce that all the electricity consumed at its Irish offices came from sources certified as renewable in 2015. Fendi has signed an agreement to guarantee the renewable

production of 100% of the energy that will be supplied to it by Meta Energia in 2016. Several Maisons have fitted their sites with solar panels, such as Loro Piana, Hublot, TAG Heuer, Terrazas de los Andes, Bvlgari, Sephora Europe and Louis Vuitton. TAG Heuer, for instance, has installed one of the largest systems in Western Switzerland on the roof of its manufacturing plant in La Chaux-de-Fonds: 777m² of sensors that generate 108,000 kWh of power per year, i.e. the equivalent energy consumption of around 40 households. This policy reached an important stage in 2015, since the Group signed a framework agreement to provide exclusively green electricity to its 450 sites based in France. Twenty-seven Maisons are concerned.

For instance, Moët & Chandon is implementing a programme in France aimed at reducing its water consumption by 25% between 2013 and 2018, allowing it to save 60,000m³ of water. The efforts made within the Group are bearing fruit: thanks to better control over the manufactur-

ing processes, the optimisation of the cleaning cycles, and raising the awareness of all the participants involved, Parfums Christian Dior has managed to reduce water consumption by 71% in seven years. A new water treatment plant was built at the Saint-Jean-de-Braye site in 2015

GROUP WATER CONSUMPTION (in m³)

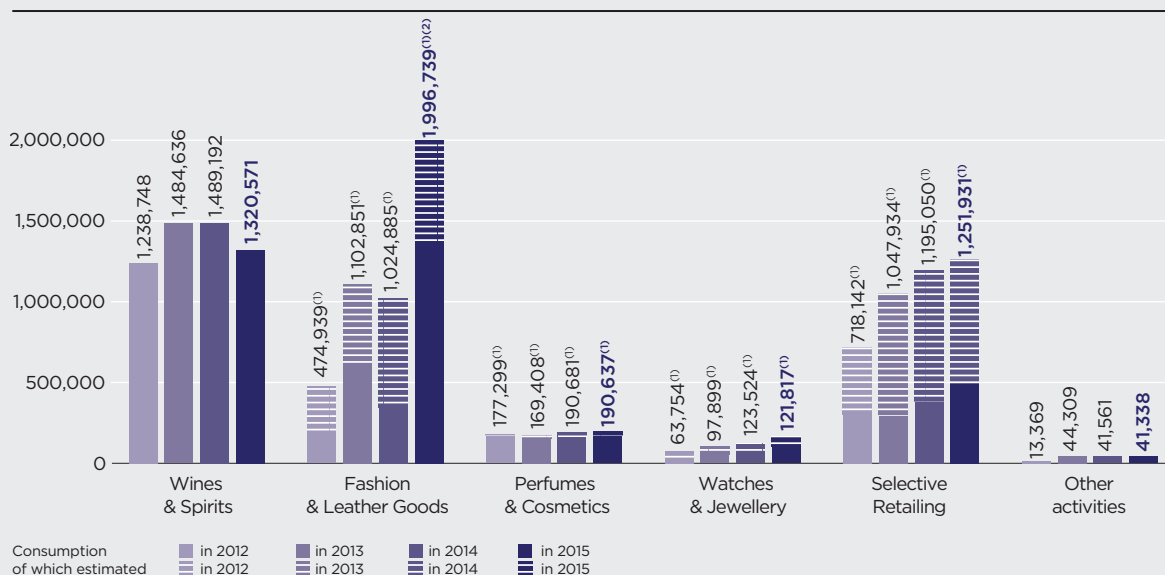


(1) Increase mostly due to the inclusion in 2015 of Loro Piana and the crocodiles farm in Florida.

COD AFTER TREATMENT (in metric tonnes per year)

Sector	2015	2014	2013	2012	2011
Wines & Spirits	3,259	4,021	3,590	2,790.9	2,227.3
Fashion & Leather Goods	152	138	155.2	-	-
Perfumes & Cosmetics	7	14	18.8	23.2	13.6
TOTAL	3,418	4,173	3,764.1	2,814.1	2,240.9

CHANGE IN WATER CONSUMPTION BY BUSINESS GROUP (in m³)



(1) The estimated water consumption for the sales floor areas excluded from the consolidation scope and the assessment process (83% in 2015, 81% in 2014 and 2013, 76% in 2012) is shown in a different manner.

(2) Increase mostly due to the inclusion in 2015 of Loro Piana and the crocodiles farm in Florida.

**BREAKDOWN OF THE GREENHOUSE GAS EMISSIONS GENERATED
BY UPSTREAM TRANSPORTATION IN 2015**

<i>(in CO₂ equivalent metric tonnes)</i>	Road	Air	Sea	TOTAL
Wines & Spirits	2,906	598	1,121	4,625
Fashion & Leather Goods	10,524	7,154	23	17,701
Perfumes & Cosmetics	11,822	28,122	256	40,200
Watches & Jewellery	3	1,632	-	1,635
Selective Retailing	-	-	-	-
TOTAL	25,255	37,506	1,400	64,161

**BREAKDOWN OF THE GREENHOUSE GAS EMISSIONS GENERATED
BY DOWNSTREAM TRANSPORTATION IN 2015**

<i>(in CO₂ equivalent metric tonnes)</i>	Road	Rail	Air	Sea	River barge	Electric vehicle	TOTAL
Wines & Spirits	23,120	692	22,270	16,728	188	-	62,998
Fashion & Leather Goods	842	9	95,113	599	5	-	96,568
Perfumes & Cosmetics	2,177	-	149,865	1,874	-	-	153,916
Watches & Jewellery	164	-	33,973	115	-	-	34,252
Selective Retailing	2,019	-	5,415	146	-	63	7,643
TOTAL	28,322	701	306,636	19,462	193	63	355,377

Château Cheval Blanc, Château d'Yquem, Chaumet, DFS, Fred, Donna Karan and Les Echos did not report their data for this indicator.

ELECTRIC TRANSPORT IS GAINING GROUND

Electric transport does not just concern goods within the LVMH Group, it also extends to the employees. Accordingly, in 2015:

- Hennessy became a company with one of the largest private green vehicle fleets in France. The Maison, which begun purchasing green cars and vans in 2009, had a study on its employees' travel patterns carried out in 2014. The survey showed that these employees mostly travelled over distances of less than 100 km. Most of their trips could therefore be performed independently with an electric vehicle, resulting in 80% fewer CO₂ emissions compared with a fleet powered by combustion engines. 80% of Hennessy's fleet currently consists of Renault and BMW vehicles that run on electricity. Hennessy has had 75 charging stations installed at its main sites and has

trained 120 employees on driving electric vehicles in an environmentally-friendly manner.

- Moët & Chandon has included a fourth T4E tractor in its vineyard fleet. This vehicle, which was designed by Kremer Énergie, a firm based in the Champagne region, is the first fully-electric high-clearance tractor in the world. It is a genuine technological innovation, required three years of fine-tuning and has won its designers several awards. The T4E runs without fuel and does not emit any greenhouse gases while meeting Moët & Chandon's technical expectations, in terms of both crushing and pulverisation. It is therefore fully in keeping with the sustainable viticulture approach adopted by the Maison, which fully intends to add to its fleet in the coming years.



IMPROVING THE STORES' ENERGY EFFICIENCY

To combat climate change, LVMH is primarily focusing on improving the energy efficiency of its shops which represent over 1 million m² throughout the world and are responsible for 80% of the Group's greenhouse gas emissions.

Developing eco-lighting

An increasing number of boutiques are opting for eco-lighting by adopting LED technology. For instance, LED accounts for most of the lighting in Donna Karan's sales floor areas and has been installed in over 60% of Thomas Pink's boutiques in the United Kingdom. In the United States, Sephora has already rolled out its LED Lighting programme in 175 boutiques. Twenty Bvlgari shops were also entirely lit with LEDs in 2015. To reduce energy consumption, the Group is also encouraging its Maisons to schedule turning off the lights in their boutiques at night.

Improving energy management

LVMH has also fine-tuned the energy management of its sales floor areas over the years. Accordingly, Sephora US has been rolling out an energy-management system at its

stores since 2007: 288 stores are already equipped with this system, and 100% of the stores will be equipped in 2018. The challenge is to monitor consumption in real time in order to identify areas for improvement and initiate an ongoing improvement approach. The Maison began preparing for the next stage in 2015, i.e. the introduction of smart technologies such as smart thermostats in order to optimise energy management in the boutiques.

Preparing for further progress

LVMH has been convening a working group called the "Store Lighting Working Group" on a regular basis since 2012 in order to address three issues: assessing the stores' energy consumption, lighting and the performance of energy audits. In 2014, the committee launched a pilot operation in order to assess the energy consumption in 13 stores belonging to four Maisons. The sample was designed to include boutiques of different sizes, in different regions and of different kinds. The operation will help the Group to gain a better understanding of the breakdown of consumption and of the impact of the initiatives implemented.

3 QUESTIONS FOR...



Chris de Lapuente,
Chairman of Sephora

What does the environment mean for Sephora?

Our ambition is to become the best-loved and most-admired beauty community in the world. We must contribute to a better society to achieve this aim, and I hope that Sephora will become a setter of standards on environmental issues. New technologies, new equipment and new environmentally-friendly materials appear every day. Each one of our businesses, including architecture, the operation of the stores, logistics and products, etc. is concerned with the environment.

For us, the environment is a fantastic opportunity to reveal our “disruptive spirit” thanks to creative and innovative initiatives. It’s in our DNA!

What is the initiative implemented by your Maison of which you are proudest?

There are many initiatives of which we can be proud, however the main one is the energy savings achieved thanks to LED lighting (electroluminescent diodes). Over the past three years, all of our store openings and renovations have involved installing the latest generation of LEDs, which are 15% more efficient in terms of consumption. This is a global commitment. For instance, the entire US network will be fully equipped with LEDs between now and the end of 2016. This is something we are very proud of.

How can setting up a carbon fund enable your Maison to go further in reducing its greenhouse gas emissions?

This fund will alter and simplify our strategy aimed at investing in less CO₂-intensive equipment. We currently have three strategic drivers for reducing our energy consumption, i.e. lighting, air-conditioning and deliveries.

We will be able to trial the latest “environmentally-friendly” solutions thanks to this fund, and gradually include the most effective solutions in our operating methods.

My dream is for our global store portfolio to have no carbon footprint in 2020. This is a fine ambition, one which drives our creativity!

To combat climate change, LVMH is primarily focusing on improving the energy efficiency of its shops, which represent over 1 million m² throughout the world and are responsible for 70% of the Group’s greenhouse gas emissions.

to ensure the constant quality of its wastewater into the Orléans urban area network.

LVMH took an additional step in its water management process in 2013 when it launched a study aimed at comparing the water consumption of all its Maisons with the resources available in the areas where they operate. The study, which was conducted using the water shortage index developed by Pfister and Aquastat (the FAO's global water information system), showed that four Maisons with substantial consumption were located in regions where water requirements are close to the available resources. The Maisons in question were the Cheval des Andes and Terrazas de los Andes vineyards (which represent 80% of the Group's agricultural water requirements) and the Domaine Chandon California and Newton vineyards (which represent 4% of the Group's agricultural water requirements). The study encouraged LVMH to review implementing measures such as rainwater recovery and drip irrigation in both vineyards.

IMPROVING THE ENVIRONMENTAL IMPACT OF PRODUCTION AND STORAGE SITES

In addition to the initiatives implemented in order to reduce their greenhouse gas emissions (see also page 43), the Group's Maisons are adjusting their equipment, processes, and production and storage sites to ensure that the manufacturing of their products has the lowest possible impact on the environment. Several initiatives implemented in 2015 illustrate this approach. For instance, LVMH Fragrance Brands replace the chilled water production unit used for the manufacturing of cosmetics with a system that has a better energy yield and is easier to manage at its Beauvais site. The Maison is now saving around 31 MWh of electricity per year thanks to this system. 2015 also enabled Belvedere to improve its distillation process in order to reduce the

amount of water used for cutting and cooling by 10%. Meanwhile, Hennessy installed three new forced draught burners at its La Groie distillery, resulting in gas savings of between 10% and 15%. Hublot extended the surface area of its manufacturing plant by 7,000m² by erecting a second building that is particularly environmentally-friendly. A high-performance thermal shell reduces energy consumption by around 20%. Some of the electricity is provided by solar panels. A smart system detects light and motion before ordering an appropriate LED lighting. The building also includes an acoustic optimisation process that reduces noise and sounds in addition to an efficient waste management system. Green spaces have been laid out inside, where four charging stations for electric vehicles are made available to employees free of charge, thereby encouraging them to prefer green energy.

REDUCING AND RECOVERING WASTE

The Group's activities generated 89,943 metric tonnes of waste in 2015, 86% of which was recovered (recycling, waste-to-energy recovery or re-use). Reducing and recovering waste is another working priority for LVMH, which is increasingly focusing on the circular economy. The Group and its Maisons are initially focusing on limiting their production of waste to the extent possible. This approach enabled Louis Vuitton to save 5% of its leather surfaces compared with 2014 by implementing optimisation processes (where possible, any unused leather is reworked by the tanners, for instance to cover new requirements).

To treat a portion of the ways that it generates in France, LVMH has been calling on a CEDRE (Environmental Centre for Environmentally-Friendly Packaging Elimination and Recycling) platform managed by local partner based in Pithiviers since 2010. The Group's Maisons in the Perfumes &

LOUIS VUITTON'S MODEL WAREHOUSES

Eole, the Louis Vuitton logistics platform built in Cergy-Pontoise, which has been operating since 2007, became the first warehouse in Europe to be awarded the US LEED EBOM certification at Gold level in May 2015. The initiatives implemented in order to obtain the certification included: a reduction in energy consumption equivalent to saving one year's electricity, and decreasing the water flow from 12 to 6 litres per minute by installing a new

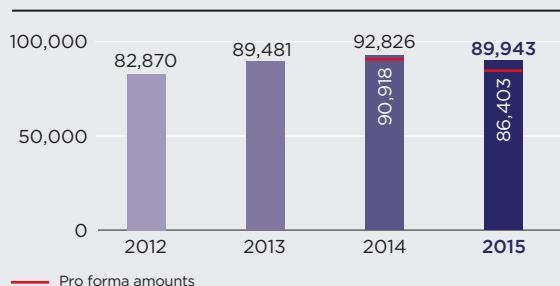
tap system. An audit has shown that 100% of the waste is sorted and recovered on site. Furthermore, the assessment of the interior air quality led to results that were below the thresholds for the 31 measurement parameters. Louis Vuitton has achieved another major first, this time in Southern California: its San Dimas leather goods workshop has also been awarded LEED certification at Silver level.

Cosmetics business group, together with Sephora and Louis Vuitton, have their packaging items and obsolete alcoholic products, advertising materials, test products using the stores or empty packaging returned by customers delivered to the platform. Berluti, Christian Dior Couture, Kenzo Mode, Louis Vuitton and Sephora have also been delivering textiles to the platform since 2014, in order for them to be shredded and used at recycling outlets (cotton, silk and wool). Thanks to various selective sorting channels, the waste gathered at CEDRE is treated in accordance with the specific features of

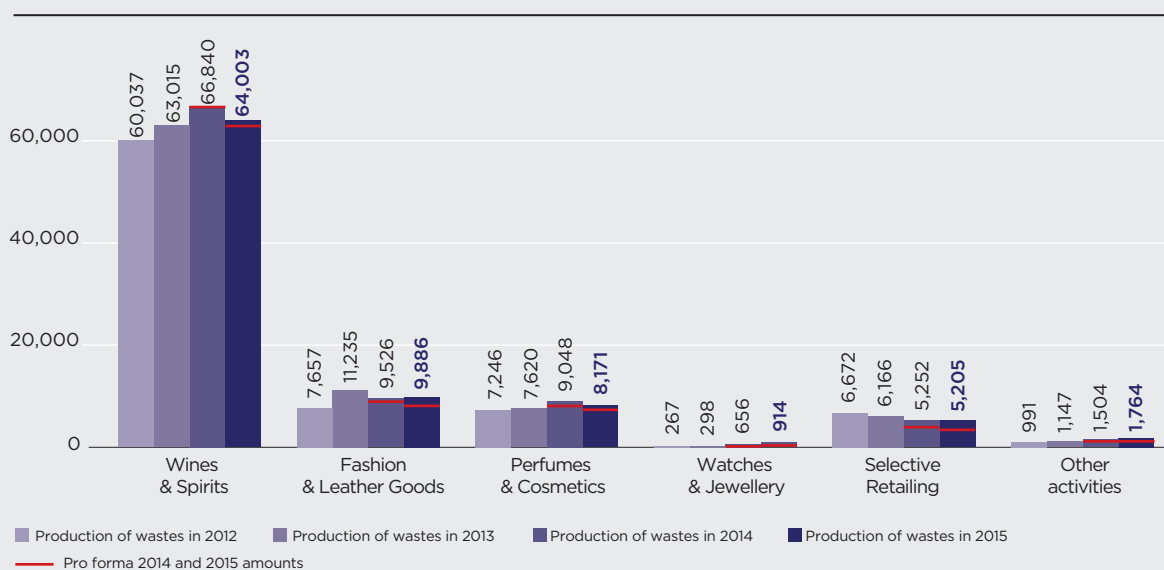
its recovery process, which can therefore be complete. The platform treated and recycled around 1,800 metric tonnes of highly-diverse waste in 2015, such as glass, cardboard, wood, metal, plastic, textile fibres, alcohol and cellophane.

In parallel to the CEDRE initiative, many Maisons are innovating every year in order to recover even more waste. 2015 was no exception to the rule. Hennessy has been turning non-hazardous industrial waste from the bins at its La Vignerie, Marbœuf and Bagnolet sites into solid recovered fuel used in cement works since March 2015. Meanwhile, Sephora

CHANGE IN THE GROUP'S WASTE PRODUCTION
(in metric tonnes)



CHANGE IN THE WASTE PRODUCED BY EACH BUSINESS GROUP (in metric tonnes)



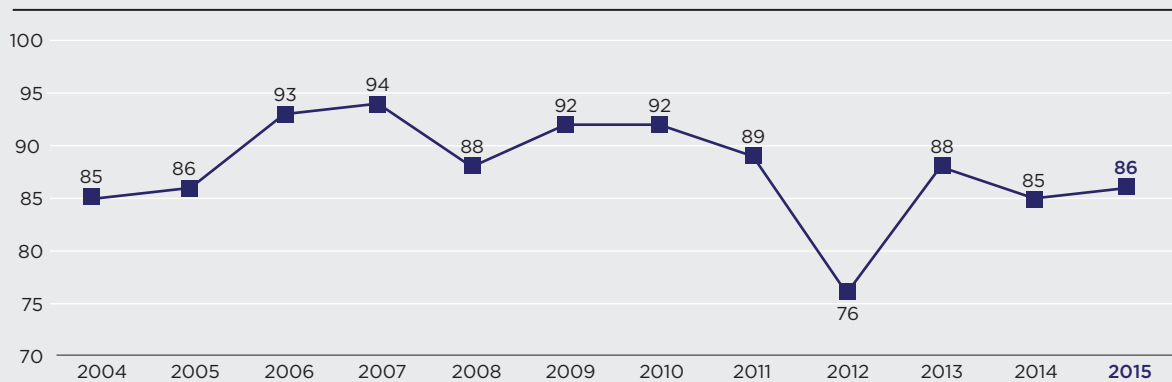
RECOVERY OF THE WASTE PRODUCED BY THE LVMH GROUP FACILITIES IN 2015

(% of recovered waste)	Re-used	Recovery of materials	Waste-to-energy recovery	TOTAL AMOUNT RECOVERED
Wines & Spirits	41	43	4	88
Fashion & Leather Goods	2	39	23	63
Perfumes & Cosmetics	3	66	27	96
Watches & Jewellery	1	64	9	74
Selective Retailing	11	57	21	90
Other activities	-	59	31	91
TOTAL	30	46	10	86

CHANGE IN THE HAZARDOUS WASTE PRODUCED BY EACH BUSINESS GROUP

(metric tonnes)	2015	2014	2013	2012
Wines & Spirits	642	441	251	346
Fashion & Leather Goods	1,016	885	573	163
Perfumes & Cosmetics	1,477	1,424	1,190	980
Watches & Jewellery	141	124	33	26
Selective Retailing	67	113	155	127
Other activities	118	139	154	77
TOTAL	3,461	3,126	2,356	1,719

PERCENTAGE OF WASTE VALUE



Americas is continuing to roll-out an innovative recycling programme with its partners, enabling it to recycle 100% of its cosmetics waste and 89% of its perfume waste. At the same time, the Maison is working with a wide variety of partners in order to provide a second or even third life to the furniture in its stores, and is even successfully recycling 99% of the construction site waste relating to the construction of new stores.

FOCUS ON THE OTHER ISSUES IN THE LIFE PROGRAM



TAKING ACTION IN ORDER TO PRESERVE CRITICAL SKILLS

Critical skills are key to the success of operators in the luxury goods sector. Many of these skills are the result of ancestral techniques, while some of them, such as tanning, ethno-botany or sustainable viticulture, have a direct link with natural resources. The LVMH Group's Maisons regularly review these skills and make every effort to preserve and convey them. The Hennessy cooperage facility at La Sarrazine in Cognac is primarily responsible for manufacturing, maintaining and repairing the casks used to age the Maison's eaux-de-vie. Entirely handmade, the casks require the utmost dexterity in their manufacture and maintenance, which comes from the unique know-how and expertise practiced at the Hennessy cooperage facility for almost 250 years. Hennessy is extremely rigorous in its choice of wood, working only with French oak, primarily from sustainably managed forests in Limousin that are PEFC certified. This respect for traditional processes goes hand in hand with constant innovation, as demonstrated by the incomparably supple and soft leathers produced for Loewe in Spain: these leathers are the results of the age-old expertise of the

tanners in the Cordero Entrefino region and the innovative tanning processes that have specifically enabled them to improve their environmental profile.



ANSWERING STAKEHOLDERS' QUESTIONS

The ability to handle stakeholders' questions about the environment is a key component of LVMH's environmental performance, especially since these questions are increasingly frequent. The Group and its Maisons anticipate the requests that may be made to them every year by providing a substantial amount of information on their environmental initiatives (see also page 09). At the same time, they are ready to provide all kinds of information, including answering requests from financial investors, with a constant requirement for transparency and accuracy. The Maisons are even organised in such a way that they can answer their clients' questions.

This proactive approach was illustrated by Louis Vuitton in 2015. The Maison, which communicates its environmental approach, drafted targeted replies to questions on a variety of issues from subsidiaries, customers and NGOs. To supplement the information supplied to Internet users, it added a spotlight on the end of life of its products on its website. The Maison also presented its initiatives aimed at protecting the environment in an academic context when it addressed students studying for the Marne-la-Vallée Master's Degree in Luxury Goods and Innovation. Lastly, Louis Vuitton attended Luxe Pack, the luxury goods packaging tradeshow, which was held in Monaco in October. Representatives of the Maison formed part of the Jury for the "Luxe Pack in Green" Award, and spoke at the roundtable on the challenges posed by climate change to the strategies of operators in the luxury goods sector.

A POSITIVE IMPACT FOR THE ENTIRE COMMUNITY

The initiative implemented by LVMH to protect critical skills is bearing fruit outside the company. Accordingly, by registering the Champagne Maisons and cellars as a world humanity heritage site, UNESCO did not only recognise the importance

of this exceptional wine-growing heritage; it also applauded the efforts made by the people – including a large number of the Champagne Maisons' employees – who created this heritage and made it a benchmark over time.

SUMMARY STATEMENT OF THE INFORMATION COVERED BY THE DECREE OF 24 APRIL 2012

THIS “2014 ENVIRONMENTAL REPORT” AND THE “2014 REGISTRATION DOCUMENT”, WHICH ARE AVAILABLE ON THE GROUP’S WEBSITE, PROVIDE INFORMATION ON THE ENVIRONMENTAL ISSUES AND INDICATORS SPECIFIED IN THE DECREE OF 24 APRIL 2012, IMPLEMENTING ARTICLE 225 OF LAW NO. 2010-788 OF 12 JULY 2010 REGARDING THE NATIONAL COMMITMENT TO THE ENVIRONMENT (ALSO KNOWN AS THE “GRENELLE II” LAW).

THE VERIFICATION OF THE INCLUSION OF THE ENVIRONMENTAL INFORMATION IS THE SUBJECT OF A REPORT ISSUED BY AN INDEPENDENT THIRD-PARTY ORGANISATION IN ACCORDANCE WITH THE DECREE OF 13 MAY 2013.

ITEMS COVERED BY THE DECREE OF 24 APRIL 2012

RELEVANT CHAPTERS AND PARAGRAPHS IN THE “2015 ENVIRONMENTAL REPORT”

ENVIRONMENTAL INFORMATION

a) General environmental policy

The company’s arrangements for taking environmental issues into account	• “Action framework” section, p. 06
Environmental assessment or certification initiatives, where applicable	• Chapter on “Certification initiatives”, p. 22 • Chapter on “A sustainable construction policy”, p. 24
Employee training and information initiatives implemented in terms of protecting the environment	• Chapter on “Involved employees”, p. 21
Resources dedicated to preventing environmental risk and pollution	• Section on “The initiatives implemented in 2015”, p. 34 • Paragraph entitled “A priority included in the budget”, p. 07
Amount of the provisions and guarantees for environmental risk, as long as this information is not likely to cause the company serious harm as part of ongoing proceedings	• Chapter on “Controlled risks”, p. 21

b) Pollution and waste management

Measures to prevent, reduce or remedy discharges that have a serious impact on the environment	• Section on "The initiatives implemented in 2015", p. 34
In the air	• Chapter on "The initiatives implemented in order to reduce the impact of business activities on climate change", p. 43
In the water	• Chapter on "Measures taken in order to improve the environmental performance of production processes", p. 50
In the soil	
Measures aimed at preventing, recycling, and eliminating waste	• Paragraph on "Reducing and recovering waste", p. 55
Taking into account of noise nuisance and any other form of pollution specific to a business activity	• Paragraph on "Monitoring VOC emissions", p. 45

c) Sustainable use of resources

Water consumption and water supply depending on local constraints	• Paragraph on "Saving water and preventing pollution", p. 50
Consumption of raw materials and measures taken to improve their efficient use	• Chapter on "Measures taken in order to take the environment into account starting from the product design stage", p. 35 • Chapter on "Measures taken to secure access to strategic raw materials and protect biodiversity from the outset", p. 38
Energy consumption	• Paragraph on "Improving energy management", p. 47
Measures taken to improve energy efficiency	• Paragraph on "Improving energy management", p. 47
Use of renewable energy	• Paragraph on "Increasingly green energy", p. 50
Land use	• Paragraph on "Saving water and preventing pollution", p. 50 • Paragraph on "Prioritising sustainable viticulture", p. 40 • Paragraph on "Relying on all the existing standards", p. 24

d) Climate change

Greenhouse gas emissions (GGEs)	• Chapter on "Measures taken in order to reduce the impact of the business activities on climate change", p. 43 • Chapter on "A sustainable construction policy", p. 24
Adapting to the consequences of climate change	• Paragraph on "Two keys to success: collective working and anticipation", p. 55

e) Protecting biodiversity

Measures taken to preserve or develop biodiversity	• Chapter on "Measures taken to secure access to strategic raw materials and protect biodiversity from the outset", p. 38
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INFORMATION RELATING TO SOCIETAL COMMITMENTS AIMED AT ENCOURAGING SUSTAINABLE DEVELOPMENT

a) Regional, economic, and social impact of the company's business activities

On the neighbouring or local population

- Section on "The initiatives implemented in 2015", p. 34
 - Chapter on "Environmental corporate sponsorship", p. 28
-

b) Relations maintained with persons or organisations interested in the company, including social inclusion organisations, educational institutions, environmental protection organisations, consumer organisations and the neighbouring population

The conditions for dialogue with these persons or organisations

- Chapter on "Professional exchanges", p. 25
 - Chapter on "Project and research partnerships", p. 27
 - Chapter on "Communication", p. 30
 - Paragraph on "Initiatives aimed at answering stakeholders' questions". p. 58
-

Partnership or corporate sponsorship initiatives

- Chapter on "Environmental corporate sponsorship", p. 28
-

c) Subcontracting and suppliers

Taking environmental issues into account in the purchasing policy

- Chapter on "Measures taken in order to increase the responsibility of suppliers and subcontractors", p. 42

Importance of subcontracting and taking suppliers and subcontractors' environmental responsibility into account in relationships with them

d) Fairness of practices

Measures taken to safeguard consumers' health and safety

- Chapter on "Measures taken to ensure the traceability and compliance of materials and products", p. 41
-

ENVIRONMENTAL REPORTING METHODOLOGY NOTICE

THE LVMH GROUP HAS BEEN CONSOLIDATING ENVIRONMENTAL INDICATORS SINCE 1999; THOSE INDICATORS HAVE BEEN PUBLISHED SINCE 2001. THEY HAVE BEEN VERIFIED BY ONE OF THE AUDITORS' SPECIALISED TEAMS SINCE 2002. THESE INDICATORS ARE PUBLISHED IN THE GROUP'S REGISTRATION DOCUMENT AND ENVIRONMENTAL REPORT.

PROTOCOL

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

SCOPE

The environmental indicator reporting process covered the following scope in 2015:

PRODUCTION FACILITIES, WAREHOUSES AND ADMINISTRATIVE FACILITIES (number)

	2015
Sites covered	241
Sites not covered	124 ⁽¹⁾
Total number of sites	365

⁽¹⁾ Of which primarily: certain Louis Vuitton and Moët Hennessy regional administrative sites, as well as the Acqua di Parma, Marc Jacobs and Donna Karan administrative sites.

The industrial, logistics and administrative sites that are not covered by the environmental report are essentially excluded for operational reasons and are not material. A plan to gradually include them is underway.

SALES FLOOR AREAS INCLUDED IN THE SCOPE, FOR EACH INDICATOR

(as a percentage of the total sales floor surface areas or of the Maison's sales floor areas) ⁽¹⁾	Energy consumption and emission of greenhouse gases ⁽²⁾		Water consumption ⁽³⁾	
	2015	2014	2015	2014
Group Total	64	62	17	19
Of which primarily:				
DFS	70	70	52	54
Louis Vuitton	68	64	0	0
Sephora Americas	61	64	11	19
Sephora Europe	80	84	19	24

⁽¹⁾ The reporting scope does not include the franchise stores operated by the Fashion & Leather Goods, Perfumes & Cosmetics, and Watches & Jewellery business groups.

⁽²⁾ All the French Berluti, Givenchy, Guerlain, Kenzo, Le Bon Marché, and Make Up For Ever stores, and some Benefit, Bvlgari, Céline, Chaumet, De Beers, Fendi, Hublot, Loewe, Loro Piana, Marc Jacobs, Parfums Christian Dior, Sephora Middle East, Sephora North Asia, Sephora South East Asia, TAG Heuer, Thomas Pink and Zenith stores are also included.

⁽³⁾ Some Berluti, Bvlgari, Chaumet, Fendi, Guerlain, Kenzo, Le Bon Marché and Sephora Middle East stores are also included.

Where the production of waste is concerned, only DFS, Le Bon Marché and some Louis Vuitton stores are included in the scope. The Group has over 3,800 stores, and some environmental data are hard to access for small stores. However, the Group has set itself the target to gradually include those stores.

In the case of some indicators, pro forma amounts, which correspond to the 2015 data, and exclude the impact of the changes in consolidation scope that have occurred between 2015 and 2014, are presented in addition to the 2015 amount. The indicators concerned and the coverage ratio of the pro forma amounts are as follows (these ratios include only the sales floor surface areas included in the scope):

- water consumption (process requirements): 67%;
- water consumption (agricultural requirements): 100%;
- water pollution (DCO): 100%;
- energy consumption: 81%;
- greenhouse gas emissions: 83%;
- production of waste: 96%;
- amount of packaging delivered to customers: 99%.

REPORTING TOOL AND METHODOLOGY

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

- one questionnaire for compiling corporate data: training, and packaging, etc;
- one (or several) questionnaire(s) for compiling data that are specific to the industrial facilities: water and energy consumption, waste production (quantity and types of waste) and waste treatment, etc.

In all, around 50 kinds of information are gathered from each Maison. The data is then checked and automatically consolidated in a central file. This file has many control and warning mechanisms (abnormal data and consistency problems, etc.).

INTERNAL AND EXTERNAL ASSESSMENTS

Consistency controls are performed by the facilities (the data is compared with the data for the previous year) and when the data is being consolidated by the LVMH Environment Department (abnormalities and comparisons with the previous year, etc.).

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

CHOICE AND APPROPRIATENESS OF THE INDICATORS

The purpose of the published environmental indicators is to report to stakeholders on the Group's annual environmental results. They provide information on the environmental issues and indicators specified in the Decree of 24 April 2012 implementing Article 225 of Law No. 2010-788 of 12 July 2010 regarding the national commitment to the environment (also known as the "Grenelle II" Law). The information set out in this document also reflects the guidelines in Version 4.0 of the Global Reporting Initiative. The GRI information and environmental indicators presented in this report are as follows:

Strategy		Environment Category	
G4-1	p. 03 to 05	G4-EN1	p. 35 and 37
G4-2	p. 07 to 10	G4-EN3	p. 48
		G4-EN4	p. 52
Profile of the organisation		G4-EN8	p. 51
G4-3 to G4-16		G4-EN9	p. 50
The information is available in the LVMH 2015 Annual Report, which can be downloaded from the Group's website.		G4-EN13	p. 28 and 38
		G4-EN15	p. 42 to 44
		G4-EN16	p. 42 to 44
		G4-EN17	p. 52
		G4-EN22	p. 51
Relevant aspects and scopes identified		G4-EN23	p. 56 and 57
G4-17 to G4-23, p. 06 to 67		G4-EN27	p. 35 to 37
		G4-EN30	p. 48 and 50
		G4-EN31	p. 07
		G4-EN32	p. 43
Profile of the report			
G4-28 to G4-31, p. 62 to 66			

WATER CONSUMPTION

Water consumption is expressed in m³. This indicator enables the quantities of water consumed to be assessed by distinguishing between the following two requirements:

- agricultural requirement: measurement of the quantities of water used for irrigation (which is banned in France) and sprinkling the vines (to prevent frost, etc.). The water volumes used are either measured directly or, more usually, estimated;
- process requirement: measurement of all non-agricultural requirements (industrial and sanitary processes, cleaning, and the watering of green spaces, etc.). This water consumption is almost always measured.

WATER POLLUTION

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

The only sectors concerned by this parameter are Wines & Spirits and Perfumes & Cosmetics, where the discharges of organic matter and other pollution from effluents are significant and directly related to their operations.

PRODUCTION OF WASTE

All the waste produced is measured in metric tonnes. The waste taken into account is the hazardous and non-hazardous waste removed from the facilities during the reporting period. The treatment method for each kind of waste is also identified so as to calculate a recovery ratio.

The various channels for recycling waste are:

- re-use: using the waste for the same purpose as the one for which the product was initially intended (e.g. in the Wines & Spirits segment: reselling bottles to third parties);
- the recovery of materials, which includes:
 - recycling: waste is directly reintroduced into the production cycle from which it came to partially or completely replace a virgin raw material, such as paper and cardboard, or certain types of plastics, etc;
 - organic recovery: composting, and controlled spreading of organic waste in order to fertilise soil, etc;
 - waste-to-energy recovery: incineration and recovering the energy generated by the combustion process in the form of electricity or heat.

ENERGY CONSUMPTION

Energy consumed is expressed in MWh and represents all the kinds of energy used by the facilities (electricity, natural gas, heating oil, heavy oil, steam and butane-propane) and company vehicles.

GREENHOUSE GAS EMISSIONS

This indicator is expressed in CO₂ equivalent metric tonnes and corresponds to the greenhouse gas emissions relating to the energy consumed by the facilities. It covers direct and indirect greenhouse gas emissions.

UPSTREAM AND DOWNSTREAM TRANSPORTATION

This indicator is expressed in metric tonnes per kilometre and CO₂ equivalent metric tonnes. A distinction is made between upstream and downstream transport:

- inward transport: this is the number of kilometres travelled by the raw materials and components from the final supplier facility to the first delivery facility. The assessment is performed on the main components and products at the very least:

- Wines & Spirits: bottles, boxes, and corks, etc;
- Perfumes & Cosmetics: bottles, and boxes, etc;
- Fashion & Leather Goods: leathers, metal parts, packaging, and ready-to-wear, etc;
- Watches & Jewellery: boxes and cases, etc;
- Selective Retailing: store bags, envelopes, and boxes, etc;

- outward transport: this is the number of kilometres travelled by all finished products from the manufacturing facility to the first platform belonging to the wholesale customer or to the stores (for the selective retailing business groups and the brands that have stores).

PACKAGING INTRODUCED TO THE MARKET

This indicator is expressed in metric tonnes of material. It includes the primary and secondary packaging introduced to the market by all the Group's Maisons. The packaging used for shipments during transportation is excluded from this indicator.

TRAINING AND AWARENESS SESSIONS

This indicator is expressed in hours. It includes all the training and awareness-raising sessions fully or partly dedicated to the environment, specifically:

- training employees in order to reduce their impact on the environment (energy consumption, handling of hazardous products, training on environmental regulations, training for health, safety and environment officers, training on environmental audits, water management, waste management, sustainable viticulture, etc.);
- general environmental training and awareness-raising (main issues: greenhouse gases, biodiversity, raising the awareness of grape harvest workers, etc.) or on environmental management systems (ISO 14001, etc.);
- training provided by the holding company (orientation seminar for new managers, attendance at the Environmental Committee and involvement of the LVMH Environment Department in Executive Committees or other meetings, etc.);

- the hours devoted by in-house environmental trainers (Sustainable Development Week, World Water Day, health and safety and environment officers who conduct training/awareness sessions, etc.).

PERCENTAGE OF THE FACILITIES THAT HAVE BEEN THE SUBJECT OF AN ENVIRONMENTAL AUDIT

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

The audits included in the scope of this indicator must address:

- environmental performance (waste; atmospheric, water and soil discharges; energy and water consumption, noise, etc.);
- an assessment of environmental risk (flooding, fire, etc.);
- the company's regulatory compliance;
- an assessment of the environmental management system (inspection audit, internal audit, certification audit, etc.) and/or of the performance of the environmental management system.

These audits are approved by a written audit report that sets out recommendations.

The facilities included in the scope of this indicator are the production facilities, warehouses and administrative sites owned and/or operated by companies controlled by the Group. The boutiques are not covered by these audits.

EXPENSES INCURRED IN ORDER TO PREVENT A BUSINESS ACTIVITY FROM HAVING AN EFFECT ON THE ENVIRONMENT

This indicator is expressed in thousands of euros. It includes the following expenditure incurred and investments made in order to avoid a business activity having an impact on the environment:

- expenditure on the protection of the ambient air and the climate;
- expenditure on the management of waste water;
- expenditure on the management of waste;
- expenditure aimed at preventing noise and vibrations (excluding the protection of the workplace);
- expenditure aimed at protecting biodiversity and the landscape;
- research and development expenditure;
- expenditure on other environmental protection activities.

REPORT BY THE INDEPENDENT THIRD-PARTY ORGANISATION ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

FOR THE ATTENTION OF THE CHIEF EXECUTIVE OFFICER

Following the request made to us in our capacity as the independent auditor for LVMH Moët Hennessy Louis Vuitton, we hereby present our report on a selection of environmental indicators set out in the LVMH Environmental Report prepared for the fiscal year ended 31 December 2015.

THE COMPANY'S RESPONSIBILITY

The LVMH Moët Hennessy Louis Vuitton Environment Department is responsible for drawing up the selected indicators in accordance with the guidelines that it has established, which it must ensure are available. The Guidelines (LVMH environmental reporting protocol, hereinafter the "Guidelines") are summarised in the section entitled "Methodology notice on the LVMH Group's environmental reporting process" in the Environmental Report, and are available from the Environment Department at the following address: environnement@lvmh.fr.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined in the regulations, our professional Corporate Conduct Code, and the provisions specified in Article L. 822-11 of the French Commercial Code. Furthermore, we have introduced a quality control system that includes documented policies and procedures aimed at ensuring compliance with corporate conduct rules, professional standards and the applicable legislation and regulations.

RESPONSIBILITY OF THE INDEPENDENT AUDITOR

It is our responsibility, on the basis of our controls, to express:

- a reasonable assurance conclusion on the fact that the "Downstream transport of finished products (metric tons per km)" indicator does not include any material misstatements likely to call its presentation into question, in terms of all its significant aspects, in accordance with the Guidelines;
- a reasonable assurance conclusion on the fact that a second series of environmental⁽¹⁾ indicators is presented in a fair and true manner, in accordance with the Guidelines, where all their material aspects are concerned.

The conclusions expressed hereinafter apply solely to these indicators, and not to all the environmental indicators contained in the Environmental Report, or to the environmental

information published in the company's 2015 Registration Document. These conclusions do not cover the data from retail sales operations that have not been directly included in the environmental indicator reporting scope; this data is estimated by extrapolation.

1. LIMITED ASSURANCE REPORT ON A SELECTION OF CSR INFORMATION, AND CONCLUSION

NATURE AND SCOPE OF THE CONTROLS

Our work consisted of:

- assessing the appropriate nature of the Guidelines in terms of their relevance, completeness, reliability, objectivity and comprehensible nature, taking best practices in the sector into consideration, where applicable;
- at Group level:
 - conducting interviews with the individuals responsible for reporting the indicators;
 - performing an analysis of the gravity and risk of misstatement;
 - assessing the application of the Guidelines, implementing analytical procedures and consistency tests, and checking the consolidation of the indicators on the basis of spot checks;
- selecting a sample of Maisons that are representative of the business' activities and geographical⁽²⁾ locations, based on their contribution to the indicators and the risks of misstatement previously identified:
 - the entities selected represent 56% of the quantitative environmental information published by LVMH Moët Hennessy Louis Vuitton, on average;
 - we checked the understanding and application of the Guidelines at this level and conducted detailed tests on the basis of spot-checks, which consisted of checking the calculation formulas and reconciling the data with the supporting documents;
- reviewing the presentation of the indicators featured in the LVMH Environmental Report.

CONCLUSION

We did not identify any material misstatement based on our work that was likely to call into question the fact that the “Downstream transport of finished products (metric tons per km)” environmental indicator was prepared in accordance with the Guidelines, in terms of all its significant aspects.

OBSERVATIONS

Although we are not calling the above conclusions into question, we would draw your attention to the following point:

- at the level of the Maisons, the work performed on the “downstream transportation (metric tonnes per km)” indicator highlighted the consistency of the way in which the Guidelines were applied between the Maisons, which specifically resulted in the exclusions mentioned in the Environmental Report.

2. REASONABLE ASSURANCE REPORT ON A SELECTION OF CSR INFORMATION AND CONCLUSION

NATURE AND SCOPE OF THE WORK

In the case of the second series of environmental indicators, we performed work of the same kind as that described in Paragraph 1 above for the first selection of environmental indicators, but in a more in-depth manner, especially where the number of tests was concerned.

CONCLUSION

In our opinion, the following environmental indicators “total COD after treatment (metric tons per year)”, “percentage of the facilities that were the subject of environmental audits (%)”, “total water consumption for ‘Process’ requirements (m³)”, “total waste produced (metric tons)”, “total hazardous waste produced (metric tons)”, “percentage of waste recovered (%)”, “total energy consumption (MWh)”, “total greenhouse gas emissions (t CO₂ eq)”, and “total packaging introduced to the market (metric tons)” are presented in a true and fair manner, where all their significant aspects are concerned, in accordance with the Guidelines.

3. COMMENTS ON THE GUIDELINES AND THE INDICATORS

Although we are not calling the above conclusions into question, we would draw your attention to the following points:

- the controls performed by a few Maisons remain inadequate. Those performed at Group level enable the main discrepancies identified at the level of these Maisons to be corrected.

Paris-la Défense, 31 March 2016

The Independent Auditor
ERNST & YOUNG et Associés

Bruno Perrin
Partner

Éric Mugnier
Sustainable Development Partner

(1) Total COD after treatment (metric tonnes/year); percentage of the facilities that were the subject of environmental audits (%), total water consumption for “Process” requirements (m³), total waste produced (metric tonnes); total hazardous waste produced (metric tonnes); percentage of waste recovered (%); total energy consumption (MWh); total greenhouse gas emissions for Scopes 1 and 2 (tCO₂eq); and total packaging introduced to the market (metric tons).

(2) Wines & Spirits Business: Glenmorangie (Ardbeg and Tain, Scotland), MHCS (France), Bodegas Chandon (Agrelo and Terrazas, Argentina); Fashion and Leather Goods Business: Loro Piana Quarona (Italy), Rossimoda (Italy), Tanneries Roux (France), Louis Vuitton Malletier Ducey (France), Louis Vuitton Malletier Cergy Europe (France), Louis Vuitton Malletier – Stores (France); Perfumes and Cosmetics Business: Parfums Christian Dior (SJDDB, France), LVMH Fragrance Brands (France), Guerlain – La Ruche (France); Watches and Jewellery Business: Bvlgari Neuchâtel (Switzerland), ArteCad (Switzerland), La Fabrique du Temps (Switzerland); Selective Retailing Business: DFS – Chinachem Galleria (Hong Kong), DFS – Corporate Office (Hong Kong), DFS Maison (downstream transport and packaging indicators, Hong Kong), and Sephora Europe (France); Other businesses: Holding company, 3, rue Bayard (France).

PHOTOGRAPHS

Cover: the stairs to Veuve Clicquot cellars illuminated by LEDs.
Karl Lagerfeld - Paolo Verzone - Maison Veuve Clicquot - Maison Louis Vuitton - Maison Loro Piana
- Maison Guerlain - Picture libraries of LVMH and Group's Maisons.

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