

Corporate Human Rights Benchmark 2018 Company Scoresheet



Company Name LVMH
Industry Apparel (Supply Chain and Own Operations)
Overall Score (*) 16.8 out of 100

| Theme Score | Out of | For Theme |
|-------------|--------|---|
| 4.1 | 10 | A. Governance and Policies |
| 4.0 | 25 | B. Embedding Respect and Human Rights Due Diligence |
| 0.8 | 15 | C. Remedies and Grievance Mechanisms |
| 2.8 | 20 | D. Performance: Company Human Rights Practices |
| 3.4 | 20 | E. Performance: Responses to Serious Allegations |
| 1.7 | 10 | F. Transparency |

(*) Please note that any small differences between the Overall Score and the added total of Measurement Theme scores are due to rounding the numbers at different stages of the score calculation process.

Please note also that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2018 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

Detailed assessment

A. Governance and Policies (10% of Total)

A.1 Policy Commitments (5% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|---|
| A.1.1 | Commitment to respect human rights | 2 | The individual elements of the assessment are met or not as follows: Score 1 • Met: UDHR: The Company states in the code of conduct that 'LVMH respects and promotes the Universal Declaration of Human Rights and adheres to the principles of the United Nations Global Compact, as well as to the United Nations Guidelines on Women's Empowerment. Within its sphere of influence, LVMH supports the values, freedoms and fundamental rights promoted in these texts'. Score 2 • Not met: UNGPs • Met: OECD: Although the Code only indicates that it is 'inspired by' the OECD Guidelines for Multinational Enterprises, in the 'Management report of the board of directors', it states that 'LVMH also supports the Universal Declaration of Human Rights, OECD Guidelines, the International Labour Organization's fundamental conventions, [...]' [Code of conduct, 2017] |
| A.1.2 | Commitment to respect the human rights of workers | 1.5 | The individual elements of the assessment are met or not as follows: Score 1 • Met: UNGC principles 3-6: The Code states that 'LVMH respects and promotes the principles of the United Nations Global Compact, in particular the fundamental rights at work: elimination of discrimination with respect to employment and occupation; elimination of all forms of forced and compulsory labour; effective abolition of child labour; freedom of association and the effective recognition of the right to collective bargaining'. [Code of conduct, 2017] |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|--|
| | | | <ul style="list-style-type: none"> • Met: All four ILO for AP suppliers: The supplier code of conduct contains statements regarding all ILO core labour areas. Particularly on freedom of association and collective bargaining, it states that 'we require our suppliers to respect and recognize the right of workers to negotiate collectively, and to create or join labour organizations of their choice without any sanction, discrimination or harassment'. [Supplier code of conduct, 12/2017] <p>Score 2</p> <ul style="list-style-type: none"> • Met: All four ILO Core: See above • Met: Respect H&S of workers: The code states that 'LVMH takes measures to ensure that the health and safety of its employees and ensures that all its activities comply with applicable workplace health and safety laws and regulations in all its host countries' [Code of conduct, 2017] • Met: H&S applies to AP suppliers: The code for suppliers contains requirement on health and safety [Supplier code of conduct, 12/2017] • Not met: working hours for employees: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator [Code of conduct, 2017] • Met: Working hours for AP suppliers: The code for suppliers contains requirements on working hours (maximum hours, overtime and rest) [Supplier code of conduct, 12/2017] |
| A.1.3.AP | Commitment to respect human rights particularly relevant to the industry (AP) | 1.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Women's Rights: The Code of conduct states that 'LVMH respects and promotes the Universal [...] and adheres to the principles of the United Nations Global Compact as well as to the United Nations Guidelines on Women's Empowerment. Within its sphere of influence, LVMH supports the values freedoms and fundamental rights promoted in these texts'. [Code of conduct, 2017] • Not met: Children's Rights • Not met: Migrant worker's rights • Met: Expecting suppliers to respect these rights: The Code for suppliers states that the Company 'works with suppliers who agree to comply with the requirements of this Supplier code of Conduct and the principles stipulated in the [...] and the United Nations Women's Empowerment Principles'. [Supplier code of conduct, 12/2017] <p>Score 2</p> <ul style="list-style-type: none"> • Met: CEDAW/Women's Empowerment Principles: See above [Code of conduct, 2017] • Not met: Child Rights Convention/Business principles • Not met: Convention on migrant workers • Not met: Respecting the right to water • Not met: Expecting suppliers to respect these rights: Evidence found in relation to Women, but not in relation to water. [Supplier code of conduct, 12/2017] |
| A.1.4 | Commitment to engage with stakeholders | 1 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Commits to stakeholder engagement: The code of conduct states that the Company performs audits and 'due diligence of stakeholders to better identify, assess and anticipate risks and opportunities for improvement and to ensure in-depth knowledge of its partners. These procedures allow the Group to verify that the performance of its partners is aligned with its requirements and respects the best practices detailed in this Code of Conduct, in particular in terms of ethics, social and environmental issues and respect for human rights'. [Code of conduct, 2017] • Not met: Regular stakeholder engagement: CHRB has not identified any document in the public domain which provide all the information required to meet this indicator <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Commits to engage stakeholders in design: CHRB has not identified any document in the public domain which provide all the information required to meet this indicator • Not met: Regular stakeholder design engagement |
| A.1.5 | Commitment to remedy | 1 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Commits to remedy: In the context of 'respecting and supporting human rights and fundamental freedoms', the code states that 'LVMH is committed to remaining vigilant in identifying any potential direct or indirect negative impact of its activities on society in order to prevent, or if necessary, remedy any such negative impact'. [Code of conduct, 2017] |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| | | | Score 2 <ul style="list-style-type: none"> • Not met: Not obstructing access to other remedies • Not met: Collaborating with other remedy initiatives • Not met: Work with AP suppliers to remedy impacts |
| A.1.6 | Commitment to respect the rights of human rights defenders | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Zero tolerance attacks on HRs Defenders (HRDs): CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator Score 2 <ul style="list-style-type: none"> • Not met: Expects AP suppliers to reflect company HRD commitments |

A.2 Policy Commitments (5% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---------------------------------------|------------------|---|
| A.2.1 | Commitment from the top | 1 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: CEO or Board approves policy: The code of conduct is prefaced and signed by the Chairman & CEO. [Code of conduct, 2017] • Met: Board level responsibility for HRs: The Code states that 'The Board of Director's Ethics and Sustainable Development Committee monitors respect for the rules and values defined in this Code of Conduct'. Its duties include 'to ensure respect of these rules; to review the Group's strategy and reports in these areas'. [Code of conduct, 2017] Score 2 <ul style="list-style-type: none"> • Not met: Speeches/letters by Board members or CEO: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator |
| A.2.2 | Board discussions | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Board/Committee review of salient HRs: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator • Not met: Examples or trends re HR discussion: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator Score 2 <ul style="list-style-type: none"> • Not met: Both examples and process |
| A.2.3 | Incentives and performance management | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Incentives for at least one board member: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator • Not met: At least one key AP HR risk, beyond employee H&S Score 2 <ul style="list-style-type: none"> • Not met: Performance criteria made public |

B. Embedding Respect and Human Rights Due Diligence (25% of Total)

B.1 Embedding Respect for Human Rights in Company Culture and Management Systems (10% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| B.1.1 | Responsibility and resources for day-to-day human rights functions | 1.5 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Senior responsibility fo HR (inc ILO): The Code states that 'an Ethics and Compliance Director, reporting to the Group Managing Director and an Ethics and Compliance Commission comprising representatives of different LVMH corporate departments [...] is specifically responsible for promoting the principles set out in the Code of conduct [...] ensuring compliance with the Code, analysing and ranking the seriousness of risks identified via a regularly reviewed mapping, contributing to compliance and due diligence audits of partners and managing the functioning and tracking of the alert procedures'. [Code of conduct, 2017] |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|---|
| | | | <p>Score 2</p> <ul style="list-style-type: none"> • Met: Day-to-day responsibility: The Company also has a 'network of Ethics and Compliance correspondents' to ensure 'consistent and uniform application of [...] the code of conduct', and a 'network of social responsibility correspondents'. Finally, it also has a 'network of Internal Control correspondents headed by the Audit and Internal Control department, responsible for coordinating implementation of internal control and risk management procedures'. [Code of conduct, 2017] • Not met: Day-to-day responsibility in supply chain |
| B.1.2 | Incentives and performance management | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Senior manager incentives for human rights: The Company reports in the Communication on progress that some group companies and subsidiaries developed initiatives for some employees' categories aiming to take into account health and safety issues in the performance appraisals. It explicitly includes some safety-related performance indicators. However, it is not clear whether this refers to senior managers, and does not seem to take into account health and safety in the supply chain. • Not met: At least one key AP HR risk, beyond employee H&S: See above <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Performance criteria made public |
| B.1.3 | Integration with enterprise risk management | 1 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: HR part of enterprise risk system: In the Management report of the board, the Company describes its risk management and internal control framework. It includes the risks identified, assessment and control procedures in place and actions to mitigate them. 'The LVMH group's activities are exposed to various risks that are the object of regular risk management and identification'. In this context, the Company includes 'human rights and fundamental liberties' among its 'strategic and operational risks'. These risks are considered both internally and externally (suppliers). These risks are included within the Company's risk management and internal control framework. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Audit Ctte or independent risk assessment |
| B.1.4.a | Communication /dissemination of policy commitment(s) within Company's own operations | 1 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Communicates its policy to all workers in own operations: The Reference document indicates that the Code 'is available on the LVMH website and can also be downloaded in ten languages from the Group's new Ethics and Compliance Intranet, which provides all available documents and tools for Group employees relating to ethics and compliance in one space. The Code of Conduct is communicated to all new employees'. It also states that 'in order to encourage appropriation of the principles of the Code by all Group employees, an online training tool has been offered to all employees since the end of 2017'. [Reference document, 2017] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Communication of policy commitments to stakeholder • Not met: How policy commitments are made accessible to audience |
| B.1.4.b | Communication /dissemination of policy commitment(s) to business relationships | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Steps to communicate policy commitments to BRs: The Reference document states that every year 'a Supplier Forum has been organized to bring together representatives of the Group's companies and their suppliers. This event provides an opportunity to present the responsible purchasing standards of LVMH and its companies, to hear feedback from suppliers who have made improvements in synergy with Group Companies, and lastly to share best practice'. However, it is not clear whether and how the supplier code of conduct is communicated to business relationships including throughout its supply chain. [Reference document, 2017] • Not met: Including to AP suppliers: See above <p>Score 2</p> <ul style="list-style-type: none"> • Not met: How HR commitments made binding/contractual: The Company indicates that 'the Supplier Code of Conduct has been disseminated to Group companies, and all relations with partners require that the partner in question undertake to comply with all ethical principles laid down in the Code'. However, no evidence found on whether these commitments are reflected in contractual or other binding arrangements. [Reference document, 2017] |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|-----------------------------------|------------------|---|
| | | | <ul style="list-style-type: none"> • Not met: Including on AP suppliers: The supplier code of conduct states that suppliers remain 'guarantors' for work performed by their subcontractors and 'guarantee respect by their subcontractors and suppliers of this supplier code of conduct and relevant obligations'. However, it is not clear whether there are contractual or other binding arrangements for subcontractors. [Supplier code of conduct, 12/2017] |
| B.1.5 | Training on Human Rights | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Trains all workers on HR policy commitments: The Reference Document states that in the specific ethics intranet, 'an online training tool was made available to all employees in 2017 covering the principles of the LVMH Code of Conduct in order to encourage understanding and assimilation by everyone of the rules, practices and values that form a common ethical framework for the Group and Group Companies worldwide'. The Company also reports training to prevent discrimination. However, no evidence found of all employees actually receiving training on human rights issues, nor whether workers in procurement receive specific training on human rights. • Not met: Trains relevant managers including procurement: See above <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met |
| B.1.6 | Monitoring and corrective actions | 1 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Monitoring implementation of HR policy commitments: The ethics and compliance department aims to ensure the observance of the principles and values set out in the Code. The Ethics and Compliance Committee made up of representatives from the Group's various departments submits a report each year on the implementation of the Code's policies. A network of 'ethics and compliance officers' within each group company ensure consistent and uniform application of the principles of the Code of conduct and contribute to the sharing of best practices across the Group'. The code of conduct contains requirements on all ILO core standards. <p>In relation to suppliers the Company indicates that it carries out verification audits. At Group level it conducted 1,497 social and/or environmental audits, being more than 80% carried out 'by specialized external service providers'. The Company indicates that improves it has a membership of Sedex and that it 'joined forced with EcoVadis in order to develop an even more exhaustive approach to controlling their supply chain'. [Reference document, 2017]</p> <ul style="list-style-type: none"> • Met: Monitoring AP suppliers: The Reference document indicates that it carried out 1,497 social and/or environmental audits, and that more than 80% were carried out by specialized external service providers. The Company is also member of Sedex and works with EcoVadis to 'develop an even more exhaustive approach to controlling their supply chains'. [Reference document, 2017] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Describes corrective action process: The Reference Document indicates that '55% of audits carried out were in line with the Group's requirements, 30% found minor instances of non-compliance, 12% highlighted a need for significant improvement by suppliers and 3% found major instances of non-compliance. Non-compliance issues identified related primarily to Health & Safety. In all, 570 corrective action plans were put in place following these audits'. In addition, the Company indicates that that terminated 26 existing relationships due to major non-compliances, and that develops follow-up audits. However, no evidence found of the corrective action processes in place and the number of incidences. [Reference document, 2017] • Not met: Example of corrective action • Not met: Discloses % of supply chain monitored: The Company discloses the total number of audits carried out. However, no evidence found on the percentage of supply chain monitored through audits that include human rights issues. [Reference document, 2017] |
| B.1.7 | Engaging business relationships | 1.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: HR affects selection of suppliers: The Company states in the LVMH Reference Document that 'the use of preliminary audits also enabled better advance identification of supplier practices, resulting in decisions to refrain from working with certain potential suppliers'. [Reference document, 2017] • Met: HR affects on-going supplier relationships: The company indicates that 'in some cases, LVMH and/or some Group companies had to terminate existing relationships with suppliers whose social audit findings revealed major instances of |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|---|
| | | | <p>non-compliance with LVMH's Code of Conduct. There were 26 such cases in 2017'. [Reference document, 2017]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Met: Both requirement under score 1 met: See above • Not met: Working with suppliers to improve performance: The Reference document indicates that 'LVMH maintains regular dialogue with its suppliers and is highly involved in their operations, which has led the Group to help them implement and comply with environmental, workforce-related and societal best practices, while raising awareness and providing training on the corporate social responsibility issues specific to their business'. However, no specific examples found in relation to improving human rights performance of suppliers. [Reference document, 2017] |
| B.1.8 | Approach to engagement with potentially affected stakeholders | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Stakeholder process or systems: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Frequency and triggers for engagement: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: workers in the SP engaged • Not met: communities in the SC engaged <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Analysis of stakeholder views and company's actions on them |

B.2 Human Rights Due Diligence (15% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| B.2.1 | Identifying: Processes and triggers for identifying human rights risks and impacts | 0.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Identifying risks in own operations: The Company's risk management includes within its system human rights risk including both internal operations ('fundamental rights at work') and externally in its supply chain. The Company indicates that the 'Enterprise Risk and Internal Control Assessment' approach comprises 'annual mapping of the major risks for each brand and self-assessment of 69 key control taken from the internal control guidelines by all Group entities at least every three years'. However, no evidence found on the specific processes it has to determine human rights risks in its own operations. <p>Regarding suppliers, the Company's approach to identify high-risk suppliers includes 'purchasing category, strategic importance of the products in question, and the supplier's degree of financial dependency and geographical location'. Geographical location measures exposure on corruption, human rights and environment. 'This methodological project has been carried out with the help of an external consulting firm using an external database containing ten years' worth of information about countries and products, as well as economic, environmental political and human rights-related issues. This data has been cross-referenced with qualitative and quantitative information provided internally by Group companies, such as the level of activity, amount of procurement by category, number of stores and number of employees in each country'.</p> <ul style="list-style-type: none"> • Met: Identifying risks in AP suppliers: See above [Reference document, 2017] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Ongoing global risk identification • Not met: In consultation with stakeholders • Met: In consultation with HR experts: As indicated above, for its supply chain, the Company uses the help of an 'external consulting firm using an external database containing ten years' worth of information about [...] and human rights-related issues'. [Reference document, 2017] • Not met: Triggered by new circumstances: Although in the context of enterprise risk and internal control assessment, the Company indicates that 'recently acquired entities are allowed two years to implement this approach once the integration process has been completed', it is not clear whether this includes, and how, human rights. No specific evidence found in relation to the supply chain. [Reference document, 2017] |
| B.2.2 | Assessing: Assessment of risks and impacts identified | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Salient risk assessment (and context): The Company indicates that 'identification of at-risk suppliers was enhanced by means of a new methodological project to specify the different levels of geographical exposure for the activities of LVMH and Group companies on the basis of three issues: 'corruption, human rights |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|---|
| | (salient risks and key industry risks) | | and environment. Each mapping allows for levels of risks to be viewed for each country with regard to Group companies' administrative, production and distribution activities'. However, it does not indicate what considers to be its salient human rights issues. [Reference document, 2017] <ul style="list-style-type: none"> • Not met: Public disclosure of salient risks: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met |
| B.2.3 | Integrating and Acting: Integrating assessment findings internally and taking appropriate action | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Action Plans to mitigate risks: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Example of Actions decided: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Including in AP supply chain: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met |
| B.2.4 | Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: System to check if Actions are effective • Not met: Lessons learnt from checking effectiveness Score 2 <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met |
| B.2.5 | Communicating : Accounting for how human rights impacts are addressed | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Comms plan re identifying risks • Not met: Comms plan re assessing risks • Not met: Comms plan re action plans for risks • Not met: Comms plan re reviewing action plans Score 2 <ul style="list-style-type: none"> • Not met: Including AP suppliers • Not met: Responding to affected stakeholders concerns • Not met: Ensuring affected stakeholders can access communications |

C. Remedies and Grievance Mechanisms (15% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|---|
| C.1 | Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers | 1 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Channel accessible to all workers: The Code of conduct indicates that 'LVMH Group has established an internal alert procedure enabling reporting and processing of alerts raised by employees regarding violations or risks of violation of the measures set out in this code of conduct. This alert procedure is available to all employees'. [Code of conduct, 2017] Score 2 <ul style="list-style-type: none"> • Not met: Number grievances filed, addressed or resolved • Not met: Channel is available in all appropriate languages • Not met: Expect AP supplier to have equivalent grievance systems • Not met: Opens own system to AP supplier workers |
| C.2 | Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Grievance mechanism for community: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. Score 2 <ul style="list-style-type: none"> • Not met: Describes accessibility and local languages • Not met: Expects AP supplier to have community grievance systems: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| | | | <ul style="list-style-type: none"> • Not met: AP supplier communities use global system: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. |
| C.3 | Users are involved in the design and performance of the channel(s)/mechanism(s) | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Engages users to create or assess system: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Description of how they do this: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Engages with users on system performance • Not met: Provides user engagement example on performance • Not met: AP suppliers consult users in creation or assessment |
| C.4 | Procedures related to the mechanism(s)/channel(s) are publicly available and explained | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Response timescales: The Code of conduct indicates that the Ethics and Compliance Commission is responsible for 'managing the functioning and tracking of the alert procedures put in place' [Code of conduct, 2017] • Not met: How complainants will be informed <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Escalation to senior/independent level |
| C.5 | Commitment to non-retaliation over complaints or concerns made | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Public statement prohibiting retaliation: The Code states that 'retaliations are prohibited against people who use this procedure in good faith even when the suspicions at the origin of the alert prove groundless'. However, no evidence found of the alert procedures being available to stakeholders different than workers. • Not met: Practical measures to prevent retaliation: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Has not retaliated in practice: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Expects AG suppliers to prohibit retaliation: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. |
| C.6 | Company involvement with State-based judicial and non-judicial grievance mechanisms | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Won't impede state based mechanisms: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Complainants not asked to waive rights: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Will work with state based or non judicial mechanisms: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Example of issue resolved (if applicable) |
| C.7 | Remedying adverse impacts and incorporating lessons learned | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Describes how remedy has been provided: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Says how it would remedy key sector risks: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Changes introduced to stop repetition • Not met: Approach to learning from incident to prevent future impacts • Not met: Evaluation of the channel/mechanism |

D. Performance: Company Human Rights Practices (20% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|---|
| D.2.1.a | Living wage (in own production or manufacturing operations) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Living wage target timeframe • Not met: Describes how living wage determined Score 2 <ul style="list-style-type: none"> • Not met: Achieved payment of living wage • Not met: Regularly review definition of living wage with unions |
| D.2.1.b | Living wage (in the supply chain) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Living wage in supplier code or contracts: The supplier code of conduct states that 'the supplier must ensure that the wages are at least equal to the average minimum in the relevant industrial sector and that overtime pay is at least the same as the usual hourly compensation. However, no evidence found in relation to living wage guidelines. [Supplier code of conduct, 12/2017] • Not met: Improving living wage practices of suppliers: CHRb has not identified any document in the public domain which provide all the information required to meet this indicator Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made |
| D.2.2 | Aligning purchasing decisions with human rights | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Avoids business model pressure on HRs: The Company indicates that it has a Supplier Forum: 'This event provides an opportunity to present the responsible purchasing standards of LVMH and its companies to hear feedback from suppliers, who have made improvements in synergy with Group Companies'. The Company also has a joint Supplier Sustainability Day which provides 'a forum for Group companies to present their plans, actions and progress on sustainable and responsible purchasing'. However, no specific evidence found in relation to practices that align purchasing decisions with human rights (positive incentives or avoiding business considerations undermining human rights). [Reference document, 2017] Score 2 <ul style="list-style-type: none"> • Not met: Positive incentives to respect human rights: See above • Not met: Both requirements under score 1 met |
| D.2.3 | Mapping and disclosing the supply chain | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Identifies suppliers back to product source (farm, ranch etc) Score 2 <ul style="list-style-type: none"> • Not met: Discloses significant parts of supply chain and why |
| D.2.4.a | Child labour: Age verification and corrective actions (in own production or manufacturing operations) | 0.5 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Does not use child labour: The Code of conduct states that 'LVMH respects and promotes the principles of the United Nations Global Compact, in particular the fundamental rights at work'. This explicitly includes 'effective abolition of child labour'. • Not met: Age verification of applicants and workers Score 2 <ul style="list-style-type: none"> • Not met: Remediation if children identified |
| D.2.4.b | Child labour: Age verification and corrective actions (in the supply chain) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Child Labour rules in codes or contracts: The supplier code of conduct includes 'prohibition of child labour'. However, no evidence found on other guidelines including verifying the age of job applicants and remediation programmes. • Not met: How working with suppliers on child labour: CHRb has not identified any documents in the public domain which provide all the information required to meet this indicator. Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| D.2.5.a | Forced labour: Debt bondage and other unacceptable financial costs (in own production or manufacturing operations) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Pays workers in full and on time • Not met: Payslips show any legitimate deductions Score 2 <ul style="list-style-type: none"> • Not met: How these practices are implemented and monitored for agencies, labour brokers or recruiters |
| D.2.5.b | Forced labour: Debt bondage and other unacceptable financial costs (in the supply chain) | 1 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Debt and fees rules in codes or contracts: The supplier code of conduct states that 'Any use of forced labour, slavery servitude or trafficking in human beings by our suppliers, as well as [...] requiring workers to deposit a bond or the use of any other constraint, is strictly prohibited. [...] suppliers may not require workers to work to repay a debt owed to them or to a third party'. [Supplier code of conduct, 12/2017] • Not met: How working with suppliers on debt & fees Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made |
| D.2.5.c | Forced labour: Restrictions on workers (in own production or manufacturing operations) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Does not retain documents or restrict movement: CHRB has not identified any document in the public domain which provide all the information required to meet this indicator Score 2 <ul style="list-style-type: none"> • Not met: How sure about agencies or brokers: CHRB has not identified any document in the public domain which provide all the information required to meet this indicator |
| D.2.5.d | Forced labour: Restrictions on workers (in the supply chain) | 1 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Free movement rules in codes or contracts: The supplier code of conduct states that 'Any use of forced labour, slavery servitude or trafficking in human beings by our suppliers, as well as withholding identity papers or work permits [...] is strictly prohibited. All workers are entitled to accept or leave their employment freely'. [Supplier code of conduct, 12/2017] • Not met: How these practices are implemented and monitored for agencies, labour brokers or recruiters Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made |
| D.2.6.a | Freedom of association and collective bargaining (in own production or manufacturing operations) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Commits not to interfere with union rights and collective bargaining and prohibits intimidation and retaliation: The LVMH Code of Conduct states that 'LVMH respects and defends the principles of the Global Compact in relation to fundamental rights and principles in the workplace'. This commitment explicitly includes 'freedom of association and effective recognition of the right to collective bargaining'. No evidence found, however, in relation to commitment to not interfering with the rights of workers and putting measures in place to prohibit any form of retaliation. [Code of conduct, 2017] • Not met: Discloses % covered by collective bargaining Score 2 <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met |
| D.2.6.b | Freedom of association and collective bargaining (in the supply chain) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: FoA & CB rules in codes or contracts: The Supplier's Code of conduct indicates that: 'We expect our suppliers to respect and recognize the right of each employee to negotiate collectively, to create or join the union organization of their choice and without penalty, discrimination or harassment'. However, no evidence found in relation to prohibition of retaliation and violence against union members and union representatives in contractual agreements (or supplier code). • Not met: How working with suppliers on FoA and CB: CHRB has not identified any document in the public domain which provide all the information required to meet this indicator |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|--|
| | | | Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made |
| D.2.7.a | Health and safety: Fatalities, lost days, injury rates (in own production of manufacturing operations) | 1 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Injury Rate disclosures: The Company discloses frequency rate (accidents resulting in leave of absence) for the last three years [Reference document, 2017] • Met: Lost days or near miss disclosure: The Company discloses severity rate (workdays lost) for the last three years [Reference document, 2017] • Met: Fatalities disclosures: The LVMH CSR report of 2015 also discloses that there were no deaths in 2015 (no evidence found for more recent years) [LVMH CSR report, 2015] Score 2 <ul style="list-style-type: none"> • Not met: Set targets for H&S performance: CHRB has not identified any document in the public domain which provide all the information required to meet this indicator • Not met: Met targets or explains why not |
| D.2.7.b | Health and safety: Fatalities, lost days, injury rates (in the supply chain) | 0.5 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Sets out clear Health and Safety requirements: The code for suppliers contains requirements on health and safety including providing safe and healthy working environment, set up procedures and trainings, and complying with laws and regulations in this regard. [Supplier code of conduct, 12/2017] • Not met: Injury rate disclosures • Not met: Lost days or near miss disclosures • Not met: Fatalities disclosures Score 2 <ul style="list-style-type: none"> • Not met: How working with suppliers on H&S • Not met: Provide analysis of trends in progress made |
| D.2.8.a | Women's rights (in own production or manufacturing operations) | 1 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Process to stop harassment and violence: CHRB has not identified any document in the public domain which provide all the information required to meet this indicator • Not met: Working conditions take account of gender: CHRB has not identified any document in the public domain which provide all the information required to meet this indicator • Met: Equality of opportunity at all levels: The Company indicates in its code of conduct that 'The Group makes equal opportunity for women and men a cornerstone of its human resources policy [...] and places special emphasis on developing careers of women. LVMH ensures equitable treatment of both women and men, including on work compensation and benefits'. The Reference document states that 'between 2007 and 2017, the proportion of women holding key positions within the Group rose from 23% to 40%. It has set a new target: 'to achieve parity for key positions by 2020'. The EllesVMH programme provides coaching and training, and is 'introducing new initiatives to help achieve this target'. Score 2 <ul style="list-style-type: none"> • Not met: Meets all of the requirements under score 1 |
| D.2.8.b | Women's rights (in the supply chain) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Women's rights in codes or contracts: Although the code for suppliers states that works with suppliers who agree to comply with the principles stipulated in the United Nations Women's empowerment principles, no specific guidelines found. [Supplier code of conduct, 12/2017] • Not met: How working with suppliers on women's rights: CHRB has not identified any document in the public domain which provide all the information required to meet this indicator Score 2 <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met: CHRB has not identified any d • Not met: Provide analysis of trends in progress made |
| D.2.9.a | Working hours (in own production or manufacturing operations) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Respects max hours, min breaks and rest periods in its own operations: CHRB has not identified any document in the public domain which provide all the information required to meet this indicator |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|-------------------------------------|------------------|--|
| | | | Score 2 <ul style="list-style-type: none"> Not met: How it implements and checks this: CHRB has not identified any document in the public domain which provide all the information required to meet this indicator |
| D.2.9.b | Working hours (in the supply chain) | 1 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: Working hours in codes or contracts: The supplier code of conducts states that suppliers 'must comply with all local laws and regulations applicable with respect to working hours, which shall not in any case exceed the maximum set by internationally recognized standards such as the International Labour Organization. Our suppliers may not impose excessive overtime hours. The total number of hours worked per week including overtime may not exceed legal limits. Workers are entitled t the minimum number of days off established by applicable laws and at minimum must have at least one day off in every seven –day period'. Not met: How working with suppliers on working hours Score 2 <ul style="list-style-type: none"> Not met: Both requirements under score 1 met Not met: Provide analysis of trends in progress made |

E. Performance: Responses to Serious Allegations (20% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|-------------------------|------------------|---|
| E(1).0 | Serious allegation No 1 | | No allegations meeting the CHRB severity thresholds were found, and so the score of 13.43 out of 80 points scored in themes A-D & F has been applied to produce a score of 3.36 out of 20 points for theme E. |

F. Transparency (10% of Total)

| Indicator Code | Indicator name | Score | Explanation |
|----------------|--|---------------|---|
| F.1 | Company willingness to publish information | 1.67 out of 4 | Out of a total of 48 indicators assessed under sections A-D of the benchmark, LVMH made data public that met one or more elements of the methodology in 20 cases, leading to a disclosure score of 1.67 out of 4 points. |
| F.2 | Recognised Reporting Initiatives | 0 out of 2 | The individual elements of the assessment are met or not as follows: Score 2 <ul style="list-style-type: none"> Not met: Company reports on GRI Not met: Company reports on SASB Not met: Company reports on UNGPRF |
| F.3 | Key, High Quality Disclosures | 0 out of 4 | LVMH met 0 of the 10 thresholds listed below and therefore gets 0 out of 4 points for the high quality disclosure indicator. Specificity and use of concrete examples <ul style="list-style-type: none"> Not met: Score 2 for A.2.2 : Board discussions Not met: Score 2 for B.1.6 : Monitoring and corrective actions Not met: Score 2 for C.1 : Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers Not met: Score 2 for C.3 : Users are involved in the design and performance of the channel(s)/mechanism(s) Discussing challenges openly <ul style="list-style-type: none"> Not met: Score 2 for B.2.4 : Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts Not met: Score 2 for C.7 : Remedying adverse impacts and incorporating lessons learned Demonstrating a forward focus <ul style="list-style-type: none"> Not met: Score 2 for A.2.3 : Incentives and performance management Not met: Score 2 for B.1.2 : Incentives and performance management Not met: Score 1 for D.2.1.a : Living wage (in own production or manufacturing operations) Not met: Score 2 for D.2.7.a : Health and safety: Fatalities, lost days, injury rates (in own production of manufacturing operations) |

Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2018 Key Findings report for more details of the research process.

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As CHRB Ltd, we want to emphasise that the results will always be a proxy for good human rights management, and not an absolute measure of performance. This is because there are no fundamental units of measurement for human rights. Human rights assessments are therefore necessarily more subjective than objective. The Benchmark also captures only a snap shot in time. We therefore want to encourage companies, investors, civil society and governments to look at the broad performance bands that companies are ranked within rather than their precise score because, as with all measurements, there is a reasonably wide margin of error possible in interpretation. We also want to encourage a greater analytical focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. The spirit of the exercise is to promote continual improvement via an open assessment process and a common understanding of the importance of the UN Guiding Principles on Business and Human Rights.