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LVMH MANAGING NATURAL CAPITAL



**Dr Sylvie Bénard,
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Director**

23/11/2015

WINES & SPIRITS



FASHION & LEATHER GOODS



LVMH
MOËT HENNESSY • LOUIS VUITTON

SELECTIVE RETAIL



WATCHES & JEWELLERY



PERFUMES & COSMETICS



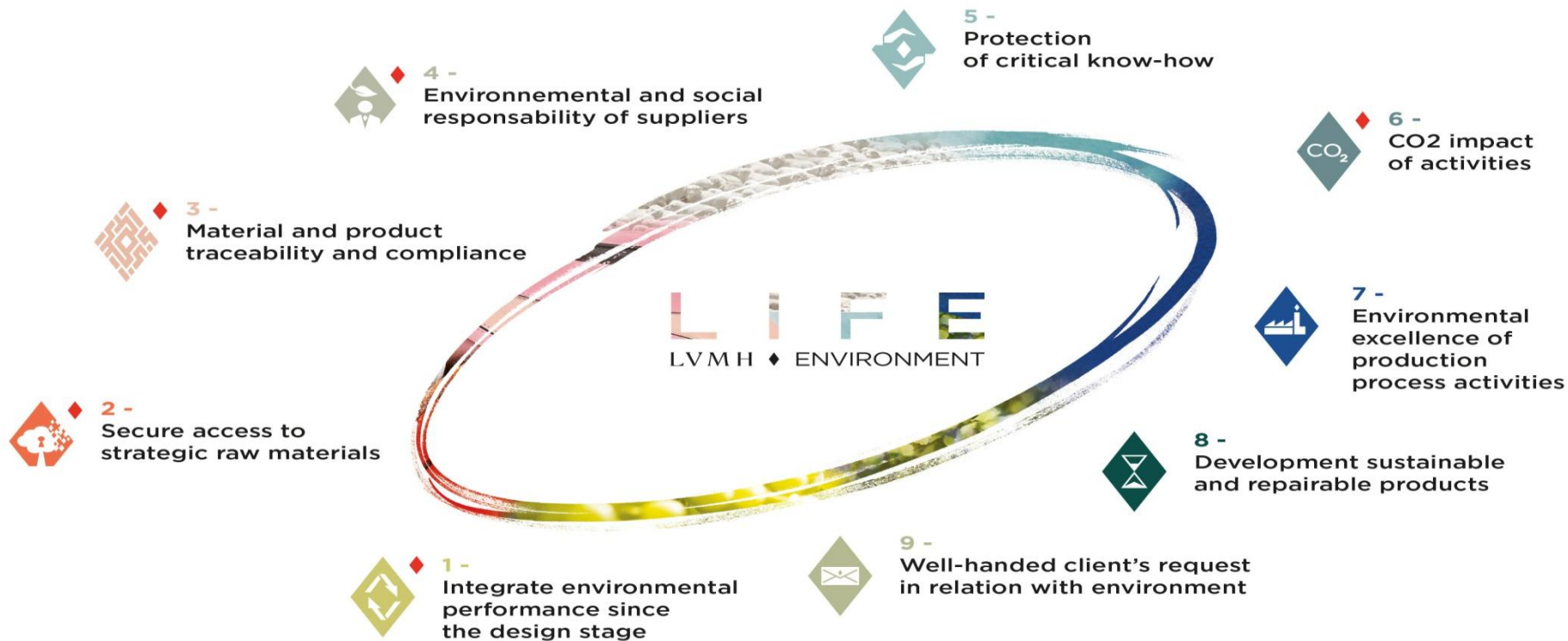


OPERATIONAL & INPUT RISKS

REGULATORY RISKS

REPUTATIONAL RISKS





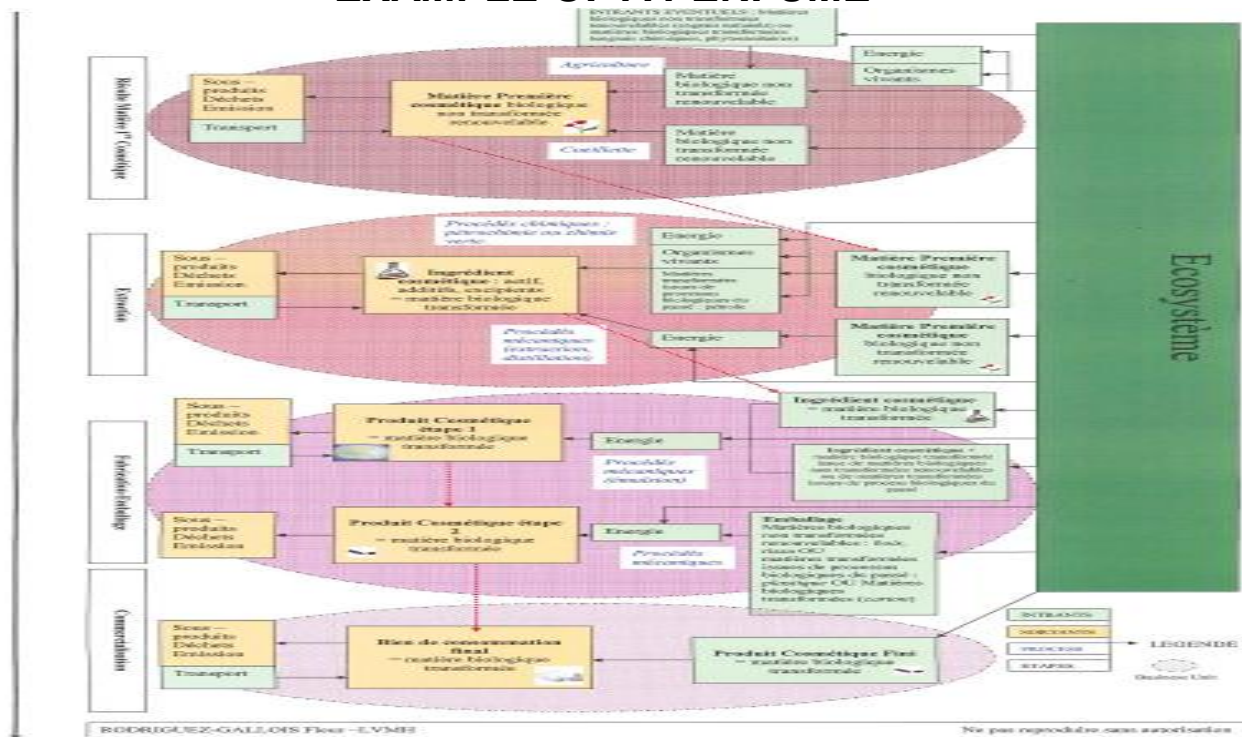
LVMH Indicators For Environment

♦ Priorities

LVMH finances PhDs based upon a « *strong sustainability* » approach regarding natural capital:

- *Economic development is dependent on natural capital*
 - *Capital of various sorts (human, natural, finances,..) cannot be interchanged*
1. « Integrating biodiversity into business strategies. The Biodiversity Accountability Framework »
(J. Houdet, 2009)
 2. « Biodiversity and organisations' strategy: developing tools to manage multiples and intertemporal relationships »
(C. Ionescu, 2015)

IMPACTS AND DEPENDENCIES TOWARDS NATURAL CAPITAL: EXAMPLE OF A PERFUME





BSR



NATURAL
CAPITAL
COALITION



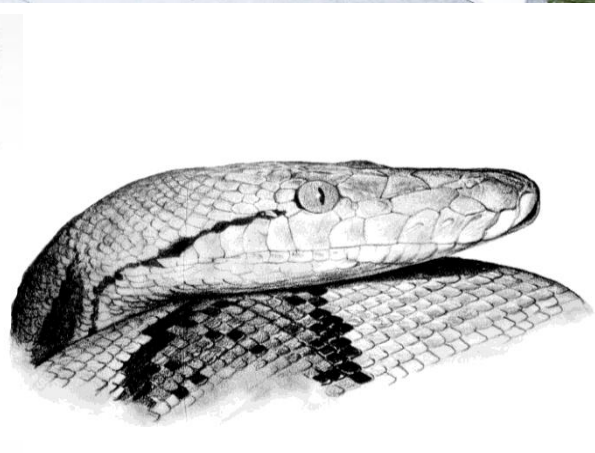
RESP

leather
Working Group

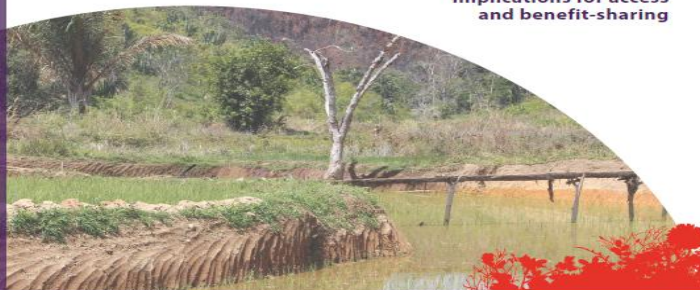
THE DRAGONFLY INITIATIVE



HELMHOLTZ
CENTRE FOR
ENVIRONMENTAL
RESEARCH – UFZ



Using natural substances in the cosmetics industry and implications for access and benefit-sharing



ABS

ACCESS AND
BENEFIT-
SHARING

Promoting fairness and equity

The Nagoya Protocol is based on the fundamental principles of access and benefit-sharing (ABS) and seeks to regulate relationships between providers of genetic resources and those using these resources for research and development purposes. Its objective is to ensure that agreements between these parties focus on conserving biodiversity and protecting the traditional knowledge associated with genetic resources, while promoting the fair and equitable sharing of the benefits that may result from the use of those resources. As defined by the Nagoya Protocol, "genetic resources" include derivatives of natural resources, such as plant extracts, which are much valued by the cosmetics industry. Although provider countries have high expectations relating to the effectiveness of the Protocol, especially when foreign companies are involved, not all of these countries have enacted legislation for ABS policies at the national level.

During this transitional period, and in the spirit of transparency, LVMH has directed its attentions to the operations of its supply chains and has asked

the Fondation pour la Recherche sur la Biodiversité (FRB), a French foundation for scientific cooperation on the issue of biodiversity, to coordinate an analysis of the issues involved, bringing together a multidisciplinary group of experts including specialists in economics, law and sustainable development. Drawing general lessons from case studies of two supply chains, these experts have proposed courses of action based on practices already put in place by LVMH, the legal framework in force, as well as general principles of ethics and sustainable development. This document briefly outlines the results of that analysis and includes recommendations for the application of ABS principles, especially with respect to the supply of ingredients for cosmetics, when the countries concerned have yet to establish laws and regulations along these lines.



LVMH is a member of the Board of Directors and of the Policy Advice Council of the **Fondation pour la Recherche sur la Biodiversité (FRB)**, the French Foundation for Research on Biodiversity.

European Commission Green Week 2015

European Commission Business & Biodiversity Platform

Sustain

WHAT DO WE MEAN BY BIODIVERSITY? GREEN WEEK 2015



The vine, Chateau d'Espen, France.

LVMH has participated in Green Week, the largest annual conference on European environmental policy, since 2010. The theme of the 2015 edition, to be held in Brussels between June 2 and 5, is: "Nature and biodiversity". On this occasion, the Group's Environment Department will present the main challenges associated with this theme for LVMH and its Maisons in three summary sheets. This first fact sheet provided by the Environment Department considers the concept of biodiversity and its related challenges.

A CONCEPT WHICH AFFIRMS THE UNITY OF LIFE IN ITS DIVERSITY

The concept of biodiversity was popularized at the Rio Earth Summit in 1992. It defines all of the living organisms that populate our planet (from bacteria to human beings, plants and animals) and also includes the relationships that these organisms have with each other and with the environment in which they operate. Biodiversity therefore affirms

the unity of life in all its diversity: the diversity of genes, species (almost two million species have been identified to date and it is estimated that there are between five and ten times as many which have not yet been discovered), the characteristics of individuals within each species as well as environments or ecosystems.

A CRITICAL PREREQUISITE FOR HUMANITY BUT ONE WHICH IS UNDER THREAT

The fruit of billions of years of evolution, biodiversity is essential for humanity and indispensable to its well-being, its health and its very existence. And yet this resource is under threat today. It goes without saying that the extinction of species is an integral part of the history of life on earth. However, the development of human activities has considerably increased the speed and scale of extinctions. Mankind's actions that have contributed to the rapid decline of biodiversity include:

- the destruction, reduction and fragmentation of

natural habitats largely due to urbanization and deforestation;

- the overexploitation of certain species (particularly overfishing);
- water, air, and soil pollution;
- climate change due to greenhouse gas emissions;
- the introduction of invasive exotic species.

According to the 50th edition of the IUCN's International Union for Conservation of Nature Red List, which has represented the most complete inventory of the global conservation status of plant and animal species since 1964, 41% of amphibians, 23% of reef-building corals, 24% of conifers, 25% of mammals and 12% of birds are threatened with extinction on a global scale.

PRESERVING BIODIVERSITY IS A GLOBAL CONCERN

The United Nations Convention on Biological Diversity, which has been ratified by 161 states and entered into force in 1993, marked an increase in global awareness: an awareness of the need to preserve biodiversity, described as "a common concern of humankind" which constitutes an integral part of the development process. Since then, it has become a major challenge, pushing the UN to make the period between 2011 and 2020 "The Decade on Biodiversity" and to implement a strategic plan for biological diversity. Many states and local authorities have adapted this international dynamic for their own use. France, one of the world's richest countries when it comes to biological diversity, has developed its own national strategy for biodiversity, undertaking actions to an increasing degree at European level.

LVMH Environment Department | 22 avenue Montaigne | 75008 Paris

NATURE
Green Week Summit - 2 to 5 June 2015

Sustain

WHAT DO WE MEAN BY BIODIVERSITY? GREEN WEEK 2015



Rose de Granville, Parfums Christian Dior, France.

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NATURE
Green Week Summit - 2 to 5 June 2015



European
Commission



**Business @
Biodiversity**



Sector leaders 2014

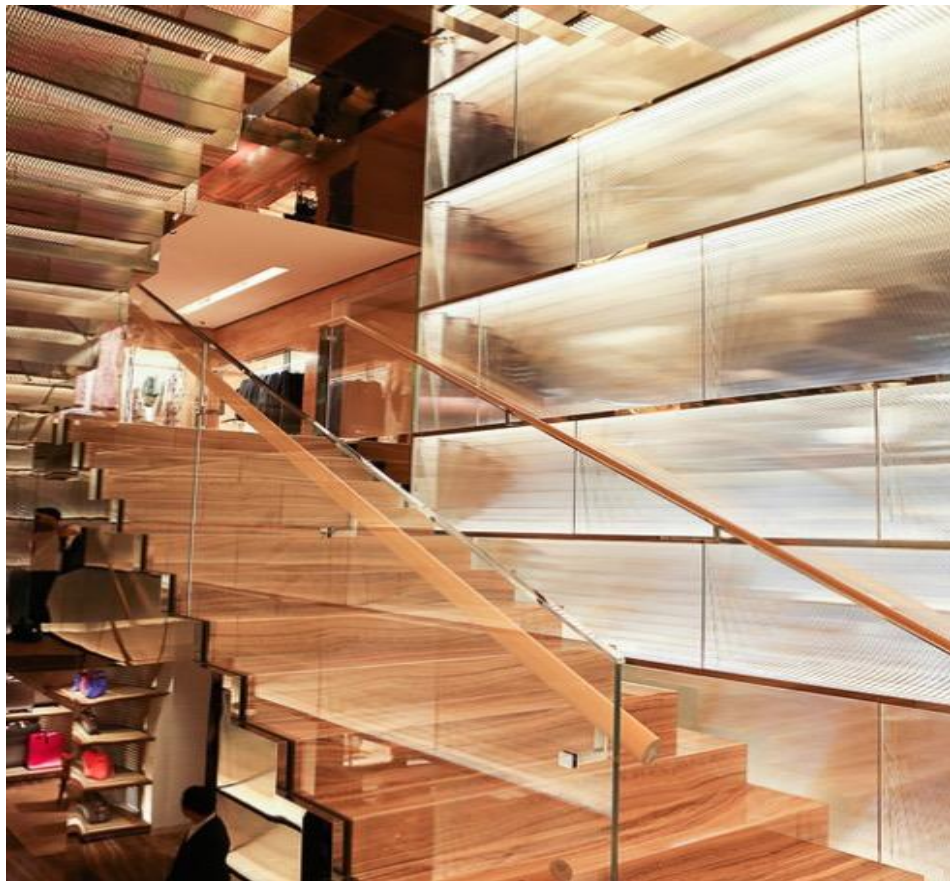
Sector grouping	Company
Agricultural Products	Cargill
Food & Staples Retailing	J Sainsbury Plc
Hotels, Restaurants & Leisure	Sodexo
Household & Personal Products	SCA
Industrials & Autos	Dai Nippon Printing Co., Ltd.
Materials	UPM-Kymmene Corporation
Media	Reed Elsevier Group
Packaged Foods & Meats / Brewers and Soft Drinks	Nestlé*
Packaged Foods & Meats / Brewers and Soft Drinks	Unilever plc*
Retailing	Marks and Spencer Group plc
Textiles, Apparel & Luxury Goods	LVMH

Entreprise	Score global Biodiversité	Evolution par rapport à 2013
LVMH*	3,17	↗
Michelin	2,22	→
Orange*	2,09	↗
Pernod Ricard*	2,47	↗
Publicis	1,26	↗
Renault	1,60	↗
Safran	1,45	↗
Saint-Gobain	1,80	↗
Sanofi*	2,10	↗
Schneider Electric	1,46	↘
Société générale	1,38	↘
Solvay	1,53	↘



THANK YOU





LVMH main objectives within SNB:

- Objective 3: « *Make biodiversity a positive issue for decision makers* »,
- Objective 12: « *Ensure a sustainable use of biological resources* »
- Objective 13: « *Share the benefits of using biodiversity in a fair and equitable way* »