Since 1828, beauty has been our muse and nature has inspired us in all her wonder. Since Guerlain was created, its founders have always sought to protect the sources of their natural ingredients – the inspiration for all their creations.

Nine years ago, when I took the helm at Guerlain, I was naturally keen to showcase these core values in our strategy by creating a dedicated sustainable development and by setting up a steering committee representing all the departments in our House.

Our approach has since been based on six issues at stake, which are also included in the Management Committee’s objectives, placing sustainable development at the heart of our company’s strategy. We have a permanent goal. I often say that while we can’t save the planet on our own, we can play our part. And our ambition grows with every new initiative. I am incredibly proud of the actions and initiatives we have launched within the company and which are described in the pages of our second Sustainable Development Report.

The first report summarised eight years of hard work and is a testament to the time Guerlain wanted to take to ensure that everything was just right before we shared the results. This second report enables us to measure our progress, to chart how our approach has developed over time, and provide accountability and transparency in terms of our actions.

Committing to a more sustainable planet is an ideal opportunity to promote the culture of beauty and goodness and pass on a beautiful legacy to future generations.

In the name of Beauty...

As a Beauty House, Guerlain has a duty to contribute to preserving our planet’s beauty.

This conviction led us to formalise our global commitment in October 2007. So much has been achieved since I started this job and I am incredibly proud to share the outcomes of this project with the entire company.

Driven by a committed Chairman and deployed by a united and motivated Sustainable Development Committee, our strategy is paying off. For example, we are the first Perfumes & Cosmetics House to have been awarded the "Biodiversity and Climate" label by the Ecocert organisation. While we are not looking for a pat on the back, this report is a good way to show that our challenges are tackled and measured seriously.

Thanks to our teams, we have achieved much this year and are in a good position to reach our goal of 100% eco-designed products and a 50% reduction in CO2 by 2020. I have no doubt that our creativity and innovation will help us find ever more ambitious ways of reducing our impact on the environment.

And I have no doubt that our employees – both present and future – will be increasingly motivated by these challenges and find their work meaningful in our committed company.

With help and encouragement from the LVMH Group’s Environment and CSR Departments, and in In the Name of Beauty we will continue to uphold our global commitments to a more sustainable world.
Launched in 2011, and integrated into the strategic planning of each House since 2014, the LVMH Group’s LIFE Programme is designed to make environmental issues central to managerial processes. It facilitates the development of new steering tools and factors in developments and improvements arising from the Houses’ innovative practices.

For over two decades, the Environment Department at LVMH has, year after year, contributed to reducing the environmental impact of the Group and its Houses. We are charting a new direction from which the Houses can draw inspiration and resources, as with the EDIBOX tool, which enables us to score packaging in terms of its environmental footprint. The aim is to make faster progress thanks to the Group by sharing achievements and pooling expertise; many initiatives are similar, which means that we can use Brands as pilots and then roll out the best practices. This progress is documented in LIFE – which stands for LVMH Indicators For the Environment – a programme of actions in nine areas (eco-design, securing access to strategic raw materials, traceability and compliance in terms of materials and products, environmental and social responsibility of suppliers, preserving critical skills, CO2 impact of business, environmental excellence, lifespan and product reparability, and our ability to answer customers’ questions).

Since 2014, these indicators have been included in the strategic plan of the Group’s 70 Houses, having been subject to a three-year testing phase with a handful of pilot Brands including Guerlain. A source of innovation and creativity, this common language enables full buy-in from top management. All the actions are consolidated at Group level and receive support from the LVMH Environment Department. For example, the Group has set itself the target of reducing its direct and indirect energy-related emissions by 25% on all its production and logistics sites and in its stores in the 2013-2020 period.

Guerlain plays a special role in deploying the LVMH Group’s environmental strategy: as a pilot House in the LIFE Programme but also thanks to the impetus of its Chairman, Laurent Boillot, who is keen to place environmental subjects at the heart of the company’s strategy. He assigned this mission to Sandrine Sommer, Sustainable Development Director, who has been implementing environmentally-friendly initiatives on a daily basis since 2007.

I would like to mention Thierry Wasser, Guerlain’s Perfumer, who is very involved in preserving raw materials, and also Frédéric Bonté, Director of Scientific Research at Guerlain, who wants to reduce the carbon footprint of cosmetic formulae.

These people play a key role in our shared efforts to consider our environmental impact in everything we do; it is important to bear in mind that our House depends directly and deeply on Nature.
DARE TO COMMIT
working together to make a difference

Fully aware of its social and environmental responsibilities, Guerlain included sustainable development in its company strategy back in 2007. Formalised in a charter, this commitment, driven by Laurent Boillot, is structured around six issues at stake measured using tools such as the ISO 14001 standard, the Bilan Carbone® (carbon report) and performance indicators. This approach involves all our employees, customers and suppliers and more generally society as a whole. Guerlain was identified as a pilot in the LVMH Group’s environmental strategy from the inception of the LIFE Programme thanks to the vision of its Chairman and the Guerlain teams.

A DEDICATED ORGANISATION
We decided to structure our environmental and social approach by creating a Sustainable Development Department and a Steering Committee comprising 15 people from each department in the company. Each person is responsible for drafting and deploying an action plan for their site or department according to their area of expertise and a specific objective, which is defined annually. This type of organisational approach ensures that we cover all the House’s activities in a coherent manner and come up with effective global programmatic responses.

6 ISSUES AT STAKE

Biodiversity
To contribute to protecting raw materials and ecosystems on sites - a source of inspiration and innovation for the Beauty of the World, and vital for Guerlain.

Eco-design
To perfect how we innovate and manufacture while limiting the environmental impact of our products and our activities.

Social Responsibility
To promote diversity, to improve the working conditions and lives of our employees and local communities; and to support charitable associations that are close to our heart.

Transport
To control CO₂ emissions caused by shipments and travel.

Sustainable Procurement
To adopt a sustainable development approach in collaboration with our partners, suppliers and service providers.

Eco-responsibility
To be eco-friendly on a daily basis and adopt the best citizenship practices on all our different sites.
<table>
<thead>
<tr>
<th>= BIODIVERSITY =</th>
<th>= ECO-DESIGN =</th>
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<tbody>
<tr>
<td><strong>OUESSANT</strong></td>
<td><strong>ORCHIDS</strong></td>
</tr>
<tr>
<td><strong>A 10-YEAR</strong></td>
<td><strong>10,000</strong></td>
</tr>
<tr>
<td>COMMITMENT</td>
<td>This is the number of orchids we have replanted since 2009 in the Tianzi Reserve in Yunnan, China.</td>
</tr>
<tr>
<td><strong>1 SUSTAINABLE PARTNERSHIP</strong></td>
<td><strong>VETIVER</strong></td>
</tr>
<tr>
<td>A ten-year research and philanthropy partnership contract has been signed with the Brittany Black Bee Conservatory (ACANB) on the Island of Ouessant</td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td><strong>-50%</strong></td>
<td>Guerlain has revived the growing of vetiver in India in Tamil Nadu in the Coimbatore region. It is a sustainable industry as 100% of the plant can be used and – thanks to crop rotation – yields are 30% to 40% higher.</td>
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<th>= LES TRANSPORTS =</th>
<th>= ECO-RESPONSIBILITY =</th>
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<tr>
<td><strong>-50%</strong></td>
<td><strong>72%</strong></td>
</tr>
<tr>
<td>This is our overall CO\textsubscript{2} emissions reduction goal for 2020 compared to 2007 levels.</td>
<td>of waste from the Company’s industrial sites in France is recycled, reused or composted.</td>
</tr>
<tr>
<td><strong>35%</strong></td>
<td><strong>100%</strong></td>
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<tr>
<td><em>The proportion accounted for by transport in Guerlain’s total CO\textsubscript{2} emissions.</em></td>
<td>of Guerlain sites in France are ISO 14001 certified.</td>
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<th>= SOCIAL AND SOCIETAL RESPONSIBILITY =</th>
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<tr>
<td><strong>4%</strong></td>
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<td><em>Sustainable, life-changing partnerships.</em></td>
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<td>5 years with Clichy/Montfermeil and 12 years with the Belle &amp; Bien organisation.</td>
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<tr>
<th>= SUSTAINABLE PROCUREMENT =</th>
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<tr>
<td><strong>600</strong></td>
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<tr>
<td>The number of suppliers that have received the “RESPONSIBLE PROCUREMENT CHARTER” from the LVMH Group’s Perfumes &amp; Cosmetics branch</td>
</tr>
<tr>
<td><strong>200</strong></td>
</tr>
<tr>
<td><strong>The number of different waste sorting systems (paper, glass, cardboard, plastic, etc.) we have introduced to recycle our waste including tester and obsolete bottles.</strong></td>
</tr>
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</table>
Biodiversity
Pledging to protect biodiversity is a natural step to take to ensure the long-term viability of our creations and savoir-faire.

Raw materials have always been a source of inspiration and innovation for our House. Pledging to protect biodiversity is a natural step to take to ensure the long-term viability of our creations and savoir-faire. We are also aware that making commitments on this issue can help us contribute in our own way to conserving the Beauty of the World.

That is why in France and elsewhere in the world, Guerlain works with a range of organisations and local stakeholders to design programmes and create sustainable industry models for our favourite raw materials. In terms of local programmes, we have installed bee hives, created wild flower meadows, and more generally we have implemented a balanced management approach to the green spaces on our Orphin and Chartres sites.

For our sustainable industries, we provide long-term support usually over a period of ten years. This support can be financial, technical or scientific, and in some cases we might make our expertise available to our partners.

We are also continuing to work closely with the Brittany Black Bee Conservatory (ACANB) in Ushant for which we won a special award for sustainable development-oriented corporate philanthropy from France’s Environment Ministry in 2013. Finally, as a logical follow-on and also thanks to a chance meeting, we joined forces with the French Apidology Observatory (OFA) at the end of 2015, helping them develop a stock of hives in Europe and promote the rare and crucial job of beekeeper.

Among our other notable achievements in 2015, Guerlain helped create a "Biodiversity Commitment" framework with Ecocert. Last October we were audited as a pilot House and we are proud to announce that we are the first Perfume & Cosmetics House to receive "Biodiversity & Climate" certification from Ecocert: testament to the hard work we have put in to integrate these issues into Guerlain’s strategy.
Jacques Kermagoret, how and when did you first meet Guerlain?
Guerlain was looking for exceptionally high quality honey and the honey it found in Ushant fitted the bill. The relationship has taken time to build, in fact our first meeting was back in 2008 and our first agreement wasn’t signed until 2011. However, in the intervening three years we developed products for the Abeille Royale range, conducted the necessary scientific studies, and got to know each other. Guerlain never interfered in how we worked; the islanders are very fond of their honey and Guerlain was respectful of that. Guerlain agreed never to buy more than 20% of our honey production. It is a close relationship and out of all private/public funding partnerships, Guerlain is our only long-standing partner!

Where did the idea of the Ushant Conservatory come from?
The Ouessant Conservatory is very special: not only is it the oldest but it is owned by the community (rather than a group of individual hive owners~). We want to perpetuate the legacy of the visionaries who founded this community with the most resistant bee stocks over forty years ago. We are aware that once something is gone, it’s gone for ever. The island is situated off the far west coast of Brittany and is an environmental haven. The ecosystem is ideal for protecting a species. Our bees have a clean bill of health and are free from all diseases including the Varroa mite, which affects the rest of the continent. Today, we have 130 hives; this is the maximum but it gives us sufficient leeway to resist the inevitable ups and downs on a wind-whipped island. In just one stormy night, all the vegetation on the island can be destroyed so the bees need to store reserves, which they can only do if there are not too many ~hives in the area.

How exactly does the partnership with Guerlain work?
In 2011, we signed our first agreement with Guerlain for three years. In 2014, we renewed the agreement but this time for ten years. Our relationship is based on two pillars:
- Sustainable Development philanthropy funds part of the costs of a full-time beekeeper on the island, allows us to buy an electric vehicle and access legal assistance, and helps us meet new friends and champions (Guerlain’s name can open lots of doors!): the bees represent a fragile and unique asset in Europe and currently they have no real legal protection.
- Sponsoring research and communication: the pure Ushant honey and disease-free bees play a significant role in research. To cite just a few of our communication and educational initiatives, Guerlain made a corporate film about the Conservatory, helped format and print the Conservatory’s brochures, and helped us apply for a special award for sustainable development-oriented corporate philanthropy – a prize we won in 2013.

In your opinion, what were the high points of 2015?
This year we celebrated the Conservatory’s 25th anniversary; the hives were brought here 40 years ago and the association was created 15 years later. This celebration took place on the island so that our partners and the islanders could visit the Conservatory and learn about what it does. We strive to ensure that~ the islanders buy into our idea and our actions in order to protect their heritage. Hence, Ouessant has a real identity!
This year, Guerlain also encouraged us to apply for organic certification and even offered to pay for it. It’s about formalising what we already do but it’s an important step.
Thierry Dufresne, where did the idea for the OFA come from?

After working for 30 years in the luxury and fashion business, I decided to do something completely different in my career. I wanted to do something worthwhile for future generations and in particular, I wanted to combat the problem of a decline in bee numbers. First, I’d like to share a few facts and figures: beekeepers have lost 30% of their bees, i.e., 30% of their productive capacity. What kind of company can survive a 30% loss in capacity? As if that wasn’t bad enough, the disappearance of bees directly affects pollination and therefore food.

In 2010, as we became more aware of the situation, we set up 450 hives to learn about beekeeping and legitimise our findings. After three years, we had 800 hives and had started conducting trials. We set up a selection laboratory with the leading bee experts and formed a seven-person team managed by one of the top French bee breeders, as well as scientists and field workers. This two-year collaboration helped us make real progress.

How did your meeting with Guerlain go?

I would like to thank the Ushant Conservatory for all their hard work. The partnership with Guerlain is a meaningful and beautiful story. Guerlain and the OFA have formed a great relationship. I first met Laurent Boillot in the summer of 2015 and as fellow bee aficionados we got on famously.

In addition to saving bees, Guerlain, always interested in passing on skills, was keen to train beekeepers. Our collaboration began at the end of 2015 and we soon had a relationship based on trust – so important for a long-term partnership.

What are OFA’s main initiatives?

The Observatoire Français d’Apidologie (French Apidology Observatory) launched a long-term project to restructure the beekeeping industry at European level. The medium-term objective is to develop a bee breeding and beekeeping industry in order to renew the stock by improving the bees’ genetic qualities through selective breeding. Bees’ ecosystems are very complex and in order to protect these precious little pollinators, we need to train professionals to master the techniques required to protect them.

What is your major challenge today?

In November 2015, the three main European institutions (the Parliament, the Commission and the Council) approved the “Restructuring the beekeeping industry and the beekeeping and breeding programme for research into Varroa resistance” pilot project put forward and presented by OFA.

Our goals are clear: to train 30,000 new beekeepers in Europe and to create 10 million new bee colonies by 2025. Beekeeping has a great future (40,000 tons of honey are eaten in France but only 15,000 tons are produced). Creating jobs in this sector is good for the planet and also creates a pool of sustainable and economically-viable jobs. The OFA’s project encompasses research, training and communication in order to reach the goal of repopulating Europe with bees by 2025 as well as doing our bit for future generations.
In addition to bees, Guerlain has made a commitment to study and protect several plant industries that produce its raw materials, including Orchids, Vetiver, Sandalwood and Lavender.

Orchids & Tianzi: a global commitment
Guerlain has founded a unique research centre called the Orchidarium for one of its most emblematic raw materials – the orchid. The centre comprises a basic research laboratory in Strasbourg, France, an experimental garden in Geneva, Switzerland, and a ten-year sustainable development partnership that we formed in 2009 with the Tianzi Reserve in China. This partnership has enabled us to regenerate and protect the original rainforest, protect the region’s flora and fauna, and cultivate different types of orchids, above and beyond Guerlain’s own requirements. Since 2009, 10,000 orchids have been planted in Tianzi and since 2014 the reserve has begun the process of obtaining Ecocert organic certification.

Vetiver & India: a human adventure
Vetiver is one of Guerlain’s iconic ingredients and most of its supplies come from either Haiti or India where we have built a sustainable industry. Vetiver is used in many of Guerlain’s fragrances such as Guerlain Homme l’Eau Boisée. In south India, our perfumer, Thierry Wasser, has developed a new vetiver industry in the high plains overlooking the city of Coimbatore. It is a rational and respectful planting programme that respects the environment and is developed with the local community. 100% of the plant can be used: the foliage can be used as animal feed, the plants are used to take cuttings, and the roots are distilled to make perfume.
Moreover, the roots of the vetiver plant limit soil erosion and improve soil humidity and fertility. We give the plants to isolated families living in Coimbatore. We also give them the necessary training to grow this crop and after 18 months we pay them for their crop, thus creating a new source of income in the region. We are also conducting an irrigation study, which would facilitate the supply of water to the local community.
Asian sandalwood: long-term conservation
Sandalwood is another iconic ingredient used in Guerlain’s perfumes such as Jicky, Mouchoir de Monsieur, Shalimar and Samsara. However, this wild tree is becoming scarcer and scarcer. For instance, in several perfumes we only use Santalum Album, which used to be sourced only from the forest of Mysore in south India. Today, there is hardly any left due to deforestation and exponential demand across the world. That is why we are looking for alternative sources, mainly in some Asian countries, which can supply us with a similar quality product in a transparent manner. Five years ago, Thierry Wasser met and formed a partnership with a forester in an Asian country that we will keep secret. However, sandalwood is a very demanding species: on average, a tree needs 15 years to reach maturity, at which point its essence can be extracted from the trunk. So, we are leaving our trees to mature in their ideal secret location until we can use “Guerlain” sandalwood that meets our demanding quality criteria in our creations. We won’t be including our Sandalwood in our creations until 2023; one of the things that luxury and sustainable development have in common is that they take a long time.

French lavender: the purity of the essence
In April 2013, Thierry Wasser met the founder of the “Baume des Anges” company. For several years, this company has been supplying the Lenôtre house with culinary flavourings. He ordered some samples and was delighted with the ethereal nature of their lavender.

In June 2014, Thierry visited the company and met passionate farmers who really look after their land. Grown in the Drôme region in the south of France, Carla lavender is 100% organic.

It was obvious that a partnership was called for! Baume des Anges developed and patented an exceptional low-temperature extraction process delivering an essence with a fragrance that is very close to that of the plant.

The resulting, 100% natural oil tastes as it smells and can be used in perfume and in cooking. It is showcased to perfection in the Mon Exclusif perfume launched in 2015.
ECO-DESIGN

The Abeille bottles
A source of innovation, creativity and engagement for our teams, eco-design enables us to reinvent luxury in a more responsible and sustainable manner day after day...

For several years, we have been developing products in a way that limits their impact on the environment at each stage of their lifecycle, from the design stage through to the end of the product’s life. With a view to continuous improvement, we must be able to quantify our progress and that is why each new development is scored using an EPI (Environmental Performance Index calculated using Edibox software, managed by the LVMH Group). This 0-20 rating ranks each new development in terms of its environmental impact. The results are then shared and discussed with the Sustainable Innovation Committee, which meets quarterly with the Marketing and Packaging Development Departments, and was formed to accelerate and increase the number of eco-design projects.

This year our Chairman has set us an ambitious goal: 100% of the Company’s products must be eco-designed by 2020 i.e. 100% of products must have an EPI of over 12/20.

Among Guerlain’s eco-design initiatives over the last few years, we are particularly proud of our work on the Orchidée Impériale skincare range. In addition to our orchid conservation work, we encourage our customers to bring back their empty pots and while we clean and refill the pot "behind the scenes", our customers receive a free make-up session and cup of tea.

We also give our old advertising materials a second lease of life by transforming our old posters into small notebooks and bags. This has a triple impact: an ecological impact as our ephemeral materials are reused; a social impact as the notebooks are made by people living with disabilities; and a societal impact as all proceeds from the sale of the notebooks are donated to the Fonds de Soutien Guerlain and used to support causes we care about.

Our perfume packaging has been reduced by 15%, saving 35 tons of cardboard per year.

Our premium lipstick – Rouge G – is now refillable in store.

Perfume fountains
Our Abeille bottles, which have always been refillable, can now be filled at the Perfume Fountain in our Saint Honoré store.

All our boxes are FSC certified.

Our shopping bags are now 100% recyclable.
One of the major challenges for Guerlain?
Eco-design, but without compromising our House’s quality and luxury standards.

This goal is supported internally by our International Marketing and Communication Director, Margerie Barbès-Petit, and our Chief Operating Officer, Christophe Legrand, and is supported by the Sustainable Innovation Committee. An inspired mission and duty at the heart of the creative process.

Margerie Barbès-Petit: Eco-design is one of our priorities. For our teams, this means a daily commitment – which must be considered in all Guerlain product creation projects, at all levels and at every stage: upstream of marketing when the teams are devising the products but also throughout the product’s life, in sourcing, product manufacturing, sales, promotion and merchandising right up to consumption and end of life – or new life.

Christophe Legrand: To achieve our vision and goal of having 100% eco-designed Guerlain products by 2020, we work in tandem with the Marketing and Operations teams, which are both very engaged and challenged to improve their sustainable development performance. Moreover the Sustainable Innovation Committee was specifically set up for this purpose. It takes a collective approach that includes relaying information between the departments and the industry representatives who meet every quarter with the support of our Chairman.

Margerie Barbès-Petit: I would also like to add that it is our duty as members of the Executive Board to bring our teams on board by motivating and inspiring them. Positive impactful outcomes are the result of proactive and co-creative approaches. Being at the cutting edge of innovation and know-how: eco-design is a visible and tangible expression of our sustainable development progress.

Christophe Legrand: Eco-design has become a key topic at Guerlain and with a view to continuous improvement, each new development is scored against an Environmental Performance Index (EPI). This aim of this score, which measures environmental impact, is to ensure that each new development improves the Company’s overall score. We strive to ensure that each new product is better than the one it replaces.

With eco-design, we also reach out to customers in a tangible way: customers are far more aware than we imagine of the number of product ingredients, the volume of products and their weight as they unwrap them at home. 2015 was the culmination of a major two-year sustainable development project, which will be unveiled at the beginning of 2017.

Margerie Barbès-Petit: Our customers are becoming increasingly aware and while our efforts have been ongoing for almost ten years, we have decided to accelerate our communication actions, even if it means breaking free from luxury convention!

OUR 2015 HIGHLIGHTS

• In 2015, we decided to do away with all paper information sheets and gradually digitalise product information for our new creations
• Our new shopping bag is 100% recyclable (it is made from FSC paper and has cotton handles)
• The Rouge G lipstick can be refilled in our Paris Stores and via our online store • Our Météorites foundation range is also refillable
• The Perfume Fountain in our Saint-Honoré store: the iconic Abeille bottle can be refilled as often as the customer likes at 18 perfume fountains.
Eco-design means reconsidering how we do things but also means not being afraid to break free from luxury convention!
Located just a stone’s throw from its former original location at 392, rue Saint-Honoré in Paris, our new perfume store pays tribute to the profession that secured Guerlain’s reputation: Perfumer.

The store boasts a truly magnificent backdrop made possible thanks to Guerlain’s incredible legacy, and encourages customers to discover the world of the perfumer.

Visitors can see the 19th century demijohns and the various perfume formulae that have been jealously guarded by five generations of perfumers. Customers can also have their olfactory profiles defined using a special digital technique.

Customers also learn about how the founder of the Company, Pierre-François-Pascal Guerlain, criss-crossed Russia in a stagecoach looking for birch essence, or how Jacques Guerlain went to Indonesia looking for benzoin and Thierry Wasser’s love of Indian vetiver around which he has developed a sustainable and ethical industry; the perfumer explores the world seeking out the most remarkable natural raw materials, while at the same time being conscious of the need to protect them.

Our library of perfumes contains 100 fragrances classified by 14 iconic raw materials; light and temperature are controlled to conserve the fragrances – rather like a great wine.

It is a unique venue that perfectly combines two centuries of savoir-faire and a 3.0 perfume experience blending Guerlain’s expertise with the creative imagination of its customers.

Among the 190 perfumes on offer at our Saint-Honoré store, 18 can be purchased in our new-format Abeille bottle (125ml), which has been exclusively designed for the store and which can be also customised in the store.

After choosing one of the fragrances from the Perfume Fountain, customers then select which colour (eight colours are available) they would like, and which shade of grosgrain or satin ribbon they would like placed around the neck of the bottle; they can even have their initials printed or embroidered on the label.
SOCIAL AND SOCIETAL RESPONSIBILITY

Humankind is the true source of wealth, and it has many faces. Here at Guerlain, we are convinced that diversity is a precious asset and we are keen to promote it in all its forms.

We are keen to hire young people as well as retaining more senior employees, we encourage diversity within teams particularly at the highest level, we develop skills and we recruit people living with disabilities as well as working with disability-friendly companies. In terms of age diversity, at Guerlain we are convinced that all generations should be represented. In 2015, 34% of our new recruits were young people and we are very proud of our 10-year partnership with EMA SUP, a school providing training for the Luxury, Fashion and Beauty professions. For our oldest employees, we ensure their
continued employment through training (6% of training provided) and encourage them to become involved in mentoring programmes. All these commitments were formalised in our Generation Agreement. Diversity is not a hollow word at Guerlain. In France, a gender parity and diversity agreement (renewed every three years) was once again signed last year. Female leadership is demonstrated by the fact that the majority of supervisory posts are held by women: integrating men is also an important challenge. In 2015, 70% of the Board of Directors was female.

In order to better promote diversity, we have formed a partnership with Clichy and Montfermeil, which every year culminates in a Culture and Creation fashion parade. For the fifth year running, nine Guerlain Makeup Artists attended the tenth edition to help the 90 'Models for a Day' prepare for the event. After each makeup session, the 'Models for a Day' take part in a photo session to capture this unique day under the expert eye of Benjamin de Lapparent, our Artistic Director. To prolong this event, we organised an Exhibition at our store at 68, Champs Elysées entitled "Model for a Day by Guerlain". After the exhibition, a young woman from Clichy expressed her interest in joining Guerlain as a HR intern: after going through the recruitment process, we are delighted to welcome her on board!

This year, as part of this partnership we welcomed two classes of middle school pupils from Levallois and Béville (our logistics centre) as part of their school work experience programme.

Moreover, Princess Esther Kamatari is our ambassador and spokesperson for the values we hold so dear: sharing, the culture of Beauty and the promise of exceptional products full of emotion for women around the world. She helps us understand Beauty issues for all women. She also organised two events in Africa in 2015.

In France, all staff responsible for recruitment take part in regular "recruiting without discrimination" training courses offered by the LVMH Group. The self-testing process that the holding company organises every year demonstrates that the Guerlain recruitment process has never malfunctioned, and that its answers to candidates have been impeccable.

The amount of work we do with disability-friendly companies has also increased with a 75% increase in turnover between 2012 and 2015 and thanks to the launch of the ESAT Award, which encourages assistants to use suppliers who employ people registered as living with a disability. Disability was included on the Management Committee’s agenda and to coincide with World Disability Day (3 December 2015), all managers raised their teams’ awareness of this issue.
Joint interview with Emmanuelle Greth, Human Resources Director, and Marie-Charlotte Héliot, Head of Corporate Communications

Strong engagement of all Guerlain teams.

Emmanuelle Greth: Guerlain’s sustainable development commitment is an integral part of its corporate strategy. It is a genuine part of the daily working lives of our employees and members of the management team. Thanks to the hard work of the Sustainable Development Committee and its network, this theme is now integrated into the House’s goals.

Guerlain’s commitment can be seen first and foremost through its professional practices, such as disability: this is a subject we have been working on for a long time and we have raised the awareness of teams in terms of recruiting people living with disabilities and working with ESATs. We set up the ESAT Award to reward assistants who find new ways of addressing practical needs when working with ESATs.

I have been able to measure the positive impact of this type of initiative as perceived by our employees.

The willingness to make social commitments continues to grow among our employees. It is reflected in projects that they oversee on a daily basis, but also in a range of other engaging outreach initiatives that we offer our employees—: for instance, the “Odyssea” race doubled its number of participants in just one year (200 Guerlain employees in 2015). We put more faith in personal commitment than major directives; in the consistency between a meaningful action and the engagement of the employee in question. A real sense of belonging is created when you allow yourself to get involved in this way. Some employees spontaneously suggest getting involved in initiatives, as was the case for Movember: just three years after its launch, Guerlain raised the most money for Movember France!

Marie-Charlotte Héliot: Four out of our six issues at stake are the responsibility of expert teams (procurement, transport, biodiversity and eco-design) while the remaining two (eco-responsibility and social responsibility) are the responsibility of all Guerlain teams. In this respect the Journée Engagée (Outreach Day) is particularly interesting: the Company gives volunteer employees the day off so that they can get involved in environmental or social initiatives supported by Guerlain. We tested this initiative in 2014 with a small group of employees, then a larger group in 2015 and then finally all France teams (teams from HQ, Stores & Sales Assistants, and production sites). We plan to scale this up: 100 employees donated a day to get involved in our social initiatives compared to 35 in 2014.
A visible commitment for a strong and unique employer brand

Emmanuelle Greth: We are regularly asked about our sustainable development commitments by candidates. This has become a key selection criterion for candidates. In line with our values of solidarity and commitment, our approach to sustainable development makes sense and candidates are very aware of this. We require an understanding of Sustainable Development at all levels but especially in sectors where it is vital, like packaging. The management teams are also evaluated on this subject, since on the Management Committee’s scorecard, Sustainable Development is one of the pillars that allows us to evaluate our performance (in terms of talent, profitable growth, brand equity and market performance). This is a strong signal.

Sustainable Development is an important element in corporate communication

Marie-Charlotte Héliot: In 2017, we will celebrate the tenth anniversary of our sustainable development commitment. From the outset, we were keen to have a collaborative project that involved all the teams and we spent a long time discussing this within the company. Today, our commitment really unifies our teams. Moreover, our initiatives are now sufficiently robust and consistent that we can share the results outside the Company. Therefore, this subject is now included in our corporate communications (including in the employer brand section). We are proud to shout our environmental and social commitments from the rooftops, as we did during the inauguration of our new cosmetics production site – La Ruche – in February 2015 or in Sustainable Development Week in June 2015 during which we discussed the topic of transportation from a different viewpoint and explained our electric truck initiative; it was also an opportunity to meet our Parisian customers by inviting them to attend an event on the theme of bees, together with our partner beekeepers [Nicolas Géant, in charge of the hives on our Orphin perfume production site, and Jacques Kermagoret, who looks after the black bees on the Island of Ushant]. Our customers were delighted to attend a non-commercial event and have the chance to discuss these issues. Our sustainable development commitment is a key point of differentiation for our current – and future – customers. These subjects are an opportunity to provide input to and discuss our creations in a different way, to enrich our content and to look at things from a different angle. A real creative boost for our creations and our House!

Our priority is twofold: for Guerlain teams, we want our sustainable development commitment to contribute meaning as well as continuing to engage everyone in this shared project; and for our customers (and future customers too!), we want our commitment to add something different and complementary to our creations and to our unique history, reputation, interest and attachment.

Marie-Charlotte Héliot, you’ve been a member of the Sustainable Development Committee since it was formed. Can you tell us a little about it?

On a daily basis, it means making sure I attend meetings as there is so much to discuss about this topic! We are in regular contact with Sandrine Sommer to discuss what information to share inside and outside the Company and when and how. Right from the start, I have regarded being a member of the Sustainable Development Committee as both a privilege and a natural step. Our commitment has become so ingrained in our corporate culture and the way we operate on a daily basis that I can’t imagine not being at the centre of things. From a personal point of view, it allows me to contribute, through my job, to something that has real meaning and value for me. I know I can’t change the world all by myself but I intend to contribute with conviction and humility.
COMMUNITY OUTREACH

Our Company regards social and community involvement as an inherent part of its activities; this means looking beyond its own interests and supporting organisations whose projects are close to our heart. The desire to do more is reflected in the community in the form of numerous initiatives, which have seen our teams take part in races combining a personal challenge and a commitment to a worthy cause. These include the Odyssée Race in which 200 Guerlain employees came together to raise money for breast cancer research wearing the colours of the "Belle&Bien" charity; in Belgium, the race for Think Pink (a cancer prevention charity); and in Germany, a 6-kilometre race in Dusseldorf for DKMS (the equivalent of "Belle&Bien").

Last April, we launched the "Journée Engagée" outreach initiative: a day off from work offered by Guerlain to its employees so they can volunteer in an environmental or social initiative. In France, we are strengthening our support for four organisations:

**Belle&Bien**
For 12 years Guerlain has supported this charity through yearly funding and donating free products to create beauty kits. It also sits on its board of trustees. In 2015, Sandrine Sommer also became vice-president of this charitable association.

Other events were organised to mark World Cancer Day on 4 February: General Services partners, the Sustainable Development Committee and the Human Resources teams all wore “Belle&Bien” badges to show their support for the charity’s actions and raise colleagues’ awareness; the Chef of our company restaurant at HQ made raspberry macaroons from which a portion of the proceeds were donated to “Belle&Bien”; our Paris stores promoted our “Mademoiselle Guerlain” Exclusive Collection some of the profits from which were donated to the association. Furthermore, all our Beauty Consultants wore a "Belle&Bien" badge and gave our customers a small card introducing the charity. To mark ‘Quality of Life at Work Week’ and Benefit’s wonderful “Bold is Beautiful” initiative, we asked employees to get involved on a personal level by having their eyebrows shaped by Benefit experts; all proceeds were donated to “Belle&Bien”.

And finally, Guerlain is the driving force behind the Odyssée Race. Employees proudly wear the “Belle&Bien” colours and represent all the Perfumes & Cosmetics brands: five hundred LVMH employees and over 200 Guerlain employees took part in the race.

**Les Restos du Cœur**
One hundred Guerlain employees took part in the second edition of our partnership with Les Restos du Cœur. For eight days in two Paris centres, and for two days in the Chartres centre, Guerlain beauty sessions were offered to people receiving free meals from Restos du Cœur. In total, 750 women enjoyed a moment of well-being offered by our make-up artists (over 100 individuals were trained to take part in this year’s operation). Guerlain also launched a short story competition. All copyright will be transferred to Restos du Cœur to tackle illiteracy.

As soon as we have anything to donate we like to give it to the Restos du Cœur organisation i.e. old laptops, wedding dresses used in the L’Homme Idéal advertisement, etc.
Movember

Movember is an international charity which raises money to fight male diseases such as prostate cancer. Each November, Movember asks men to grow a moustache to raise public awareness and money for the charity. For the third year running, the Guerlain "La Moustache de Messieurs" team - sponsored by our perfumer Thierry Wasser - took part in the Movember campaign to support research into diseases affecting men.

The “Moustachus” team have also been very busy inside and outside the company and, thanks to their hard work, our Stores invited "La Barbierie de Paris" to organise barbering workshops; all proceeds were donated to Movember. L’Homme Idéal Cologne notebooks, made from old posters in a Paris workshop employing people with disabilities, were also on sale throughout November in our stores and online at: www.guerlain.com. All proceeds were donated to Movember France. We are very proud to have raised €13,000 and come number one in the national Movember rankings! This year Belgium and Germany also decided to get on board!

La Cravate Solidaire

La Cravate Solidaire is a fairly new charity which helps disadvantaged or marginalised job-seekers to find an appropriate outfit in which to attend a job interview. Their motto is "Clothes don’t make the man but they help!" We donated old beauty consultants uniforms (150 to date).

Our partnership with Princess Esther Kamatari

Our Company has always stressed diversity, seeing it a symbol of creativity and beauty. Princess Esther Kamatari shares her expertise and enthusiasm with our charitable associations, including “Cultures et Créations” in Montfermeil, which brings together 40 communities who all speak the universal language: fashion. In her role as Guerlain Ambassador, the Princess is opening new horizons for beauty, excellence and elegance – causes dear to Guerlain’s heart. She travels the world, notably spending time in Africa, sharing the universal values of beauty for all forms of beauty backed by Guerlain’s products and the company itself.
Guerlain at 68 Champs Elysées embodies a dream as much as an ambition. Exclusive creations, the Institut [which provides unique bespoke treatments], and the restaurant run by Michelin-star chef Guy Martin truly embody the French ‘art of living’ thanks to our passionate and dedicated teams who ensure that our guests experience rare emotions. Jacques Guerlain himself used to come down from his office at 68, Champs-Elysées to listen to his customers’ comments, to encourage them to try new products, and note down their impressions. This Store is a testament to Art, and to the artists and artisans who showcase our unique Company in all four corners of the world. What better setting in which to present our Sustainable Development approach?

Over the last two years we have been organising events with our partner agency, Sidièse, that pay tribute to committed and inspirational men and women. “Les Inspirations Durables du 68” is a very informal get-together for managers from the Sustainable Development network, partners involved in the brand’s corporate social responsibility approach, and interested customers. It is a cocktail party for our guests of honour who are under no obligation other than to give a very brief talk discussing what drives them to do what they do.

We really enjoy this interaction with stakeholders and are proud that these Inspirations Durables are bringing more and more people together within the profession!

Sustainable development creates fertile territory for dialogue, reflection and aspirations. While environmental and social issues must be addressed in a rational manner within the Company [metrics, indicators, roadmaps, etc.], how we choose to talk about these topics and associated initiatives can be more emotional and philosophical. This is especially true for a historic beauty House like Guerlain. For over four years, we have been working hard to form a relationship based on trust and I am very proud of the results. Only true trust can foster sincerity.

And this sincerity is essential to carry out the work we still need to do. Communicating is not simply about passing on information, it also means sharing our certainty that we are implementing a more sustainable and environmentally-friendly growth strategy. In the Name of Beauty...
In 2015, we had the opportunity to meet prestigious guests including:

**COMMITTED WOMEN, INSPIRING WOMEN**
Anne Gautier, Director of Human Resources at LVMH Perfumes & Cosmetics, Esther Kamatari, Guerlain ambassador and former model, Carinne Lepage, former Minister of the Environment, President of the Rassemblement Citoyen political party, Cécile Lochard, Founder of Citizen Luxury, Anne-Sophie Novel, Journalist and Blogger, Co-founder of Place to B.

**THE IDEAL MAN IS A COMMITTED MAN**
Robin Cornélius, President of Product DNA SA, Cyril Dion, Author and Director of the film "Demain", Thierry Dufresne, President of the French Apidology Observatory, Yann Lotode, Co-founder of La Cravate Solidaire, Yacine Ait Kaci (alias Yak), Author, transmedia artist and Elyx creator, and Mark Leruste, Head of Movember France.
Transport is responsible for the majority of our greenhouse gas emissions. It is a major challenge for Guerlain and a reminder of the importance of each and every link in the logistics chain.

To further reduce its carbon footprint, every year Guerlain carries out a Bilan Carbone® (carbon footprint assessment). This is how we know that transport is the main culprit in terms of greenhouse gas emissions in our business: logistics is responsible for up to 35% of Guerlain’s CO₂ emissions mainly due to overseas exports of our products.

That is why, working with our subsidiaries, we want to favour the use of shipping for our overseas exports by producing incentivising indicators: a monthly report in kilograms of goods, billed Euros and CO₂ emissions is sent to our subsidiaries. The percentage of our overseas shipments carried by shipping has increased steadily for two years. In 2014, 54% of our overseas exports were transported by shipping. In 2015, we increased this to 57% and we are aiming to achieve over 60% in 2016.

To reduce its CO₂ emissions in France, Guerlain supplies its Paris Stores using a zero-emission road delivery system. Working with our partners Speed Distribution Logistique (from the warehouses) and Renault Trucks (supplier of an innovative delivery truck), we launched a full-scale test at the beginning of May 2014.

This commitment is also illustrated by the increase in the number of hybrid vehicles in the Guerlain fleet. At the end of 2015, the fleet was made up of almost 15% hybrid vehicles. To promote environmentally-friendly transport solutions, we also pay our employees a citizenship bonus if they cycle to work.
Deliveries to seventeen Guerlain Paris stores are made, very discreetly, at night. Feedback on the outcome of a close and committed partnership.

A SOFT SOLUTION

Philippe Bernard: Obviously it is just a matter of time before the use of fossil fuels is banned from our cities. Pollutants (in terms of the climate and human health) released by carbon vehicles led us to look for alternative solutions. I have been on the Sustainable Development Committee from the outset, so I quickly became aware of the high proportion of carbon emissions from logistics. It is a constant regardless of sector! So, convinced that our products and the way they reach our customers (i.e. from A to Z) had to live up to our ideal of luxury, we wanted to rise to the challenge of finding a clean and silent delivery solution for our Paris Stores. With our provider, Speed Distribution Logistique, and an innovative partner, Renault Trucks, we developed and tested a solution specifically designed for us. In fact, we may be one of the very first companies to comply with the “Paris without Diesel” project! The truck started making its deliveries in 2014, although Guerlain has been working with Speed Distribution Logistique since 2012. In 2012, after a partnership dating back over 20 years with another logistics provider – who delivered great service but was not able to work with Guerlain to redesign its distribution arrangements in the greenest possible way – we launched a call for tenders with the ultimate aim of obtaining ISO 14001 certification for our stores.

Damien Foulquier: We tendered, aware we were competing against the biggest French logistics player, Vuitton and Sephora’s incumbent distributor, and Guerlain’s incumbent logistics provider. It was a real challenge and we put all our strengths into rising to it: we are one of the only players that specialised in Paris urban deliveries and had already considered how we could be more environmentally-friendly.

Philippe Bernard: We received bids from three very different companies. The specifications created for the tender, and which were pretty conventional on the whole, included several chapters on sustainable development (e.g. the PIC standard, which aims to reduce noise as far as possible and which also addresses lorry linings, handling, night deliveries, etc.). Our main goal was to have night deliveries allowing the Stores to focus on their work during the day. This call for tenders was exciting for buyers and helped everyone better understand what everyone else does. We ruled out the largest company for price reasons and another candidate – whose electric truck meant we had to lock into using their technology (a British technology that no longer exists) in addition to its being too small for the Champs-Élysées Store. Our incumbent logistics partner was ruled out straight away due to its diesel-only fleet.

Damien Foulquier: In fact, Marc Bacchini, Speed Distribution’s managing director, had already worked with the House. We had already implemented a Sustainable development approach and beyond that we were ready and willing to innovate and engage with Guerlain’s continuous improvement model.

Philippe Bernard: What was interesting was that Marc Bacchini did not want to be locked into a specific technology either and was happy to hire in order to get the most cutting-edge vehicle possible. He suggested we work together to find a partner. On our side, we had connections with Renault Trucks and Karine Forien, who at that time was the Head of Innovation. We ended the call for tenders and began the three-year process of developing an innovative and sustainable transport solution.

Damien Foulquier: Guerlain moved Renault Trucks away from their conventional image, i.e. away from the world of truck drivers and it’s a factor that has made a real difference. And for us, the innovation is very identified with our client; our teams have even nicknamed the truck the “Bumblebee”!

Philippe Bernard: Guerlain is observed and listened to within the Group and this has raised our status in terms of Renault Trucks and made things much easier. We often notice that we have an unsuspected impact, in the Group and among Renault Trucks partners.
Let’s take advantage of it! Especially as the results of the trial are so encouraging: we have made massive CO₂ savings: 27 tons on pick-up and a 97% availability rate, which is high.

A DEFINING PARTNERSHIP

Damien Foulquier: Speed Distribution was set up in 1999 by Marc Bacchini after he had identified problems with deliveries in the Ile-de-France region: very high costs and poor service levels. Speed was created as an urban logistics provider that took its community responsibilities seriously. We were the first to sign up the logistics best practice charter with Paris City Council. By focusing on quality, we created a lot of trust and soon had many customers, especially in the book business (we were the first company to make night deliveries and to have the keys to Paris bookshops; today, we have 95% of the Paris market). The market then opened up, with High Tech clients (like Samsung and Amazon), and demand for store deliveries using greener vehicles and closer relationships. The Ile-de-France region accounts for 30% of transport in France, it’s huge, and we can only manage that market thanks to our proximity and speed. Today, we have partnered with ADEME (the French Environment and Energy Management Agency) and our partnership with Guerlain is challenging us even more!

Philippe Bernard: Our experience with the electric truck is encouraging—and has motivated us to consider other increasingly ambitious delivery solutions; we plan to jointly launch river deliveries in Paris, with a 100% electric set-up.

Damien Foulquier: We’re also going to change premises to make this project a reality, so it’s more than just talk. The challenge for Speed Distribution is to find a viable business model that respects the environment as much as possible. River deliveries are the next logical step in our approach.

Philippe Bernard: In addition to river deliveries and electric delivery rounds, we also asked Speed Distribution to handle reverse product flows. No more empty trucks! All trucks leave with used products and once full the truck ends its round at CEDRE (an ecological reprocessing and recycling centre). The main advantage of having a partner like Speed Distribution is that we get very quick answers to unusual requests; we really appreciate their flexibility and sense of service. They’re great at dealing with last-minute requests.

Damien Foulquier: Guerlain is constantly challenging us, creating a virtuous circle. The process never stops! Speed Distribution has also just created a CSR department, aware that while this approach is important it needs to be implemented in a more concrete manner throughout the company.

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Philippe BERNARD, Head of Logistics at Guerlain, and Damien FOULQUIER, Head Pharmacist in charge of the Guerlain and Renault Trucks partnership
SUSTAINABLE PROCUREMENT

Interview with Stéphanie Rott
Purchasing Director at Guerlain
For several years, our service providers and suppliers have been made aware of our sustainable development approach. In order to make more progress and formalise our vision, in 2013 we drew up a "Sustainable Procurement" charter with the LVMH Group’s Perfumes & Cosmetics Branch. It established the conditions for a responsible relationship between our Companies and our partners based on quality and long-term relationships, improving our shared economic performance levels, selecting sustainable materials and responsible suppliers, and innovating in and protecting materials and know-how.

What role does procurement play in a Sustainable Development vision?

Procurement plays a strategic role, particularly in supplier relations... and it’s here that sustainable development and procurement can find common ground in terms of long-term, high quality partnerships. We have worked with our suppliers for a long time – glass-makers naturally, but also suppliers of raw materials, etc. Bergamot is a good example: from its very first perfumes to its latest creations, Guerlain has always used bergamot. Sometimes it is used in large amounts as in Shalimar and sometimes there is just a hint. Bergamot is therefore one of our iconic raw materials; it has been used in our Guerlainade perfume for 188 years and for generations Guerlain has enjoyed working with Capua because the quality of its bergamot but also thanks to the relationship of trust that has developed between our two companies. With this in mind, we decided, along with the other Houses in the Perfumes & Cosmetics branch, to formalise these sustainable, responsible development practices by drawing up a Sustainable Procurement Charter.

How was this charter implemented?

We worked with a partner who audited all our buying teams and key players in the organisation. Together, we came up with an initial draft that we shared with around ten pilot suppliers. Together, we produced this charter in 2013 and then an evaluation grid to measure our suppliers against environmental, social, know-how protection, and innovation criteria. Once this work was completed, we organised an event to launch this new approach with these suppliers in April 2014, and sent all 600 of them a copy of the charter: over one hundred of them also were sent the evaluation grid, which we helped them complete in order to get an initial assessment. Working together in this way and supporting our suppliers has been a powerful tool for driving engagement and buy-in. In early 2015 we debriefed the one hundred suppliers on their strong points as well as making recommendations for improvement, and at the end of 2015 they were re-evaluated in the same way. This enabled us to measure their progress, purchasing segment by purchasing segment.

How does it help with calls for tender?

On the basis of this work, we set up a scoring system and set goals by type of purchase in order to help buyers integrate this new approach. These elements have been included in business reviews for two years. Buyers added this approach to their scope, enabling them to form enriched, higher-quality relationships with their suppliers. In terms of calls for tender, it provides us with additional performance indicators with which to evaluate bids. When a supplier generally scores below average against these KPIs, you often also see failings in the relationship, in quality... It backs up observations that can be made elsewhere. And when suppliers don’t hit the required levels, we help them improve – it’s our duty.

What were the main challenges in 2015 and what are your goals for 2016?

In 2015, we deployed the Charter and obtained a very detailed snapshot of all our suppliers. We have secured much wider buy-in to our responsible procurement message than was the case two years ago. We had made good strides on the social side but were behind in terms of environmental audits. We conducted nine audits in 2015 and we plan to do over 60 in 2016! Our figures are now solid and really help with steering. We are seeing signs of improvement. At the end of 2015, 121 suppliers had been evaluated in all segments, 30% of them for the second time (2014 and 2015). Among the suppliers evaluated twice, we observed an improvement of 20%! This clearly shows that our suppliers are fully engaged with this approach.
Eco-responsibility is practised on a daily basis on all Guerlain sites and by all our employees.

FOR THIS ISSUE, THE OBJECTIVES ARE TO:
• Manage production sites, headquarters and the Stores with ever increasing eco-efficiency standards in order to limit our environmental impact on a daily basis;
• Encourage and support changes in employees' behaviours in the workplace;
• Make it easier for customers to participate in greener production and consumption methods, a growing aspiration.
Environmental stewardship initiatives that enable all employees to acquire the right instincts

Water consumption is an increasing issue, and consumption rose in 2015 (51,635 m³ compared to 45,000 m³ in 2014). In order to save water, we regularly implement ad hoc measures such as installing pressure-reducing valves and back-office detectors; in our plants, we have implemented an efficient washing process and we also harvest rainwater to be reused in the bathrooms on the Chartres site. Moreover, our two plants are located outside water stress zones. Our consumption of raw materials and energy is carefully monitored and optimised (energy consumption increased in 2015 to 10,744 MWh compared to 8,331 MWh in 2014 mainly due to technical problems at the Chartres plant, which were addressed via a series of targeted actions in 2016). We have also continued to raise our employees’ awareness by posting monthly indicators in the plants and have installed motion sensors on all our sites too.

In terms of emissions, our two plants in France are classified as Installations Classées pour la Protection de l’Environnement (installations listed under French environment protection regulations) and as such must comply with strict environmental regulations. Consequently, they are regularly inspected by the regional office of the ministries for the environment, energy, sustainable development and communities (DREAL). Moreover, all our sites have been awarded ISO 14001 certification, which helps us to control our environmental impact and commit to a process of continuous improvement.

- 10,744 MWh in 2015.

- Water: 51,635 m³ in 2015.

- 30 waste sorting schemes.

In terms of waste, we have set up 30 different waste sorting schemes (paper, cardboard, different types of plastic, glass, batteries, etc.) to recycle our waste including tester bottles and obsolete products. The CEDRE platform (an ecological reprocessing and recycling centre that Guerlain helped set up in 2009) is just one of an increasing number of innovative industries that are popping up and growing in capacity, gradually increasing what can be recycled. In total, 72% of the waste from our industrial sites is recycled, re-used or composted. 95% of perfume bottles are recycled!

Since 2012, we have been offering customers visiting our Paris stores the opportunity to bring in their used bottles and pots; we then recycle them and give them a new lease of life by sending them to CEDRE. In 2015, we did not implement any new initiatives per se, but we worked hard to remind employees about everyday actions, notably which sorting procedures they should use; a new diagram was designed and posted in our headquarters (see above).
How did the bilum adventure start?

Hélène de la Moureyre: I worked in events management for seven years. Weary of my work, I gave it up and travelled to India where I saw organisations that turned old advertising wraps into bags and other accessories. When I returned to France, I found a Swiss initiative that turned old truck tarps into bags. Suddenly, everything clicked into place: advertising wraps were not being recycled widely in France, and certainly weren’t being turned into attractive products! I then started collecting old wraps thanks to my contacts in the events management world. At that time, they were mostly incinerated or sent to landfill.

But it was hard going, in the beginning no-one believed it would work! The first workshops I contacted weren’t interested at all; most of them worked with leather and the materials I was offering were considered, in a sense, too “lowly”. I finally found an ESAT – an organisation that employs people living with disabilities – that thought the project was interesting and they were extremely kind and supportive, especially as I was bringing them lots of colour and freedom, which is quite rare in the jobs they are usually asked to do.

They moved from production-line jobs turning out thousands of pieces to a quite varied, personal production run. I have been around the world of disability for a long time and while it can be a little destabilising it is also very warm and welcoming. We soon felt genuinely at ease with one another.

At the start, it was very artisanal... I cut up the first wraps in the courtyard of my building and then at a friend’s printing company as there was more space. The ESAT stored the finished bags. All this has resulted in a very interesting human and social adventure! After a successful first sale, we reviewed what we’d done and then it was time to get down to the real work!

If you’d told me ten years ago that I’d be telling my story to someone at Guerlain, I’d never have believed you!

How did your meeting with Guerlain go? What did it mean for bilum?

Hélène de La Moureyre: I was introduced to Guerlain through Sylvie Bénard, Environment Director at LVMH, at the Ethical Fashion Show; I also met Dominique Peclers there. Both voted for Bilum and we received a special mention from the jury.

I started working with LVMH (for La Grande Epicerie and Franck&Fils) when Sylvie Bénard introduced me to Sandrine Sommer (Sustainable Development Director at Guerlain) four years ago. We started with a 140m2 wrap for La Petite Robe Noire, and used it to make bags, the profits from which were donated to the Montfermeil winner to enable her to take part in the Ethical Fashion Show.

The ‘La petite Robe Noire’ canvases were made into bags.
Working with Guerlain is extremely important to us: in addition to the pride we feel working with this prestigious House, the regular and sustained work over the past four years has been key as has the video we made about La Petite Robe Noire – it’s a wonderful endorsement. And the ESAT workshops are incredibly proud to be working with Guerlain! Sometimes, they are a little awed by the Luxury universe but they love it too. Sandrine Sommer is always challenging us to innovate and at Bilum, we’re a bit like a laboratory – we’re constantly experimenting. We’re always exploring using new materials. Guerlain’s "luxury" notebook project was the first time we had really worked with paper.

Actually, I’ve had a personal and very emotional link to Guerlain since my childhood. My grandmother was Japanese and lived in Tokyo, from where she would send us parcels in which there was always a handkerchief smelling of Shalimar.

Working this way is also important to Guerlain. The ESATs preserve crafts and skills that are dying out in France. To create a bag or make-up bag, we work with seven workshops, four of which are ESATs. It is also important to bear in mind that recycling is also a real job creator. According to the European Environmental Bureau, for every one waste disposal job (landfill or destruction), ten jobs are created in recycling and one hundred jobs in activities linked to reducing waste at source (dismantling, repair, etc.). Incidentally, the price and quality offered by the ESATs are in keeping with the market: there is no question of treating disability as a value added. However, this fact is a real feather in their caps!

Could you describe the collaboration between bilum and Guerlain in 2015? What did it mean for bilum?

Hélène de la Moureyre: We worked on L’Homme Idéal (before we had only focused on La Petite Robe Noire). We also have a project to take old spa towels and turn them into re-usable make-up removal cloths. We also received enlightened and ultra-professional advice about recruitment from Guerlain’s Human Resources Department. Emmanuelle Greth (Director of Human Resources at Guerlain) gave me a lot of her time and advice notably on how to recruit our sales manager, who joined us just over a month ago. Daniel Ponsy, Deputy Head of Legal, also helped firm up our contracts and pave the way to our working with ESATs thanks to three-party contracts between Guerlain, the ESATs and bilum. Since the launch of the partnership, we have recycled two giant wraps and 440m2 of old posters – and we’re just getting started!
Since 1828 and the House’s first factory in Paris, Guerlain has always produced its products in France. In 2015, with the opening in Chartres of “La Ruche”, the new Skincare and Make-up production site, Guerlain, is underlining once again, and for the foreseeable future, the brand’s French industrial heritage.

The Ruche production unit was rated excellent in its HQE® (High Environmental Quality) certification and is often cited as a key example of LVMH’s and its Houses’ sustainable construction policy. From an environmental standpoint, the construction site was exemplary: all waste was sorted; noise and visual pollution was kept to a minimum; traffic was limited; and ground, water and air pollution was controlled. Guerlain also demanded water and energy consumption monitoring, ongoing training for teams, and regular information updates for local residents. The building itself is very environmentally friendly. The House even signed a performance-based contract with the general contractor.

In order to monitor progress, over 600 sensors were installed on the site to track energy, water and steam consumption. In order to optimise energy performance on the site, careful planning went into effective insulation. The lighting system uses low-energy devices, managed by motion and twilight sensors. The use of air-conditioning is limited thanks to the building’s bioclimatic design and heat-exchangers. The bathrooms use harvested rain water and water is heated by thermal solar panels. Special attention was paid to biodiversity and how the site’s green spaces would be laid out: eight beehives ("La Ruche")
means *The Hive*) were installed on the site – the number needed to give a pot of honey to each of the 350 employees – and 302 trees were planted. In 2015, La Ruche obtained ISO 14001 certification, just like all of Guerlain’s other French sites (HQ, production sites and Stores). Employee well-being was taken into consideration right from the start of the project and at each step in construction. One of the priorities was to bring as much light as possible using light wells, bay windows, two patios, etc. Far from the image of a dreary industrial site, La Ruche soaks up the sun, making life comfortable for all. Employees were involved in a number of ways: before the site design was finalised, scale models of some of the key spaces at La Ruche were made out of cardboard so that employees could approve them and take ownership of their future workspaces. Projects like landscaping and designing the staff store were entrusted to employees with a passionate interest in these areas. After completion, 75 employees supervised machine transfer. The teams attended 120 information meetings and regularly visited the site to monitor the progress of their future workplace. Training sessions were arranged on Best Manufacturing Practices and how to use the new equipment. No stone was left unturned in ensuring that this was a pleasant and enjoyable place to work – including daily stretches to help prevent musculoskeletal problems. Officially opened in February 2015 with Manuel Valls, the French Prime Minister, and Bernard Arnault, Chairman and CEO of the LVMH Group, in attendance, La Ruche is the perfect blend of industrial requirements, quality standards, environmental requirements, and the well-being of the teams. 350 employees named the site themselves, in reference to the bee which is so dear to Guerlain.

La Ruche: a site testament to our commitment.
SIX ISSUES AT STAKE THAT EMBODY OUR CSR APPROACH:

- Protecting biodiversity,
- Eco-designing products,
- Social and Eco responsibility,
- Reducing CO2 emissions from transport,
- Involving suppliers.

Guerlain is not a listed company and as such only criteria applicable to non-listed companies will be shared. Furthermore, the scope covered in this report is Guerlain SA, which corresponds to Guerlain France. It should also be noted that the House’s products are manufactured in France (in Chartres and Orphin) and that is why the environmental data mainly refers to these two sites.
Deferred compensation is added to fixed remuneration: incentives (6.1% of payroll compared to 5.3% in 2014), profit-sharing (3.3% compared to 4.7% in 2014) and employee saving scheme (1.2% compared to 1.1% in 2014). 3% of payroll subsidises staff meals (2.2% compared to 2.1% in 2014) and subsidises the works council (0.8% compared to 7% in 2014). Two new agreements (Salaries/Bonuses and Incentives/Profit-sharing) were signed in 2015.

**FLEXIBLE WORKING HOURS**

The option to work flexible hours has mainly been taken up by TAMs (146 out of 154 employees compared to 142 out of 150 in 2014). Shift work and night work is practised by all workers (243 out of 243 compared to 182 out of 237 in 2014), far exceeding the rate among TAMs (only 80 out of 266 although this is increasing: 51 out of 264 in 2014). And then finally the employees and executives for whom this is less relevant (respectively 7 out of 132 and 1 out of 438 compared to 5 out of 142 and 4 out of 428 in 2014). In France, staff can also perform some of their duties by working remotely. At present around twenty employees have taken advantage of this scheme: only women. This is either a temporary solution often linked to maternity leave or a weekly practice characterised by a good understanding of the role, which is validated by the manager.

**SOCIAL DIALOGUE AND NOTABLY INFORMATION AND STAFF CONSULTATION PROCEDURES AND NEGOTIATIONS**

Guerlain believes in open and constructive social dialogue. Our social partners, like our employees, are committed to the brand and want to see it grow and prosper. The Agreements they sign with us reflect this attitude. We regularly update the works councils about strategic decisions taken in the company: digital technologies, e-commerce, the marketing plan, La Ruche works council to support change, etc.

In 2015, staff representatives attended 71 meetings (broken down as follows):

<table>
<thead>
<tr>
<th>Type of recruitment</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition from fixed-term to permanent contract</td>
<td>22%</td>
<td>17%</td>
</tr>
<tr>
<td>External recruitment</td>
<td>66%</td>
<td>55%</td>
</tr>
<tr>
<td>Internal mobility</td>
<td>12%</td>
<td>28%</td>
</tr>
</tbody>
</table>

**COLLECTIVE BARGAINING AGREEMENT REPORT**

We did not sign any agreements in 2015. One agreement concerning Sunday and night work is currently being negotiated in the framework of the Macron law.

**HEALTH AND SAFETY CONDITIONS IN THE WORKPLACE IN FRANCE**

Psychological support was introduced and the security rules were reviewed following the attacks on 13 November. Almost half the staff (428 out of 1,079 compared to 496 out of 1,071 in 2014) received health and safety training during the year. The highest workplace (or journey to work) accident severity rate was not higher than 0.46 (0.36 in 2014). No employees were disabled following a reported workplace accident. Approval was given to safety expenditure managed by the CHSCT (€446,000 – a little less than in 2014: €556,572).

Advanced safety training was introduced: OHS Training, Fire Drills, and Eco-driving to raise employees’ awareness of road safety. Actions linked to ergonomics are regularly arranged in our two plants and ergonomics expert jobs were created in 2012.
SUMMARY OF THE WORKPLACE HEALTH AND SAFETY AGREEMENTS SIGNED WITH TRADE UNIONS AND STAFF REPRESENTATIVES

In France, no workplace health and safety agreements were signed in 2015. However, as well-being is known to promote health and safety in the workplace, we signed a three-year agreement in 2013.

In terms of quality of life, we continue to provide the following services at headquarters:

**Levallois/Stores:**

1. **Improving the Levallois staff canteen:** 81% are satisfied (commitment made about fresh food, local and seasonal products, balanced breaks, etc.)
2. **Delivering seasonable organic fruit and vegetables:** each Tuesday, employees can order a vegetable box online which is delivered to the mail room the following Thursday (Guerlain covers the delivery costs). We sent out fruit baskets to all our stores during the ‘Quality of Life at Work Week’.
3. **Yoga:** every Monday and Thursday lunchtimes, employees can attend a relaxing 1-hour yoga session. Guerlain also makes meeting rooms available; the costs are covered by the employee. To date, twenty employees have signed up to these courses.
4. **Sports coaching:** every Monday and Thursday evening at 6.30 p.m. employees can take part in a one-hour fitness class (buns, tums and abs!). Guerlain also makes meeting rooms available; costs are also covered by the employee. This scheme is also used by around twenty employees.
5. **Beautiful hands:** every Wednesday between 11.30 a.m. and 2.30 p.m. employees can arrange to have a manicure in their office. This concerns about fifteen employees.

Focusing particularly on our new Chartres plant:

**Ergonomics/security/safety:**

- **Ergonomics:** this aspect was taken into account while the site was being built e.g. ground level production zones, simplified and optimised circulation, improved extraction for machines producing powders, new machines for manufacturing emulsions (suction delivery of raw materials, automatic cleaning and disinfection; monitored control of all process parameters).
- **Safety:** a dedicated weighing area for hazardous materials and safety systems that ensure that our machinery is shut down if a defect is detected.
- **Security:** enhanced with controls of pedestrian/vehicle access at the various entrances, controlled access to the site’s key locations, cameras and alarms installed around the perimeter of industrial sites; all security arrangements optimised using a building automation system.

Team well-being was a central factor in the project and taken into account at the building design stage: two central patios let light into all spaces, notably the workshops / carefully designed grounds: planted borders, living roof, etc. / relaxation areas, gym, staff canteen with a terrace, auditorium, etc. / ventilation in offices and air-conditioning in all production areas, etc.

**TRAINING POLICIES**

In 2015, Guerlain invested 1.7% of payroll in employee training, in excess of the legal requirement of 1.6%; this score is a testament to Guerlain’s commitment to professional development and developing skills. On average, employees receive two training days.

Guerlain’s training programme covers four thematic areas:

- **Cultural Integration:** Sharing our values, our heritage, and what makes us different.
- **Well-being in the workplace:** promoting the well-being of our employees, managing energy levels and rest times, passing on key workplace safety information
- **Management:** Working better in teams, learning to manage change, knowing how to manage with firmness and kindness
- **Know-How:** Developing expertise, ensuring employability, “Industrial” college (strategic workforce planning).

A few points:

- **The Factory:** training session to organise creativity sessions - presenting a project in front of all employees last September
- **Tutoring:** 14 employees trained to pass on their operational know-how in order to guide part-time interns
- **Make-up:** Training volunteer employees to lead make-up workshops as part of our partnership with Les Restos du Cœur - 100 employees were trained.

In terms of management, new training sessions for managers are being piloted with two training cycles:

1. **Management basics for young managers (3 days)**
2. **Thematic workshops for experienced managers (1/2 day).** The enhanced Security training course includes OHS training, fire drills and eco-driving to raise employees’ awareness of road safety.

**Personal Development** consists of supporting employee in terms of their awareness, knowledge of themselves and others and understanding the interactions between individuals; the “The better you know yourself the better you can communicate”, “Being a key player in relationships” and “How to be more efficient” training sessions were delivered to staff. For **Well-being:** “Energy and rest” training to support our social commitment, managing your energy levels and taking time out to rest.

**Careers/Skills development:**

- **In Orphin (420 hours):** Chemical risks, QHSE, Deviations and Modifications, Raising awareness of ISO 14001
- **In Chartres (3,430 hours):** VMI training, Quality - preparing for the FDA inspection, Chemical risks

**TOTAL NUMBER OF TRAINING HOURS**

2,219 training actions [i.e. 12,757 hours] in the four main thematic areas: Integration, Well-being, Careers and Safety.

814 people received training i.e. 73% of our employees and over 150 people were informed about the changes to professional training. In Chartres, we had to prepare for the FDA inspection: 1,678 hours of training and 142 training sessions were delivered.

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Number of training hours</td>
<td>2905</td>
<td>12757</td>
<td>+439,14%</td>
</tr>
<tr>
<td>Number of training actions</td>
<td>1408</td>
<td>2219</td>
<td>+157,60%</td>
</tr>
</tbody>
</table>

**MEASURES TAKEN TO PROMOTE GENDER EQUALITY**

We remain very vigilant on this issue and aim to maintain diversity at the highest levels and in the various professions.

In France, a gender parity and diversity agreement (renewed every three years) was signed last year. Female leadership is not a hollow word at Guerlain as 70% of the Executive Board is female and 70% of BGMs are female (branch general managers around the world).
Currently, three-quarters of permanent staff members are women. 94% of employees, 75% of TAMs, 74% of executives, 60% of workers: to promote diversity, we are focusing on encouraging men to join our workforce.

<table>
<thead>
<tr>
<th>Proportion of Womenes</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>95%</td>
<td>94%</td>
</tr>
<tr>
<td>TAM</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>Workers</td>
<td>62%</td>
<td>60%</td>
</tr>
<tr>
<td>Executives</td>
<td>72%</td>
<td>74%</td>
</tr>
</tbody>
</table>

MEASURES TAKEN TO PROMOTE THE EMPLOYMENT AND INTEGRATION OF PEOPLE LIVING WITH DISABILITIES

Substantive work has been carried out in the last three years helping us increase from 2.71% (2012) to 3.6% (2015) the percentage of employees living with a disability and enabling us to make real headway at headquarters (from 1.34 to 3.4%). There was a 75% increase in turnover realised with ESATs (organisations that employ people living with disabilities) between 2012 and 2015, and to maintain these results Guerlain launched the ESAT Award to incentivise assistants to consider working more often with the ESATs already listed by Guerlain or by the wider group. Finally, disability was included on the Executive Committee’s agenda and to coincide with World Disability Day (3 December 2015), each manager raised his or her team’s awareness of the issue by organising a morning meeting on this topic.

In France, Guerlain hired one new person living with a disability for every six net jobs created in 2015. €195,379 was paid to disability-friendly workshops as part of the Company’s initiative to promote the employment of people living with a disability.

ANTI-DISCRIMINATION POLICY

In order to better promote diversity, we formed a partnership with Clichy/Montfermeil five years ago and are implementing the following actions with these town councils:

- Culture and Creation fashion parades: For the fifth year running, nine Guerlain Make-up Artists attended the tenth edition to help the 90 ‘Models for a Day’ prepare for the event. After each make-up session, the ‘Models for a Day’ have a photo session under the expert eye of our Artistic Director.

- “Model for a Day by Guerlain” exhibition at our store at 68, Champs Elysées: for the second time, Guerlain was keen to extend the event (a Culture and Creation fashion parade in Montfermeil) by exhibiting 14 portraits of the ‘Models for a Day’ who took part in this year’s fashion parade.

- Following the exhibition, a young woman from Clichy expressed her interest in joining Guerlain as an HR intern: after successfully completing the recruitment process, we are delighted to welcome her on board.

- Ambassador contract signed with Princess Esther Kamatari: Esther Kamatari is our ambassador for the second year running: she helps us develop products for darker skin tones and organises events in Africa (two this year) to promote the brand in Africa.

- Participation in the Clichy/Montfermeil recruitment forum: no trainees were selected this year.

Hosting of two secondary school classes at Levallois and Béville (our logistics centre) as part of their work experience.

Staff members in charge of recruitment in France received “Recruiting without Discrimination” training, which is regularly offered by our parent company LVMH.

Guerlain’s active participation in the Clichy/Montfermeil recruitment forum (see societal criteria) and more generally its work with Montfermeil and Clichy town councils are reflections and concrete examples of our commitment to tackle socio-cultural discrimination when recruiting.

2° ENVIRONMENTAL INFORMATION

ORGANISATION OF THE COMPANY IN TERMS OF ENVIRONMENTAL ISSUES AND EVALUATION AND CERTIFICATION PROCEDURES

This year, Laurent Boillot, Guerlain’s Chairman and CEO, decided to include Sustainable Development on the Executive Board’s scorecard, thereby making it an even more integral part of the company’s strategy.

Moreover, our company has formed a steering committee made up of 15 people representing all the company’s departments, and an SD department, which was created in 2007, to deploy a charter, and measured actions including an annual carbon review and ISO 14001 certification throughout France; the Chartres site was also awarded HQE certification (a high environmental quality label applied to buildings).

Structuring and deploying the approach in our sites with the ISO 14001 standard: Guerlain started the certification process in 2011 for various sites in France [HQ, Stores, Orphin and Chartres].

This year, the company decided to go further and to renew its certification in France [we no longer have site-specific certification but an overall environmental managements system for the whole of France].

Guerlain’s certification in France was renewed in October.

The company also decided to deploy this approach overseas, notably in Europe: it aims to certify all its European subsidiaries by 2020.

The "La Ruche" site in Chartres, officially opened at the start of 2015, was also evaluated against this standard in February 2015 and received HQE certification [rated excellent] for:

- the building’s eco-construction
- its eco-management system (energy, water, waste, maintenance, etc.),
- team comfort (noise, visual, smell, etc.)
- employee health (quality of the air, water, etc.).

Guerlain manufactures all its products in France on two sites [Orphin and Chartres]. This is why the majority of the environmental impacts relates to these two sites.

EMPLOYEE ENVIRONMENTAL PROTECTION TRAINING AND INFORMATION-SHARING ACTIONS

This concerns all company employees: the aim is to empower everyone and encourage them to adopt more environmentally-friendly behaviours on a daily basis.
Employee Training: monthly sessions for all new employees. 100% of employees working at Levallois and at the Chartres and Orphin sites have received training on this subject.

Store training: our in-store beauty advisors receive quarterly training sessions on our Sustainable Development approach so they can answer customers’ questions.

Training for Sustainable Development Experts: they are key to disseminating the approach and are given specific training after each site SD meeting. For example, on the biodiversity issue, any updates on our raw materials initiatives, actions taken on the sites, regulatory aspects, information about waste, etc. are shared with them. An in-house Guerlain France communication plan dedicated to the approach has been implemented which features with monthly communications. And each month, the production sites are covered in local news updates linked to our approach.

RESOURCES EARMARKED FOR PREVENTING ENVIRONMENTAL RISKS AND POLLUTION

The majority of resources earmarked for this area are human and a dedicated structure was set up for managing this topic: there is also a department with three employees managing the site as well as an SD steering committee: one person from each department sits on the committee (each having met an SD objective as part of his/her annual appraisal).

In addition, a budget of €180,000 (not including investments in machinery or payroll) is managed by the SD department. Finally, the results are presented to the management committee twice a year in order to provide information and involve management in all aspects related to the subject.

MEASURES FOR PREVENTING, REDUCING AND ALLEVIATING AIR, WATER AND GROUND EMISSIONS SERIOUSLY AFFECTING THE ENVIRONMENT

Our two production sites in France are classified as Installations Classées pour la Protection de l’Environnement (installations listed under French environment protection regulations) and as such must comply with strict environmental regulations. Consequently, they are regularly inspected by the regional office of the ministries for the environment, energy, sustainable development and communities (DREAL).

Moreover, all our sites have been awarded ISO 14001 certification, which helps us to control our environmental impact and commit to a process of continuous improvement.

MEASURES FOR PREVENTING, RECYCLING AND DISPOSING OF WASTE

So on each of our four sites in France, there are over 30 different waste sorting schemes (paper, cardboard, soft plastic, hard plastic, PE, PS, white glass, soiled glass, batteries, etc.) enabling us to recycle our waste, including tester bottles and obsolete products. In total, 72% of waste from our industrial sites is recycled, re-used or composted. In 2009, along with other companies in the LVMH Group, Guerlain participated in the construction of a reprocessing, sorting, recycling and re-use platform called CEDRE, up to 95% of perfume bottles are recycled via this platform.

Since 2011, we have been offering our Paris clients the option to bring in their used bottles and pots; we then recycle them and give them a new lease of life by sending them to CEDRE.

At Guerlain, we have made progress in how we develop our products while also limiting their environmental impact at each stage of their lifecycle – from the design stage to the end of their life.

With a view to continuous improvement, each new development is scored using an EPI (Environmental Performance Index calculated using Edibox software, managed by the LVMH Group).

New this year: our CEO gave us a clear goal: 100% of our products must be eco-designed by 2020. The Director of Operations and the Director of Marketing and Communication are the sponsors of the initiative.

We have set up a supervisory body to support this ambitious initiative; the Sustainable Innovation Committee meets every three months and helps us track the progress of our projects and progress in terms of reaching this goal.

We are continuing to give a second lease of life to our old advertising materials by transforming posters (bus shelter posters) into little notebooks. This is an environmentally-friendly project as it gives a second lease of life to posters we would have thrown away, a social project because the notebooks are made by people living with disabilities, and a societal project as all proceeds from the sale of the notebooks are donated to the Fonds de Soutien Guerlain and used to support a range of causes. The notebooks are sold in our store at 68 avenue des Champs Elysées and online.

ADDRESSING NOISE POLLUTION AND ALL OTHER FORMS OF POLLUTION SPECIFIC TO AN ACTIVITY

Our two plants are located away from residential areas to protect residents from any inconveniences. Furthermore, all Guerlain’s Paris stores only receive deliveries at night made by an electric lorry for the greater comfort of residents and to contribute to better air quality in Paris.

WATER CONSUMPTION AND WATER SUPPLY SUBJECT TO LOCAL CONSTRAINTS

We used 51,635 m³ of water in 2015 (compared to 45,000 m³ in 2014). In order to save water, we regularly implement ad hoc measures e.g. installing pressure-reducing valves and back-office detectors; in our plants, we have implemented a simplified washing process and we harvest rainwater to be re-used in the bathrooms on the La Ruche site. Our two plants are located outside water stress zones. The increase in water consumption in 2015 was caused by increased consumption at our new La Ruche site, which encountered technical difficulties at setup; corrective actions have been implemented to address this problem. Finally, as part of societal initiatives and in order to secure the water supply for a community in the south of India where Guerlain supports a sustainable vetiver industry, an irrigation project is in the planning stage.

CONSUMPTION OF RAW MATERIALS AND MEASURES TAKEN TO IMPROVE EFFICIENCY IN TERMS OF THEIR USE

Raw materials are a source of inspiration and innovation for Guerlain. The long-term viability of our creations and our know-how are dependent on biodiversity and the reasonable use of these materials. That is why the honey from the Ushant bees – an endangered species, which our partnership helps to save – is now included in our iconic “Abelie Royale” range of products. Moreover, in the LVMH Group’s R&D department, whose HQE-certified building Helios was inaugurated in 2013, researchers are working hard to find the best raw materials while preparing for the impact of new regulations, and to give us recommendations on the right amounts of the materials to use.
ENERGY CONSUMPTION, MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY AND THE USE OF RENEWABLE ENERGY

In France, energy consumption went up to 10,744 MWH in 2015 (compared to 8,331 MWH in 2014). The measures we have taken to reduce energy consumption include: ongoing education of our employees, posting of monthly indicators in all the plants, and installation of motion sensors on all the sites.

However, water consumption increased on the Chartres site due to technical difficulties experienced when operations began on the new site: corrective actions were implemented in 2016 to reduce this consumption.

GREENHOUSE GAS EMISSIONS

Measuring, evaluating and steering our actions thanks to the Bilan Carbone®: since 2007, we have produced an annual area-by-area carbon report in order to identify the areas that generate the most emissions; this helps us manage our priorities and track our progress regularly. Based on the information in this report, we produced an action plan, which we can re-evaluate if necessary in line with annual results. We do not yet have information about CO2 emissions for 2015 but we are committed (via the "Paris Action Climat" charter signed with Paris City Council) to cutting our CO2 emissions by 50% by 2020 compared to 2007 levels.

Total 2014 emissions, in tons of CO2 eq.

<table>
<thead>
<tr>
<th>Energy</th>
<th>Coolants</th>
<th>RM and services</th>
<th>Packaging, packaging and PoS advertising</th>
<th>Freight</th>
<th>Travel</th>
<th>Waste</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>85</td>
<td>4414</td>
<td>7244</td>
<td>12594</td>
<td>3137</td>
<td>54</td>
<td>622</td>
</tr>
</tbody>
</table>

The Bilan Carbone® identified transport as the main culprit in terms of greenhouse gas emissions in our business: logistics is responsible for up to 35% of Guerlain’s CO2 emissions mainly due to the mass exportation of our products.

That is why, working with our subsidiaries, we want to favour the use of shipping for our overseas exports by producing incentivising indicators: a monthly report in kilograms of goods, billed Euros and CO2 emissions is sent to our subsidiaries. In 2014, 54% of our overseas exports were transported by shipping. In 2015, we increased this to 57% and we are aiming to achieve over 60% in 2016.

To reduce its CO2 emissions in France, Guerlain supplies its Paris Stores using a zero-emission road delivery system. Working with our partners Speed Distribution Logistique (from the warehouses) and Renault Trucks (supplier of an innovative delivery truck), we launched a full-scale test at the beginning of May 2014: regular city delivery rounds of over 200 km in a 16-ton 100% electric vehicle. A world first! This has enabled us to save seven tons of CO2 a year. This commitment is also illustrated by the increase in the number of hybrid vehicles in the Guerlain fleet: the fleet is now made up of almost 20% hybrid vehicles. To promote environmentally-friendly transport solutions, we also pay our employees a citizenship bonus if they cycle to work.

MEASURES TAKEN TO PRESERVE OR DEVELOP BIODIVERSITY

In France and all around the world, biodiversity is one of Guerlain’s six CSR issues at stake; our strategy consists of creating sustainable industries for our favourite natural ingredients.

Raw materials are a source of inspiration and innovation for our House. Pledging to protect biodiversity is a way of ensuring the long-term viability of our creations and savoir-faire, and of helping to preserve the Beauty of the World. That is why Guerlain decided to team up with several organisations and local stakeholders in a variety of programmes including:

- Orchids & Tianzi: a global commitment
  Guerlain has created a unique research centre for orchids called the ‘Orchidarium’, which has three hubs: a basic research laboratory in Strasbourg (France), an experimental garden in Geneva (Switzerland) and an exploratory reserve in Tianzi (Yunan, China). In 2009, we signed a ten-year Sustainable Development philanthropy agreement with Minguo Li Margraf, Head of the Tianzi Centre.

A partnership based on three flagship actions:
- The regeneration and conservation of the ancient rainforest thus contributing to the development of the local economy,
- Introducing and cultivating all types of orchids above and beyond our own raw material requirements: 10,000 orchids have already been planted since 2009,
- Protecting the region’s flora and fauna.

Tianzi orchids were certified Organic by Ecocert in 2014.

- Bees and the Island of Ushant: a long-term partnership
  When we created our Abeille Royale skincare range, we decided to help protect bees, which are a historic symbol of our company and find themselves under threat today. We created a Sustainable Development Philanthropy Fund with the Brittany Black Bee Conservatory which includes:
  - Financial support notably to partially fund a full-time beekeeper who looks after the 150 hives owned by the Conservatory,
  - Enhancing the Conservatory’s communications,
  - Legal assistance in order to protect the Ushant bees.

We won a special award for sustainable development-oriented corporate philanthropy from France’s Environment Ministry in 2013 for our commitments in Ushant. Thanks to our financial support, the association now has an electric vehicle in which to travel round the island. In 2015, we wanted to do more by supporting the Conservatory’s application for Organic certification. The first inspection took place in October and we should be certified in October 2016.

- Vetiver & India: a human adventure
  In south India, our perfumer, Thierry Wasser, has developed a new vetiver industry in the high plains overlooking the city of Coimbatore. It is a rational and respectful planting programme that respects the environment and which is developed with the local population. 100% of the plant can be used: the foliage is used as animal feed, the plants are used to take cuttings and the roots are distilled to make perfume. The roots of the vetiver plant limit soil erosion and improve soil humidity and fertility. We give the plants to isolated families living in Coimbatore. We also give them the necessary training to grow this crop and after 18 months we pay them for their crop, thus creating a new source of income in the region. We are also conducting an irrigation study, which would facilitate the supply of water to the local community.

Our bio-diversity protection strategy thus involves creating sustainable industries. These three industries will open up opportunities for other equally emblematic raw ingredients used by the brand.

Biodiversity is also important on our sites, which is why we created a wild flower meadow in Orphin and an organic orchard in Chartres. And finally, Guerlain helped create a "Biodiversity Commitment" label with Ecocert and was itself certified in October.
3 - INFORMATION ABOUT SOCIETAL COMMITMENTS TO SUSTAINABLE DEVELOPMENT

IN TERMS OF EMPLOYMENT AND REGIONAL DEVELOPMENT

At Guerlain, we are very proud of the 'Made in France' label: all our products are made in Orphin and Chartres.

LOCAL COMMUNITIES AND RESIDENTS

We have not had a negative impact thanks to locating our plants in business zones.

CONDITIONS FOR DIALOGUE WITH THESE INDIVIDUALS AND ORGANISATIONS

A responsible advertising agency supports our external communications and has produced a brochure summarising eight years of actions, which is given to each employee and is available in all stores for interested customers.

During breakfasts and evening events such as "Les inspirations durables du 68", Guerlain shares and discusses issues surrounding sustainable development with experts and stakeholders.

At present, there is no ongoing or formalised dialogue with other stakeholders.

PARTNERSHIP AND PHILANTHROPY INITIATIVES

EAs a responsible company, it seemed obvious that Guerlain should make outreach commitments, in other words initiatives that benefit others rather than ourselves. Among our major commitments in this area, we work with four charitable associations:

Belle&Bien:
For 11 years Guerlain has supported this charity through yearly funding and donating free products to create -beauty kits. It also sits on its board of trustees.

1- A range of events were organised to mark World Cancer Day on 4 February: General Services partners, the Sustainable Development Committee and the Human Resources teams all wore "Belle&Bien" badges to show their support for the charity’s actions and raise colleagues’ awareness; the Chef of our company restaurant at HQ made raspberry macaroons from which a portion of the proceeds were donated to "Belle&Bien"; our Paris stores promoted our "Mademoiselle Guerlain" Exclusive Collection some of the profits from which were donated to the association. Furthermore, all our Beauty Consultants wore a "Belle&Bien" badge and gave our customers a small card introducing the charity.

2- To mark 'Quality of Life at Work Week' and Benefit’s wonderful "Bold is Beautiful" initiative, we asked employees to get involved on a personal level with the Guerlain and Benefit commitment. On the Levallois site, employees were encouraged to have their eyebrows shaped by Benefit experts; all proceeds were donated to “Belle&Bien”.

3- Guerlain is the driving force behind the Odysséa Race; employees proudly wear the "Belle&Bien" colours and represent all the Perfumes & Cosmetics brands. 500 employees from LVMH including over 200 Guerlain employees took part in the Ligue Contre le Cancer du Sein (league to combat breast cancer) race.

Les Restos du Cœur:
Taking our long-term commitment further, in April we launched the "Journée Engagée" initiative: a day off work offered by Guerlain to its employees so they can volunteer to take part in an environmental or social initiative.

One hundred Guerlain employees took part in the second edition of our partnership with Les Restos du Cœur.
For eight days in two Paris centres and two days in the Chartres centre, Guerlain beauty sessions were offered to people receiving free meals from Les Restos du Cœur. In total, 750 women enjoyed a moment of well-being offered by our make-up artists (over 100 individuals were trained to take part in this year’s operation);
Guerlain also launched a short story competition. All copyright will be transferred to Restos du Cœur to tackle illiteracy.
As soon as we have anything to donate we like to give it to the Restos du Cœur organisation i.e. old laptops, wedding dresses used for advertising, etc.

Movember:
For the third year running, the Guerlain "La Moustache de Messieurs" team took part in the Movember campaign to support research into diseases affecting men. Movember is an international charity which raises money to fight male diseases such as prostate cancer.
Each November, Movember asks men to grow a moustache to raise public awareness and money for the charity. The "Moustachus" team have also been very busy inside and outside the company and, thanks to their hard work, our Stores invited "La Barbhire de Paris" to organise barbering workshops, all proceeds were donated to Movember. L’Homme Idéal Cologne notebooks, made from old posters in a Paris workshop employing people with disabilities, were also on sale throughout November in our stores and online at: www.guerlain.com. All the proceeds were donated to Movember France. We are very proud to have raised €13,000 and come number one in the national Movember rankings!
This year Belgium and Germany also decided to get on board!

La Cravate Solidaire:
La Cravate Solidaire is a fairly new charity which helps disadvantaged or marginalised job-seekers to find an appropriate outfit in which to attend a job interview. Their motto is "Clothes don't make the man but they help!" We have donated old beauty consultants’ uniforms on a number of occasions (150 to date).

INTEGRATING SOCIAL AND ENVIRONMENTAL ISSUES INTO THE PROCUREMENT POLICY

For several years, our service providers and suppliers have been made aware of our sustainable development approach: responsibility criteria have been included in our calls for tender and are key decision-making criteria. In order to go further and formalise our commitment, we sent over 600 suppliers our "Responsible Procurement Charter" drafted by the LVMH Group’s Perfumes & Cosmetics Branch in 2014.

Moreover, nine environmental audits were carried out this year.

All suppliers must complete a self-assessment in order to obtain a score. An analysis was conducted by the HA coordination unit of the Perfumes & Cosmetics branch to compare scores for suppliers in the same family, to define the best in class in each category, and to define individual action plans for each supplier so that they can continue to improve.
THE EXEMPLARY NATURE OF THIS REPORT

The aim of this format is to make the report easier to use and handle in order to combine user pleasure, functionality and a rational use of resources. For this edition, the Curious Matter paper used for the cover boasts a unique texture—which it owes to an innovative starch recycling technique. The Cocoon Silk Mat paper used for the internal pages is 100% recycled. This paper is also FSC certified in order to ensure that the forest the wood was sourced from is properly managed. We would like to thank all the individuals who made time to participate in the RegardsCroisés interviews. Thank you to the Guerlain team working at 68, Champs-Elysées for their warm welcome. We would also like to thank our partners who designed and drafted this first report: Development & coordination: Cécile Lochard, Agence Citizen Luxury - Design & Production: Julie Chazelle - Interviews: Guillaume de Vesvrottes - Main photographs: Arnaud Joron and Kim Gonon - Print: Handiprint - a disability-friendly company. Photographs: Arnaud Joron: p 1, p 20, p 23, p 24, p 25, p 30, p 32 - Kim Gonon: p 2, p 15, p 29, p 35 - Pol Baril: p 18 - DR Guerlain: p 9, p 10, p 11, p 12, p 13, p 16, p 18, p 30, p 34 - Denis Chapoulie: pp 10-11 - Eric Nocher: p 36
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