

SASB Content Index

2021



SASB CONTENT INDEX

The Sustainability Accounting Standards Board (SASB) is an independent, private sector standards-setting organization dedicated to enhancing the efficiency of the capital markets by fostering high-quality disclosure of material sustainability information that meets investor needs. This table references the Standard for the Apparel, Accessories & Footwear industry as defined by SASB's Sustainable Industry Classification System (SICS) with the description of Kering's actions and location of relevant information in the Group's reporting (2021 Universal Registration Document – URD, corporate website, etc.)

SASB code	Accounting metric	Category	Reference in disclosed documents	Description
Management of Chemicals in Products				
CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	Discussion & Analysis	<ul style="list-style-type: none"> •2021 Universal Registration Document (URD) Chapter 4, Sections 4.1; 5.2.4 •Kering Sustainability Principles •Kering MRSL •Kering PRSL 	<p>Kering is committed to phasing out and eliminating all hazardous chemicals from its production processes. To achieve this goal Kering has developed a Chemicals Management Framework, which applies to the ensemble of its Houses, suppliers, sub-suppliers, licensees, processes and products. The Framework goes beyond regulatory compliance, and includes specific guidelines for products, through:</p> <ul style="list-style-type: none"> - the MRSL (Manufacturing Restricted Substances List). The current Kering MRSL is the ZDHC MRSL V.2.0, with an additional ban on all PFCs (Per- and Poly-Fluorinated Chemicals) use; - the PRSL (Product Restricted Substances List), which specifically lists the substances to be removed or the threshold not to be exceeded, applies the highest existing standards for the disposal of hazardous chemicals. To take into account the pace of technological development and progress in chemical research, the PRSL is updated every year. <p>Since 2014:</p> <ul style="list-style-type: none"> - the MRSL and its regular updates are communicated to all key suppliers and training sessions are organized every year to ensure full compliance with the list. - the Product Compliance Advisory Department, at Kering level, advises the Houses on the adoption of the PRSL. <p>Kering requires suppliers and sub-suppliers to strictly comply with this framework, as well as all local and international regulations and industry standards including the European Union Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH); the US Consumer Product Safety Improvement Act (CSPIA); AFIRM; and the American Apparel & Footwear Association (AAFA) standards. Requirements are detailed in the Kering Sustainability Principles.</p>
CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with	Discussion & Analysis	<ul style="list-style-type: none"> •2021 URD Chapter 4, Sections 4.1; 5.2.4 •Kering PRSL 	<p>To enable customers to enjoy the products developed by the Houses safely, Kering has defined a set of quality control procedures that comply with the strictest international consumer health, safety and environmental standards and regulations, such as REACH, US CPSIA, China SAC GB Standards, Japan Industrial Standards (JIS), etc. In 2014,</p>

	chemicals in products			<p>a dedicated structure, the Product Compliance Advisory Department, was created at Group level.</p> <p>Aimed at pooling services, its purpose is to advise the Houses on product testing protocols to ensure that products comply with the local characteristics of each market. It makes considerable reference to the Product Restricted Substance List (PRSL), which specifically lists the substances to be removed or the threshold not to be exceeded and applies the highest existing standards for the disposal of hazardous chemicals. To take into account the pace of technological development and progress in chemical research, the PRSL is updated every year. In particular, it has specific modules for products intended for children in terms of managing chemical substances and safety. Specific training courses have been developed and will be provided in 2022. In 2021, Kering strengthened its product testing system by opening its Test & Innovation Lab (TIL) in Italy, an in-house facility that can carry out all regulatory and other testing of products made by Kering's Houses. The TIL has ISO/IEC 17025 accreditation, awarded by Accredia, for more than 170 testing methods covering both raw materials and finished products. As well as quality control, the TIL also tests innovative materials and identifies solutions to potential problems that the Houses may encounter in the various stages of production.</p>
Environmental Impacts in the Supply Chain				
CG-AA-4430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	Quantitative	<ul style="list-style-type: none"> •Kering Sustainability Principles •2021 URD Chapter 4, Sections 3.2.5.2; 4.1.4.2 •Kering Standards and Appendices 	<p>Among Kering Tier 1 suppliers, tanneries are the most significant activity for which water discharge and pollution need to be monitored.</p> <p>Nearly 100% (174 out of 176) of the tanneries working for Kering are located in Europe and apply the Kering Standards requirements in addition to complying with European and local regulations.</p> <p>Tanneries working for the Group are audited by Kering's audit team before being allowed to work for the group (supplier activation procedure), which includes verification of the compliance with applicable environmental regulations on water discharge. Same auditing on environmental laws requirements apply for textile mills wastewater discharge.</p> <p>During the audit process of Tier 2 suppliers, environmental compliance is included in the audit checklist.</p> <p>Supplier compliance monitoring in 2021: 94.2% of suppliers audited are wholly or partially compliant.</p>
CG-AA-4430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental	Quantitative	<ul style="list-style-type: none"> •2021 URD Chapter 4, Sections 4.1.1.4; 4.1.2; 4.2.3; 5.1.1 •Kering Standards •Kering EP&L Report 	<p>Kering is a committed member of the Sustainable Apparel Coalition. Considering the nature of its supply chain and its products, notably the relatively small size of its suppliers (average workforce by supplier: approx. 55 employees), Kering does not consider that the Higg Index FEM is the most relevant framework to address environmental compliance at supplier level, as it is not crafted for small-size suppliers.</p> <p>However, Kering has designed industry-leading standards which include best practices in terms of environmental management for raw materials production and key manufacturing processes, the Kering Standards for Raw Materials and Manufacturing Processes. The compliance of all suppliers in scope, irrespective of their position in the</p>

	Module (Higg FEM) assessment or an equivalent environmental data assessment			supply chain, is monitored to align with the Group's 2025 targets: 100% traceability of key raw materials and 100% compliance with Kering Standards. To date, 71% of raw materials are aligned with the Kering Standards .
				Kering also designed and implemented a new supplier vendor portal in 2020 and has stepped up its process for collecting environmental and employee information from its suppliers. The portal is an online collaborative platform accessible to all suppliers of the Group's Houses. It serves as a Vendor Rating System and a means of sharing information and best practices in terms of sustainability. In particular, the supplier portal will enable the Group to continuously assess the implementation of the Kering Standards across its extended upstream supply chain, through a dedicated questionnaire. This information will then be used to calculate CSR performance indicators for suppliers and to define the scope of new projects. In 2021, 11 training sessions were provided for 650 suppliers.
Labor condition in the supply chain				
CG-AA-4430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct	Quantitative	<ul style="list-style-type: none"> •2021 URD Chapter 4, Section 4.1.3.3 •Code of Ethics, including the Suppliers' Charter •Kering Sustainability Principles 	<p>As of December 31, 2021, Kering's supplier base covers 4,107 suppliers, with the following breakdown:</p> <ul style="list-style-type: none"> - 20% direct suppliers (a supplier is deemed direct when it has a direct business relationship with the Houses rather than working via a subcontractor); - 18% contractors (direct suppliers working for one or more Houses and which subcontract part of their production); - 62% subcontractors (working for contractors and having no direct business relationship with the Houses). <p>Direct suppliers with or without subcontracting are T1 suppliers (38% in 2021). Subcontractors are T2 suppliers (62% in 2021). Within this portfolio of suppliers, 3,420 audits were conducted in 2021, breaking down as 1,727 comprehensive audits and 1,693 follow-up audits. Over the 2015—2021 period, 90% of suppliers were audited (an increase of 2.3% compared with the 2015—2020 period). Moreover, Kering has undertaken to audit all of its key suppliers every two years. It should be noted that “activation” audits for new suppliers are comprehensive audits, and that they therefore cover the entire scope of a comprehensive audit.</p> <p>It is also important to note that the Code of Ethics, the Suppliers' Charter and Kering's Sustainability Principles are integrated into the suppliers' contractual framework.</p>
CG-AA-4430b.1	(3) Percentage of total audits conducted by a third-party auditor	Quantitative	<ul style="list-style-type: none"> •2021 URD Chapter 4, Section 4.1.3.3 	<p>See above.</p> <p>A total of 39% of the above-mentioned audits were carried out by Kering's Internal Audit team, and 61% by external auditors, with the Group audit protocol applied in the same way for all audits conducted.</p>
CG-AA-4430b.2	Priority non-conformance rate and associated corrective action rate for suppliers'	Quantitative	<ul style="list-style-type: none"> •2021 URD Chapter 4, Section 4.1.3.3 	<p>The audits carried out by Kering's Internal Audit Team and external auditors revealed a rate of priority non-conformance of 2.3% or about 235 of the 10,220 anomalies revealed.</p> <p>Robust corrective action plans were put together following the audits, wherever breaches of compliance, and particularly</p>

	labor code of conduct audits			serious breaches, were identified, ensuring a corrective rate of 100%. Follow-up audits were then conducted to verify the resolution of the problem. The zero-tolerance breaches identified during the audits were dealt with immediately, in accordance with established rules and in coordination with the relevant Houses. To speed up the resolution of issues, the central team held more than 341 committee meetings with the Houses in 2021, which effectively resulted in the resolution of a large number of anomalies.
CG-AA-4430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	Discussion & Analysis	<ul style="list-style-type: none"> •2021 URD Chapter 4 Section 2.5.2.1 •2021 URD Chapter 5 Section 3. Duty of care plan 	<p>In 2020, Kering ran an internal risk assessment to identify and evaluate human rights risks in connection with the sourcing of certain key raw materials, factoring in supplier locations. In 2021, Kering conducted a new, more in-depth evaluation of risks pertaining to severe impacts on human rights and fundamental freedoms, health and safety, and the environment resulting from its operations and its supply chains. Following on from these initiatives, additional work has been carried out to identify areas for improvement, with a particular focus on respect for human rights throughout the supply chain.</p> <p>In line with the undertakings set out in its Code of Ethics, Kering's 2021 Duty of care plan targets risks of severe impacts on human rights and fundamental freedoms, human health and safety, and the environment, with particular regard to the following:</p> <ul style="list-style-type: none"> - human rights and fundamental freedoms: child labor, forced labor, wages, working hours, discrimination, freedom of association and collective bargaining, prevention of corruption and influence peddling, rights of local populations, working conditions, especially for vulnerable populations such as migrants, working conditions for fashion models, harassment, and sourcing conditions for certain stones and minerals; - health and safety: health and safety at work, consumers' health and safety; - environment: climate change, air pollution, water consumption and pollution, animal welfare, damage to ecosystems and biodiversity.
Raw Materials Sourcing				
CG-AA-440a.1	Description of environmental and social risks associated with sourcing priority raw materials	Discussion & Analysis	<ul style="list-style-type: none"> •2021 URD Chapter 4 Sections 3.2.2.1; 4.2.2; •2021 URD Chapter 5 Sections 2.6; 3. Duty of care plan •Kering Standards •EP&L Report 	<p>A review of existing tools and processes was carried out to catalogue the means of control and mitigation used by the Company, thus producing a map of residual risks to human rights and fundamental freedoms, human health and safety, and the environment. Concerning the value chain in particular, Kering collected information for all raw materials used in its luxury product manufacturing processes. These raw materials were grouped into various categories according to type. Kering deliberately took into account an extended list, including all agricultural, mining and extraction resources. The risk map differentiates between the different types of risks arising from raw material supplies, production and processing, and working conditions, factoring in the countries in which these operations take place.</p> <p>1. Raw materials scarcity, quality and biodiversity: Unavailability of the raw materials necessary to manufacture the Group's products, which must comply</p>

with the Group's quality criteria and be obtained in accordance with the Group's Standards.

Kering works with suppliers and subcontractors across the supply chain to secure long-term access to these raw materials. The Group ensures that its suppliers and subcontractors comply with its standards. The Group has defined standards for the supply of all its key raw materials, published in January 2018 and updated in 2020. The standards focus on five areas: social impact, environmental impact, traceability, use of chemicals and animal welfare. They serve as a guide for assessing the compliance of raw materials suppliers and present two levels of expectations: minimum requirements and best practices to be achieved by 2025 at the latest, in line with the Group's Sustainability strategy and its 2025 targets. The quality, safety and stability of the Group's supplies of animal and plant-based raw materials depend on strict compliance with the standards in this regard, and first and foremost with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) for the trade of precious skins. They also depend on the preservation of well-balanced ecosystems, some of which have already been damaged.

In September 2021, Kering made the decision to stop using animal fur. Starting from the Fall 2022 collections, none of the Group's Houses will be using fur. Following Gucci in 2017, all the Group's Houses – in particular Balenciaga, Bottega Veneta, Alexander McQueen, Brioni and Saint Laurent – have gradually decided to take this step.

2. Human rights and fundamental freedoms: Non-compliance with international standards or the Group's standards in the area of respect for human rights and fundamental freedoms.

As a sustainable, responsible Luxury group, Kering must identify and manage human rights-related risks in its sphere of influence (operations and supply chain) as quickly and firmly as possible. In addition, the Group has adopted a stringent control strategy in the area of human rights, which includes but is not limited to the social audits conducted each year across thousands of Group suppliers and service providers. In addition, a whistleblowing system is open to everyone working for the Group: employees and interns of Kering and its Houses, as well as external and temporary personnel working for external partners or service providers under contract with the Group.

Furthermore, to ensure best practices and choices of raw materials, Kering has measured and quantified its progress toward becoming a more sustainable Group through its Environmental Profit and Loss account (EP&L) since 2012. At the cornerstone of its environmental approach, it also serves as a management tool by which Kering lays out its roadmap for the coming years in terms of sourcing strategy and choice of materials. **Kering has undertaken to reduce its EP&L intensity by 40% by 2025 compared with 2015.**

CG-AA-440a.2	Percentage of raw materials third-party certified to an environmental	Quantitative	•2021 URD Chapter 4, Sections 1.4; 4.1.1.4	In 2012, Kering set out basic principles and guidelines on responsible sourcing consistent with its general sustainability policy, targets and existing good practices. Dubbed the Kering Standards , they set out the criteria imposed on the Group and its suppliers in five key areas: traceability,
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and/or social sustainability standard, by standard	<ul style="list-style-type: none"> •Kering Standards 	<p>chemicals, social impact, environmental impact and animal welfare. Kering Standards cover the key materials used by the Group, representing more than 95% of the purchasing volume: leather and precious skins, fur, wool, cotton, silk, synthetic fibers, paper, wood, plastic, feathers and down, cellulosic fibers, gold, diamonds, colored stones and silver. The Standards lay down minimum requirements for prospective Group suppliers in each of these five areas and set out the more demanding requirements that suppliers will be required to meet by 2025. They are based on founding notions of integrity (material traceability, chain of custody certification, etc.), circularity (use of recycled materials where possible, consideration of the recyclability of products, etc.) and the precautionary principle (no GMOs, no nano - materials, etc.).</p> <p>Extensive requirements are detailed for each material, including and building on preferred third-party certifications (for instance GOTS for organic cotton or FSC). When there is no globally recognized label or certification covering all steps in the supply chain for a given material, for instance leather or cashmere, the Kering Standards specify tailored minimum requirements and best practices to ensure a responsible sourcing and manufacturing throughout our supply chain. For leather, for instance, Kering specifies the sourcing countries and preferred certifications for different steps within the supply chain.</p> <p>Kering has pledged that 100% of the key raw materials used by the Group, and the production processes using these materials, will comply with the Kering Standards by 2025. To date, the compliance rate is 71%.</p>
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APPENDICES

The above-mentioned documents are available here:

- **Kering 2021 Universal registration document:**
https://www.kering.com/assets/front/documents/Kering_2021_Universal_Registration_Document.pdf
- **Kering Standards:** <https://keringcorporate.dam.kering.com/m/75995a4c6ddb4a42/original/Kering-Standards-for-raw-materials-and-manufacturing-processes.pdf>
- **Kering Code of Ethics including the Suppliers' Charter:**
<https://keringcorporate.dam.kering.com/m/54bb996280ffd2c5/original/Document-Code-of-Ethics-EN-2019.pdf>
- **Kering Sustainability Principles:**
<https://keringcorporate.dam.kering.com/m/4714779d9775710f/original/Kering-Sustainability-Principles-2021.pdf>
- **Kering MRSL:** <https://vendorportal.kering.com/attach/mrsl/MRSL.pdf>
- **Kering PRSL:**
https://vendorportal.kering.com/attach/prsl/PRSL_and_Product_Safety_Requirements_Contract.pdf
- **Kering EP&L Report open source website:** <https://kering-group.opendatasoft.com/pages/home/>

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