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PRESS RELEASE

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KERING REPORTS ON SUSTAINABILITY PROGRESS AND SHOWS VERY PROMISING FIRST RESULTS TOWARDS MEETING 2025 TARGETS

KERING
CRAFTING TOMORROW'S LUXURY
3 YEARS IN OUR SUSTAINABILITY STRATEGY



- -14% reduction of the Group's overall environmental impacts in EP&L intensity between 2015 and 2018, on a positive trajectory to reach 40% reduction target by 2025
- -77% reduction of the Group's GHG emissions in EP&L intensity in its own operations between 2015 and 2018
- 67% renewable energy use at Group level worldwide, 100% in seven countries
- 100% responsible gold purchase for Jewelry and Watches
- 88% traceability for key raw materials

Three years after announcing its next-generation sustainability strategy, 'Crafting Tomorrow's Luxury', Kering has published its Sustainability Progress Report today. Kering has made serious progress and is on track to meet its 2025 targets, while setting the foundation to align with a 1.5° pathway for the Group.

In January 2017, Kering's long-term commitment to embed social and environmental sustainability at the heart of its business was translated into a new strategy defined by a series of ambitious targets to attain by 2025, comprising environmental stewardship, social welfare inside and outside the Group, and a focus on innovation to drive lasting change. Over the last three years, Kering has tracked its sustainability progress through its pioneering Environmental Profit and Loss (EP&L) account¹ in



recognition that companies must be accountable and transparent about their entire impacts, including those generated upstream in the supply chain.

“We have long been committed to transparently reporting on the impacts generated by all of Kering’s business activities, including those outside of our legal boundaries. Setting ambitious targets that incorporate our entire supply chain and documenting our sustainability progress to ensure we are truly moving the needle forward on climate action and social good is also an imperative” said François-Henri Pinault, Chairman and CEO of Kering. *“Our industry needs bold action at the start of this new decade, and transparency and open collaboration are critical if we are to effectively address our challenges to decarbonize our companies.”*

Kering’s sustainability strategy incorporates the Group’s Luxury Houses, and the measurement² of the Group’s progress is against 73 Environmental Key Performance Indicators (eKPIs) and across its own operations and supply chain. This includes stores, offices and warehouses; transportation; manufacturing and processing; and all the way upstream to the impacts associated with the production and extraction of raw materials (Scopes 1, 2 and 3 upstream of the GHG Protocol³).

The targets are underpinned by three key pillars: CARE, COLLABORATE and CREATE. Some highlight achievements towards Kering’s 2025 sustainability targets include:

CARE, for the planet

- Kering reduced the Group’s overall environmental impacts by 14% in EP&L intensity (between 2015 and 2018) and is on a positive trajectory to reach its 40% reduction target by 2025.
- Kering reduced the Group’s GHG emissions by 77% in intensity in its own operations⁴ (between 2015 and 2018) and reached 100% renewable energy use in over seven countries, 78% in Europe and 67% covered overall for the Group.
- Even further, Kering is on track to meet its 50% science-based target⁵ for GHG emissions, having achieved a 36% intensity reduction (between 2015 and 2018).
- As of 2018, Kering became entirely carbon neutral as a Group in its operations and across its sourcing and supply chain. With a priority of first avoiding and reducing its GHG emissions, Kering offsets the remaining emissions every year through verified REDD+ projects that conserve critical forests, biodiversity and support the livelihoods of local communities.
- In January 2018, Kering developed and open-sourced its ‘Standards for Raw Materials and Manufacturing Processes’ covering best practices across environmental protection, social welfare, traceability, chemical use and animal welfare. The Group has already achieved 68% alignment.
- Kering achieved 100% responsible gold purchase for its Jewelry and Watches and is on track to reach 100% sustainable sourcing for other key raw materials by 2025.
- Kering attained 88% traceability for its key raw materials, against a goal to reach 100% by 2025.
- In May 2019, Kering created the first animal welfare standards for luxury and fashion to improve industry practices and catalyze collaboration.
- Kering became the first private sector company to partner with The Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES) and to support biodiversity science.
- As another first for the Luxury industry, Kering published an integrated report in 2018 for 2017 results. Furthermore, to share the significance of corporate sustainability with the investment community, Kering embarked on a road show in November 2019 specifically geared towards the Group’s Environmental, Social and Governance (ESG) criteria.



COLLABORATE, with people

- Kering is far ahead to ensure women are well-represented in the Group at all levels. As of 2019, women accounted for 55% of the Group's managers, 63% of the total workforce, 33% of its Executive Committee members and 60% of its Directors, making Kering one of the CAC 40 companies with the highest proportion of women in senior management positions.
- Kering implemented a progressive global Parental Leave policy covering standards around maternity, paternity and adoption across all employees in close to 50 countries.
- Kering developed and implemented a Charter for the well-being of models and also committed to only working with models over 18.
- Kering empowered women in the regions of its supply chains through micro-loans, skills training and education.
- Kering created the first MOOC (Massive Open Online Course) dedicated entirely to sustainability and Luxury fashion with the London College of Fashion. It was also translated into Chinese; more than 33,500 learners from 150 countries have participated at no cost.
- Kering created the "IFM-Kering Sustainability Chair" with the *Institut Français de la Mode* in Paris.
- Kering continued to preserve Luxury know-how and craftsmanship by supporting the next generation of craftspeople, whereby the Group had 20 plus programs set up as of 2019.

CREATE, new business models and innovations

- Kering launched the 'K Generation Award' in China with Plug and Play to identify promising change-making start ups and technologies in Greater China and continued to scout start ups around the world.
- Kering established the Sustainable Innovation Lab (SIL) for Jewelry and Watches and scaled up the Kering Materials Innovation Lab (MIL) to support the design teams with a library of 3800 sustainable fabrics.
- Kering created innovative financing mechanisms, like the Kering Ethical Gold Platform, to support the shift to sustainable raw materials.
- Kering set up a series of pilots across the supply chain including traceability technologies, low-impact alternative materials and manufacturing processes, like mushroom leather and eco-dyeing. Beyond pilots, the Group scaled up innovations whereby metal-free tanning was used for around 24% for collections at the end of 2019.
- Kering focused on new ways to reuse its materials and integrate recycled and regenerated options into product offerings.
- Kering launched a partnership on regenerative agriculture as a first for the fashion industry and is focusing on promoting innovative solutions in the Group's supply chain.
- Kering created a "Digital EP&L" to provide unprecedented transparency for stakeholders and open-sourced the underlying data to provide Luxury and fashion players insight into the complexities of their own environmental impacts.
- Collaborated on industry-wide efforts to advocate circularity and launched an international survey to understand consumer use and product end-of-life, in order to then extend the EP&L methodology to a circular, full life-cycle for products.
- Launched the Fashion Pact⁶ to convene the leading players in fashion and textiles around key environmental issues. There are currently 63 signatories, representing over 250 brands to date and equating more than 30% of the industry.



“While our progress report reflects the very encouraging achievements Kering has made towards our 2025 sustainability targets, there is still work to do to reach our sustainability ambitions and go far beyond in the coming years. However, we are determined and confident in our ability to accelerate our efforts and implement solutions – many of them innovative - we have already identified,” said Marie-Claire Daveu, Chief Sustainability Officer and Head of international institutional affairs, Kering. *“We are constantly looking ahead and developing science-based targets compatible with the planetary boundaries, including biodiversity, as well as supporting the people across our spheres of operations to promote a thriving, regenerative and equitable future. We will continue to transparently report on our progress and hurdles on a regular basis.”*

[Read the full report here](#)

About Kering

A global Luxury group, Kering manages the development of a series of renowned Houses in Fashion, Leather Goods, Jewelry and Watches: Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, Brioni, Boucheron, Pomellato, DoDo, Qeelin, Ulysse Nardin, Girard-Perregaux, as well as Kering Eyewear. By placing creativity at the heart of its strategy, Kering enables its Houses to set new limits in terms of their creative expression while crafting tomorrow's Luxury in a sustainable and responsible way. We capture these beliefs in our signature: “Empowering Imagination”. In 2018, Kering had nearly 35,000 employees and revenue of €13.7 billion.

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¹ Pioneered by Kering, the EP&L measures carbon emissions, water consumption, air and water pollution, land use, and waste production within a company's own operations and across the entire supply chain and then calculates the social cost in relation to these impacts.

² The EP&L data and measurements, as well as other initiative stats, are from a 2015 baseline and in line with Kering's 2018 reporting year, while some of the initiatives are until the end of 2019.

³ The GHG Protocol is a standardized international framework for Greenhouse Gas (GHG) emissions. As defined by the GHG Protocol, Scope 1 emissions are direct emissions from owned or controlled sources; Scope 2 emissions are indirect emissions from the generation of purchased energy; and Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

⁴ Kering reduced the Group's GHG emissions by 77% in intensity in its own operations (offices, stores, warehouses, owned industrial sites) between 2015 and 2018.

⁵ Kering has a Science-Based Target (approved by the Science-Based Target initiative) to reduce all its GHG emissions from a 2015 baseline by 50% by 2025 related to Scope 1 and 2 and controlled Scope 3 (upstream transportation and

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distribution, business air travel, and all fuel and energy associated emissions). Kering commits to reduce scope 1, scope 2 and scope 3 emissions from upstream transportation and distribution, business air travel and fuel and energy related emissions 50% per unit of value added by 2025 from a 2015 base-year. In addition, the company commits to reduce scope 3 emissions from purchased goods and services 40% per unit of value added within the same timeframe.

⁶ Kering's Chairman and CEO, François-Henri Pinault, was given a mission from French President Emmanuel Macron to bring together the leading players in fashion and textile, with the aim of setting – and committing to achieve together – practical objectives for reducing the environmental impact of their industry in three key areas: climate, biodiversity and oceans. The Fashion Pact was developed as a result of this mission and in a historic move, 32 global fashion and textile companies signed on and currently it is at 63 signatories. It was presented during the Group of Seven meeting in Biarritz, France, on August 26, 2019.