

Kering publishes its 2014 Group E P&L results and provides businesses with a tool to better address impacts of Climate Change

On this occasion, and the eve of COP21, Kering (@KeringGroup) will host a #KeringLive Twitter chat at 16:00 on 19 November

Following on the release and open-sourcing of the first-ever Group Environmental Profit and Loss Account (E P&L)¹ in May 2015, Kering has released the results of its consolidated 2014 Group E P&L today. Kering is continuing to integrate its E P&L results into decision-making and across its business activities to understand how and where the business can better address environmental issues such as climate change.

The Kering E P&L is a tool to measure and value the impacts on the environment resulting from the business activities across the entire supply chain and its resulting cost to society. The metrics analysed are the impacts linked to Kering's operations (retail, offices and transport) as well as those of its supply chains, from raw materials through to manufacturing, and include Greenhouse Gas (GHG) emissions, water use, water and air pollution, waste production and land use changes.

Kering was the first Group to implement and disclose the results of its environmental footprint in euros with the publication of its 2013 Group E P&L and the open-sourcing of the methodology. By providing year over year results, Kering is continuing to advance the efforts to include natural capital accounting into mainstream corporate reporting. This comparison between 2013 and 2014 results is the first of the annual benchmarks that Kering is committed to doing and demonstrates how fundamental the E P&L is to the Group's business reporting. It enables the incorporation of environmental impacts into day-to-day business decisions, helping the business build resilient growth in the face of climate change.

"Ahead of COP21, it is essential that businesses share solutions that can help reduce our collective impact on the environment and replenish our natural resources, in order to change the trajectory we are currently on", said François-Henri Pinault, Chairman and CEO of Kering. "In order to create a more sustainable and more resilient business model, we have embedded natural capital accounting in our business through our E P&L. We are also further integrating the E P&L into key decisions and to monitor environmental impacts, such as climate change, on our supply chains and on the raw materials that are strategically important to us in the short and long term."

Key highlights from the Group's 2014 E P&L analysis include:

On results:

- ∞ Consistency in year-over-year results and footprint profile validates the methodology, showing that the E P&L is working as an effective tool for decision-making.
- ∞ The Group's E P&L results increased 2.2% year over year, which is less than the Group's revenue growth² of 4.5%
- ∞ Continued implementation of the 2013 E P&L findings and execution of the sustainability strategy has shown some positive results in terms of lower-impact raw materials and manufacturing techniques.
- ∞ The 2014 figures provide a more in-depth analysis of the key drivers behind greenhouse gas (GHG) emissions at each stage of the supply chain, highlighting where and how the Group can work to mitigate climate change.
- ∞ Cost of carbon applied by the E P&L is several times higher than market value, at €62 euro per tonne of CO₂ emitted.

On methodology:

- ∞ Refined data and automation and visualization tool allows specific strategic review of the business footprint, such as the impacts of different raw materials from different source countries and the impact of different product categories (e.g. leather handbags³).
- ∞ Scope of the E P&L has evolved and now includes the estimations of the environmental impact from the use of precious stones in the business.

The full E P&L learnings and results, valued in euros, are outlined in the 2014 Group E P&L report ([downloadable here](#)). Kering is continuing to evolve its methodology and open-source its E P&L toolkit to assist in streamlining the implementation of an E P&L analysis annually, and to further promote natural capital accounting more broadly. As such, Kering will open-source its key multipliers in 2016 to help companies calculate their environmental footprint and its relative valuations.

“Our E P&L proves to be a powerful tool. Comparing results year-on-year provides us with critical insights into our business for us to implement innovative solutions to mitigate our environmental impact and address climate change issues, while creating new business opportunities,” said Marie-Claire Daveu, Chief Sustainability Officer and Head of international institutional affairs, Kering, *“We are committed to continued transparency and also dedicated to constantly improve the E P&L methodology and make it even more accessible for the business community.”*

Following the release of these 2014 Group E P&L results, and on the eve of COP21, Kering is hosting a Twitter chat this Thursday, 19 November at 16:00 CET. To join live, or to submit questions in advance, please include @KeringGroup and #KeringLive in your tweet.

About Kering

A world leader in apparel and accessories, Kering develops an ensemble of powerful Luxury and Sport & Lifestyle brands: Gucci, Bottega Veneta, Saint Laurent, Alexander McQueen, Balenciaga, Brioni, Christopher Kane, McQ, Stella McCartney, Tomas Maier, Sergio Rossi, Boucheron, Dodo, Girard-Perregaux, JeanRichard, Pomellato, Qeelin, Ulysse Nardin, PUMA, Volcom, Cobra and Electric. By ‘empowering imagination’ in the fullest sense, Kering encourages its brands to reach their potential, in the most sustainable manner. Present in more than 120 countries, the Group generated revenues of €10 billion in 2014 and had more than 37,000 employees at year end. The Kering (previously PPR) share is listed on Euronext Paris (FR 0000121485, KER.PA, KER.FP). www.kering.com

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The Environmental P&L (EP&L) issued by KERING is the product of a methodology developed by KERING to measure the impact of an economic activity on the environment, applying financial metrics. The E P&L is one among other manifestations of KERING’s commitment to protect the environment and leadership in sustainability. As such, KERING aims to share the methodology and tool hereby published with the general business community so as to make sure they will be improved and benefit to other actors in their own efforts to minimize the impact of their own industrial and economic activities on the environment. Because of its nature the E P&L cannot achieve the accuracy of financial results nor can it be subjected to financial audits. For any financial information about KERING, readers should refer to KERING’s Reference Document (document de reference) and other published information (regulated information disclosed as such). As a result, the E P&L in no way reflects nor has any impact on KERING’s past, present or future financial performance. In particular, the E P&L does not create any liabilities, implied costs or any rights to offset any amounts contained therein, nor does it trigger any provisions and neither does it result in any off balance sheet commitments. Finally, KERING makes no express or implied warranty or representation in relation to any information or data contained in the E P&L. Therefore, none of KERING or its representatives will have any liability whatsoever in negligence or otherwise for any loss however arising from any use of the EP&L or its contents or otherwise arising in connection with this presentation or any other information or material comprised in or derived from the E P&L

¹ An Environmental Profit and Loss account (E P&L) analyses the total environmental impacts in a company's own operations, and across its entire supply chain and then estimates the cost to society of the changes in the environment resulting from these activities.

² Comparable growth

³ Leather bag case study highlighted in the 2014 E P&L report