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<http://www.kering.com/en/sustainability>

KERING'S INDIVIDUAL COMMITMENTS IN *act4nature*

Conscious of its corporate and ethical responsibility towards the planet and its people, as well as the necessity to commit to a more sustainable model of luxury to remain resilient in the future, Kering has placed sustainability at the core of its strategy for the long-term under the leadership of company Chairman and CEO François-Henri Pinault.

Launched in 2017, the latest component of this strategy, entitled "Crafting Tomorrow's Luxury", establishes a roadmap to help shape the future of luxury as sustainable and includes a series of ambitious targets to be achieved by 2025, with three key themes: the environment (CARE), social welfare (COLLABORATE) and innovation (CREATE).

Convinced of the crucial role that companies have to play in the face of environmental volatility including the loss of biodiversity and the diminishing natural resources as a consequence of climate change, but also of the link between the preservation of ecosystems and the continued success and resiliency of the company, Kering has made biodiversity protection a key component of its business strategy.

As a leader in the Luxury sector, the nature of Kering's brand's product offerings and the associated high level of quality requirements mean that the company is highly dependent on raw materials of natural origin such as wool, cashmere, leather, cotton and silk, and consequently, Kering's continued success relies on well-functioning ecosystems that support their production. Climate change will have significant consequences, which can easily disrupt these ecosystems, so it is key to build resiliency into these raw material supply chains and find innovative approaches to do so.

Moreover, as Kering's Environmental Profit and Loss Account (EP&L) makes clear, the most significant environmental impacts of the group's activities take place upstream of the supply chain, at the raw materials sourcing and production level, which is also where the majority of the impacts on biodiversity occurs.

Kering's commitment to biodiversity is divided into four main areas

1 Improving the measurement of ecosystem services and biodiversity (in accordance with points 1, 2, 3 and 10 of the common commitment)

Making insightful and effective decisions for biodiversity preservation requires knowledge to be shared and adapted to suit the nature and potential impact of specific business activities.

Kering therefore intends to continue working with scientists and academics to better take biodiversity into account when measuring its impact on the natural environment, and to measure this impact on the worldwide scale of the company.

■ To this end, from 2019:

- Kering is committed to improving the inclusion of biodiversity and ecosystem services in its Environmental Profit and Loss Account and to improving the data and knowledge base underlying these assessments, in particular by supporting and sponsoring international scientific and academic initiatives seeking to produce data and metrics that are relevant to making well-informed business decisions as related to biodiversity. Specifically, Kering will pilot the Healthy ecosystem metric indicators it developed with Cambridge.

- Together with other stakeholders in the industry, Kering is committed to defining a Science-Based Target for biodiversity with the aim of helping to determine the acceptable limits of the Luxury sector's business activity on ecosystem services and biodiversity overall.

In the interests of transparency, which is an underlining mandate for Kering, studies related to these commitments will be published each year, just as the report on its group Environmental Profit and Loss Account results has been published annually since 2015.

2 Respecting biodiversity in the supply chain (in accordance with points 4, 5 and 8 of the common commitment)

The Kering Standards for Raw Materials and Manufacturing Processes, published in early 2018, include biodiversity protection criteria for each of the group's key raw material supply chains, with specific commitments by 2025 and minimum requirements in the immediate.

■ By 2025:

Kering is committed to 100% of its supply chains meeting the Kering Standards relating to the protection and sustainable use of plant and animal species, to the promotion of organic and regenerative agriculture, and to supporting wildlife-friendly farming practices.

■ Furthermore, by 2020:

Kering is committed to training 100% of its design and production teams and 100% of its key suppliers on the Kering Standards and the biodiversity conservation issues relating to the company's business activities.

3 Creating positive impacts on biodiversity
(in accordance with points 5, 6 and 9 of the common commitment)

In addition to ensuring that its business activities have no negative direct or indirect impact on biodiversity, Kering aims to increase the abundance of biodiversity in the environments where the group sources its raw materials. Furthermore, the company intends to support the regeneration of natural environments that have been impoverished by agricultural overexploitation and unsustainable farming practices.

Kering also seeks to support ecological balance and the renewal and conservation of species that are used in its precious skins supply chain. One such example is the contribution Kering has made towards a more sustainable python trade in Southeast Asia through its Python Conservation Partnership with the International Union for the Conservation of Nature and the International Trade Centre.

In order to highlight and promote the effects of this approach:

■ Kering is committed to developing large-scale ecosystem and biodiversity regeneration programs for each of its key natural raw materials (cashmere, wool, leather, cotton, etc.), thus contributing to the regeneration of one million hectares of land by 2025 via pilot programs such as its Sustainable Cashmere Project for the regeneration of natural plains and

the protection of wildlife in Mongolia, both threatened by the overexploitation of cashmere supply chains.

■ From 2018, Kering committed to opening up its snake protection program in Southeast Asia to all Luxury companies via the SARCA (South East Asia Reptile Conservation Alliance) initiative and to supporting conservation programs for these species.

■ Kering is committed to continuing its support for reforestation projects by offsetting 100% of its Scope 1 and 2 greenhouse gas emissions via the REDD+ (Reducing Emissions from Deforestation and Forest Degradation) programs.

4 Championing biodiversity among all stakeholders
(in accordance with points 2 and 10 of the common commitment)

Kering believes that it is essential for the entire private sector to act alongside governmental agencies, NGOs, scientists, academics and civil society representatives, to champion an economy and a society that exists in harmony with a flourishing biodiversity around the world.

Kering will therefore continue to take a leading industry role at numerous international biodiversity conferences each year and continue to work closely with its stakeholders to raise awareness and advocate the importance of biodiversity.

