

K E R I N G



*Sustainability Progress Report 2020-2023*

# *A word from Kering*

Six years into our Group's "Crafting Tomorrow's Luxury" strategy, we are proud to share the advancements we've made following our first progress report in 2020. We have not only continued to make significant strides towards attaining our original social and environmental 2025 targets, but also augmented them through a series of additional goals under dedicated strategies for climate, biodiversity and circularity. Our new commitment to reduce our absolute greenhouse gas emissions by 40% across scopes 1, 2 and 3 of the Greenhouse Gas Protocol by 2035 represents the next necessary step for Kering. This new target combined with our historical objectives will drive the transformation of the Group's business model. Indeed, we've continued to evolve our strategy to match our long-term vision to help drive Luxury and fashion's sustainability agenda. We are entirely convinced that impact reduction in absolute terms combined with value creation must be the next horizon for truly sustainable companies. The direction is clear and we will continue to look to this horizon, while building on our efforts to Care, Collaborate and Create.

## About Us

A global Luxury group, Kering manages the development of a series of renowned Houses in Fashion, Leather Goods and Jewellery: Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, Brioni, Boucheron, Pomellato, DoDo, Qeelin, 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".

## Key Figures in 2022



47,000 employees



€20.4 billion in revenue



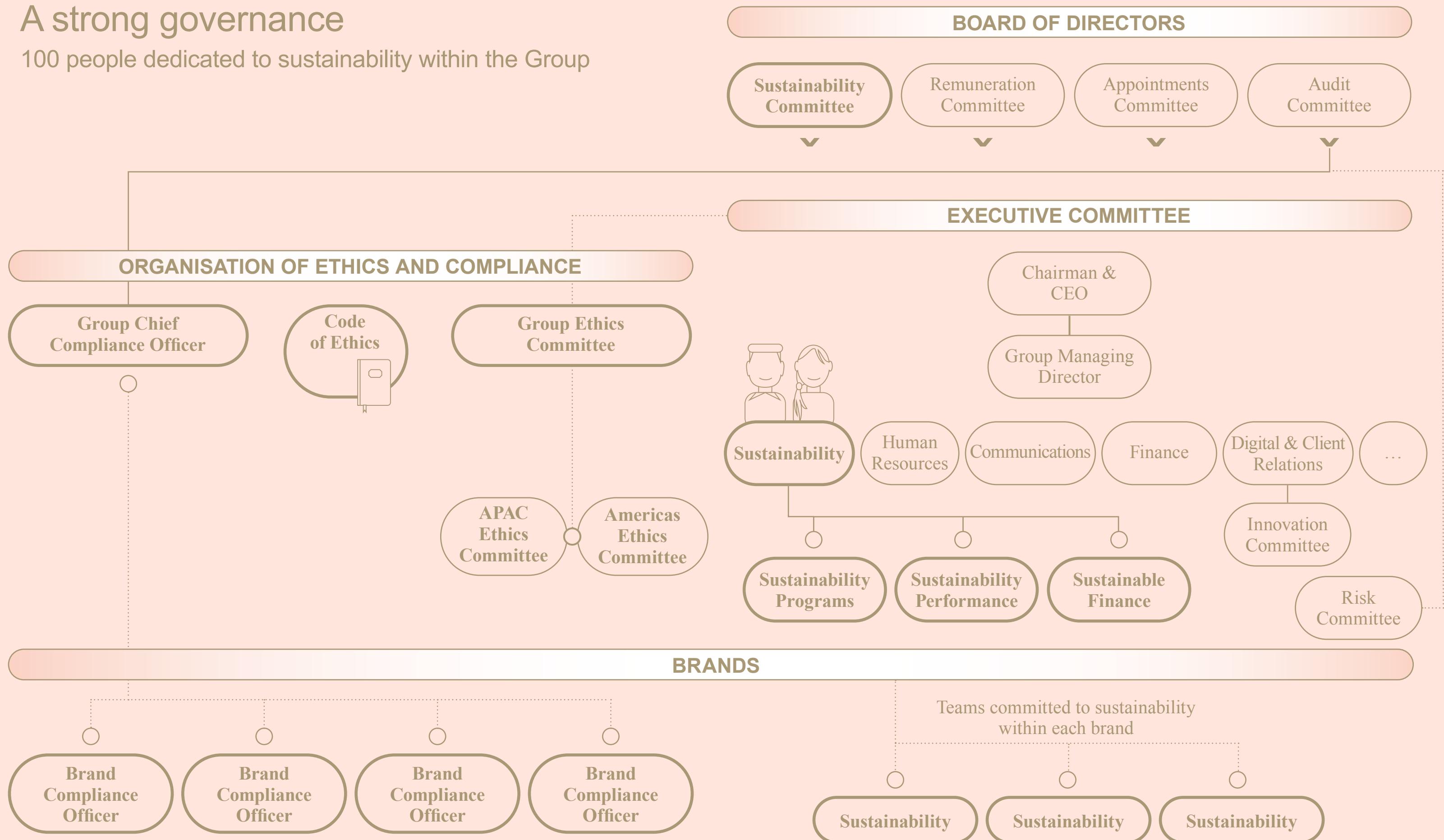
1,659 directly operated stores



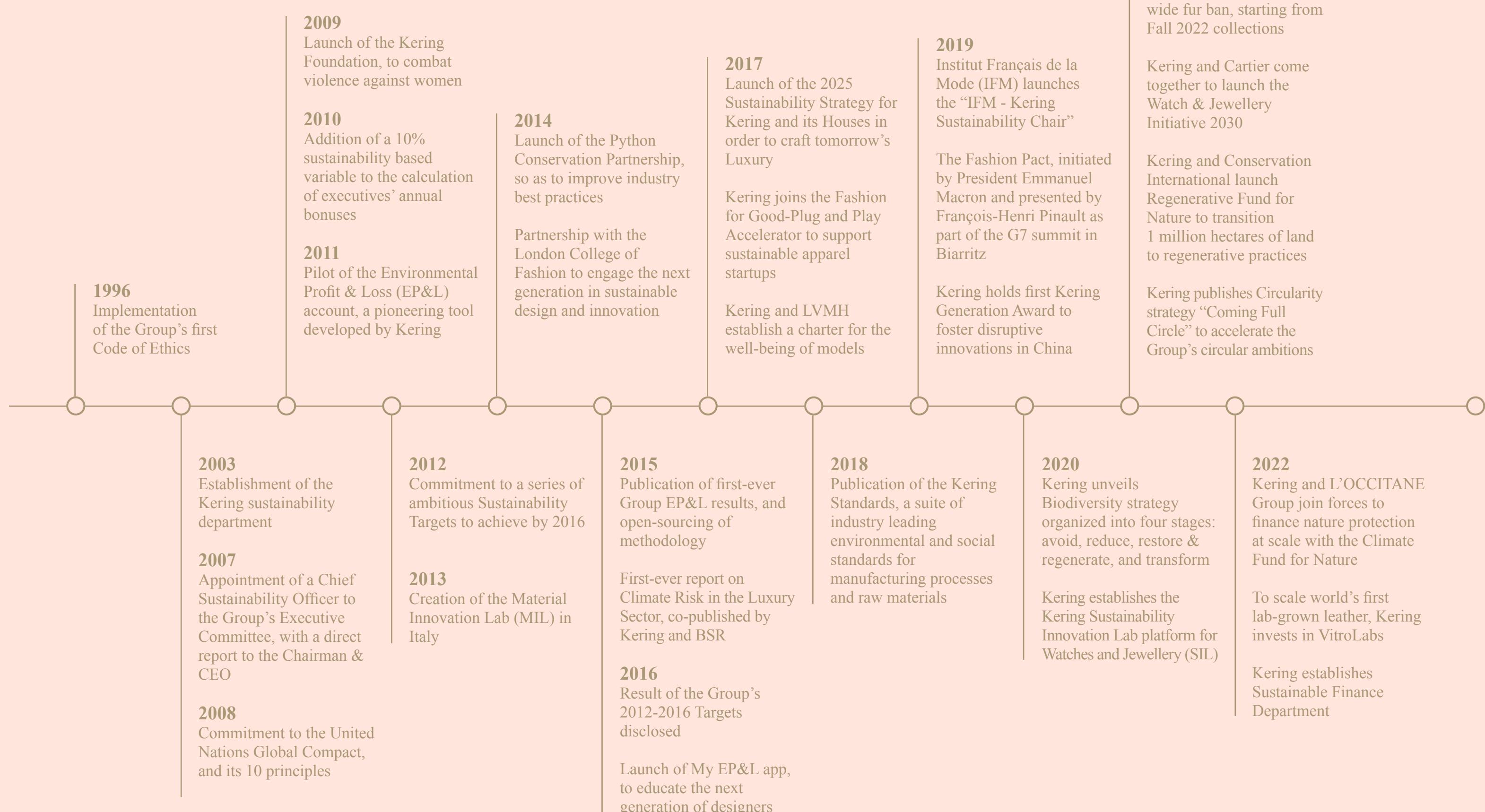
Almost 92% suppliers in Europe  
with 84% located in Italy

# A strong governance

100 people dedicated to sustainability within the Group



# A long-term commitment



# Leadership ratings in key sustainability indexes

## DJSI

In 2022, Kering was included in the DJSI World & Europe indices for the 10th consecutive year

## Corporate Knights Global 100 World's Most Sustainable Corporations

First in the Luxury and Apparel sector in 2022 and included in the overall top 100 for the 6th consecutive year

## WBA Nature Benchmark

Number 1 out of 389 international companies in 2022 for the first-ever WBA Nature Benchmark

## CDP

Kering was included in the Climate A List in 2021 and 2022

## MSCI

Kering received a rating of AAA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment for 2021 and 2022

## Moody's ESG

The Group was ranked 2nd in the “Luxury Goods & Cosmetics” sector in 2021 and 2022

## ISS ESG

In 2022, Kering achieved Prime status for the 6th consecutive year

## FTSE4Good

Included in the FTSE4Good Index Series for the 8th consecutive year in 2022

## Bloomberg GEI

Constituent of the Bloomberg Gender Equality Index since 2018

## Refinitiv Diversity & Inclusion index

Second in the 2022 Refinitiv Diversity & Inclusion index among nearly 12,000 international companies



Care.

# Our 2020-2023 highlights



Created Regenerative Fund for Nature: first 7 grantees representing 840,000 hectares of land



Group-wide fur ban



Launched €300 million Climate Fund for Nature with €140 million committed



Attained 40% target to reduce total environmental impacts 4 years early in 2021



Reduced absolute scopes 1 and 2 emissions by -71% and achieved -52% intensity reduction in scope 3 emissions since 2015



Science-based target aligned with a 1.5°C pathway



100% renewable electricity



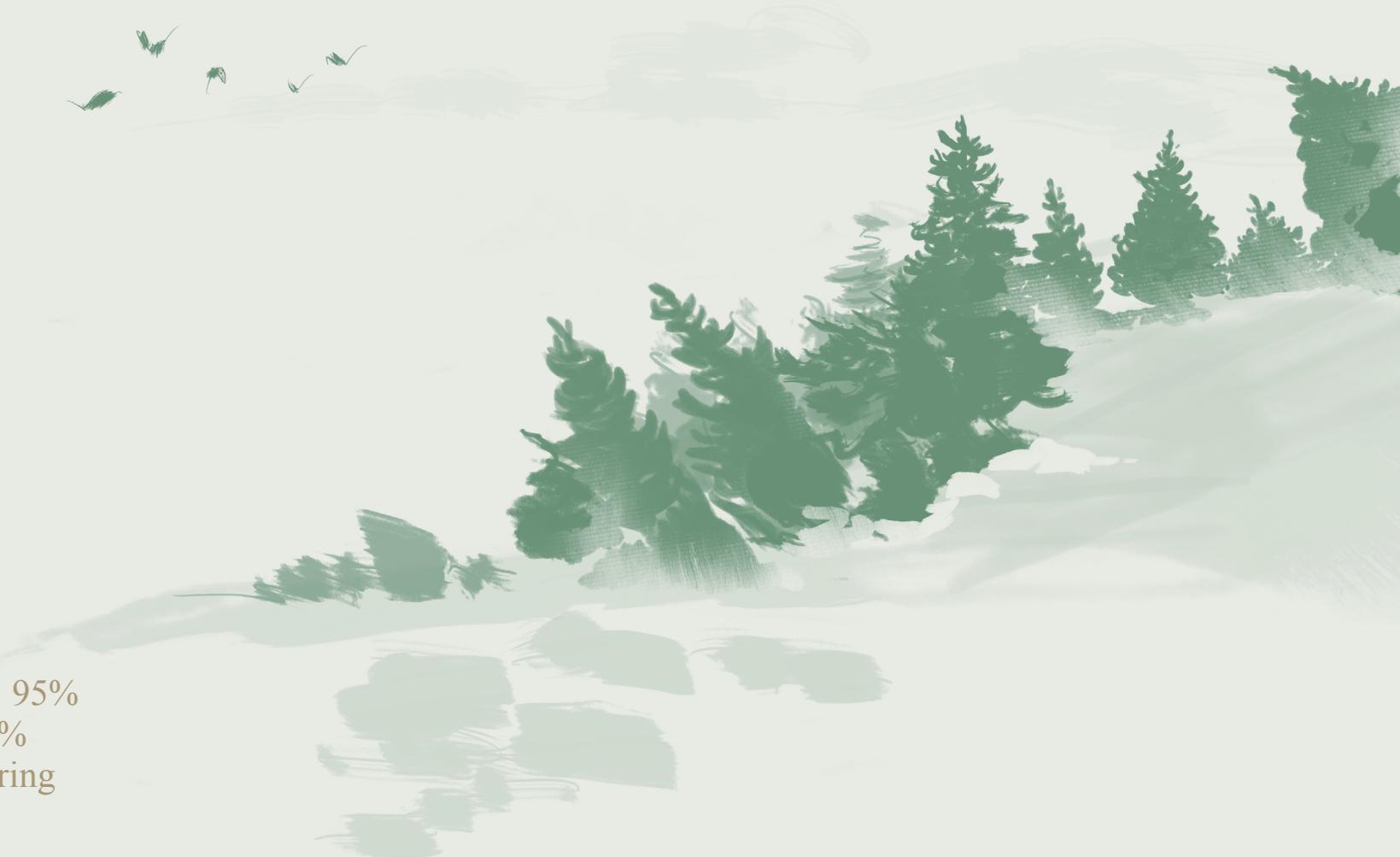
Key raw materials: 95% traceability and 71% alignment with Kering Standards



Committed to net-zero impact on nature by regenerating and protecting 6 x land footprint of Group's supply chain by 2025



Established Sustainable Finance Department



## An overview

As we continue to make significant inroads on our 2025 sustainability targets, we've also set a new series of climate, biodiversity and circularity goals to accelerate our vision of a modern and responsible Luxury. We've updated our science-based target to align with a 1.5°C trajectory and put in place further internal and external levers to help us achieve our overall reduction commitments. The mitigation and conservation hierarchies underline our approach, with our Environmental Profit and Loss (EP&L) account acting as a guide to identify, measure, reduce and report on our environmental impacts along our entire value chain. At the same time, we've created innovative financing mechanisms and work alongside our partners to protect, restore and regenerate nature for the future.

## A science-led approach

Our strategy is based on climate science and continues to evolve with new developments in scientific thinking, voluntary best practice recommendations and governmental regulations. Our commitment to sustainability and leadership means that we are constantly looking at new and improved ways to innovate for our Group, as well as creating platforms and open solutions to benefit our industry as a whole. We follow the Science Based Target initiative (SBTi) recommendations and, in April 2021, we updated our previous science-based target commitment to reduce our greenhouse gas emissions in alignment with a 1.5°C pathway. Verified and approved by the SBTi, we committed to reduce our absolute greenhouse gas emissions in scopes 1 and 2 of the Greenhouse Gas Protocol by 90% and our scope 3 emissions by 70% per unit of value added by 2030, from a 2015 baseline. We also committed to increase our annual sourcing of renewable electricity from 25% in 2015 to 100% by 2022, which we achieved within our target timeline in accordance with the RE100's guidelines.

## A dedicated Sustainable Finance Department

In July 2022, we created a Sustainable Finance Department to boost our sustainability ambitions. We now have a team of dedicated finance professionals working under the leadership of the Kering Sustainability Department, and hand-in-hand with our corporate finance department, to unlock further sustainability solutions for the long-term. Building these bridges across our departments and adapting our governance structure to ensure sustainability is at the heart of all our decision-making has been a fundamental part of our strategy.

*“Kering were pioneers of the EP&L approach and their subsequent work, for instance the Sustainable Cashmere Project, goes beyond most of the market by incorporating their dependencies as well as their impacts on nature, people and culture into decision-making.”*

**Mark Gough, CEO, Capitals Coalition**

Reduction in absolute  
scopes 1 and 2 greenhouse  
gas emissions



Reduction in intensity  
scope 3 greenhouse  
gas emissions



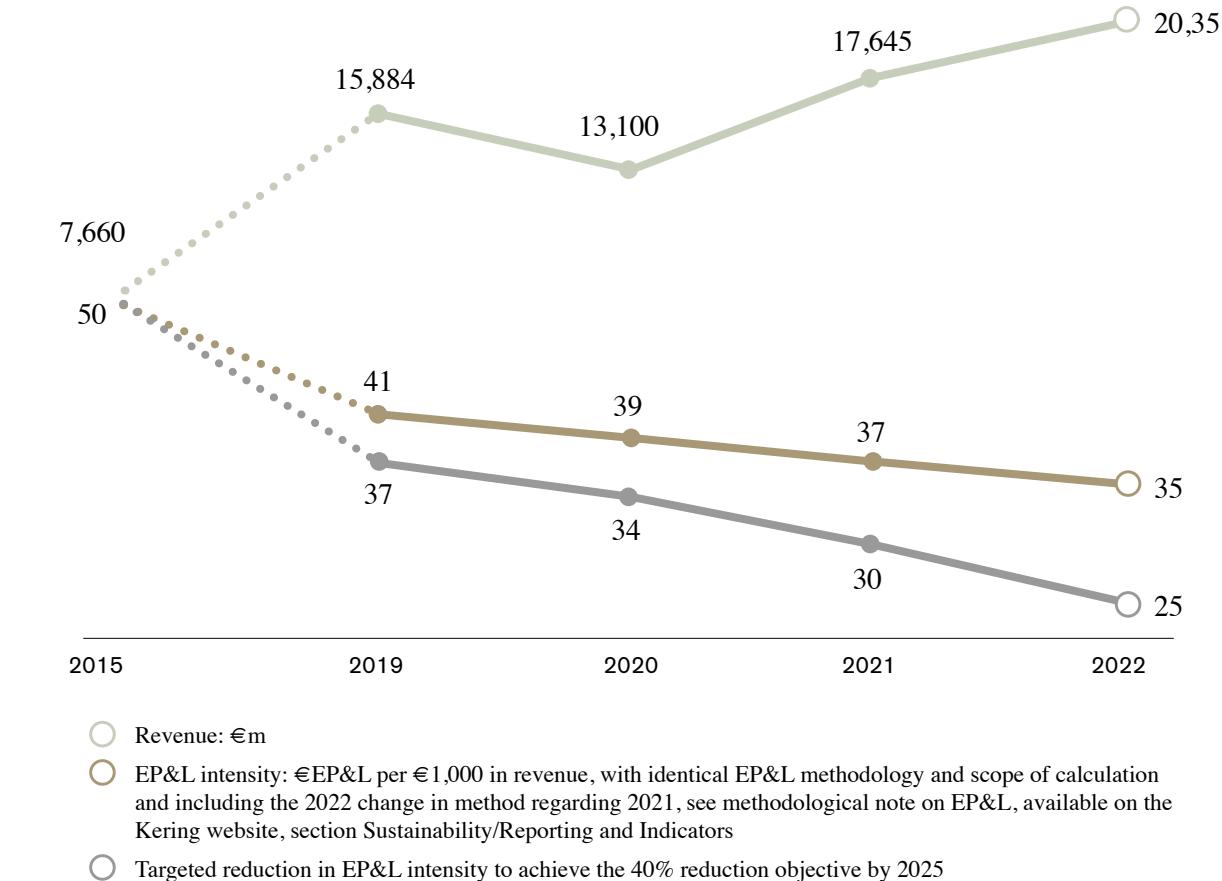
Annual sourcing  
of renewable electricity



# Accountable and transparent every step of the way

As a Group, we've been transparent about our environmental impacts and progress to meet our reduction targets ever since 2015. It's a way to keep our stakeholders informed and hold ourselves fully accountable. To help us, we pioneered Environmental Profit and Loss (EP&L) accounting back in 2012. A truly innovative tool at the time, and still today, we've continued to evolve our EP&L methodology to have a deeper breadth and scope of our environmental impact performance, to identify priorities for action, and to showcase our progress. It not only captures our impacts covering greenhouse gas emissions, water use, waste, air and water pollution, and land use across our Group's direct and indirect activities every year, starting from raw material production where our Houses' products begin their lives, we now understand the impacts associated with our clients' use and disposal of them too. We've augmented the transparency around the EP&L's data, sharing the results on our open-source platform since 2019 and, starting in 2021, publishing all underlying EKPIs (environmental indicators in their physical unit, not monetized). Our EP&L results for 2021 revealed we had already attained our 40% target to reduce our total environmental impacts four years early, with this trend confirmed once again in the following year. For 2022, we reduced the Group's absolute emissions in scopes 1 and 2 of the Greenhouse Gas Protocol by 71% and achieved a 52% intensity reduction of the Group's scope 3 emissions, all since 2015. Furthermore, between 2019 and 2021 our absolute environmental impact decreased and, significantly, this was during a period where our business grew.

## Kering's EP&L year-on-year reduction



## Capturing consumer habits

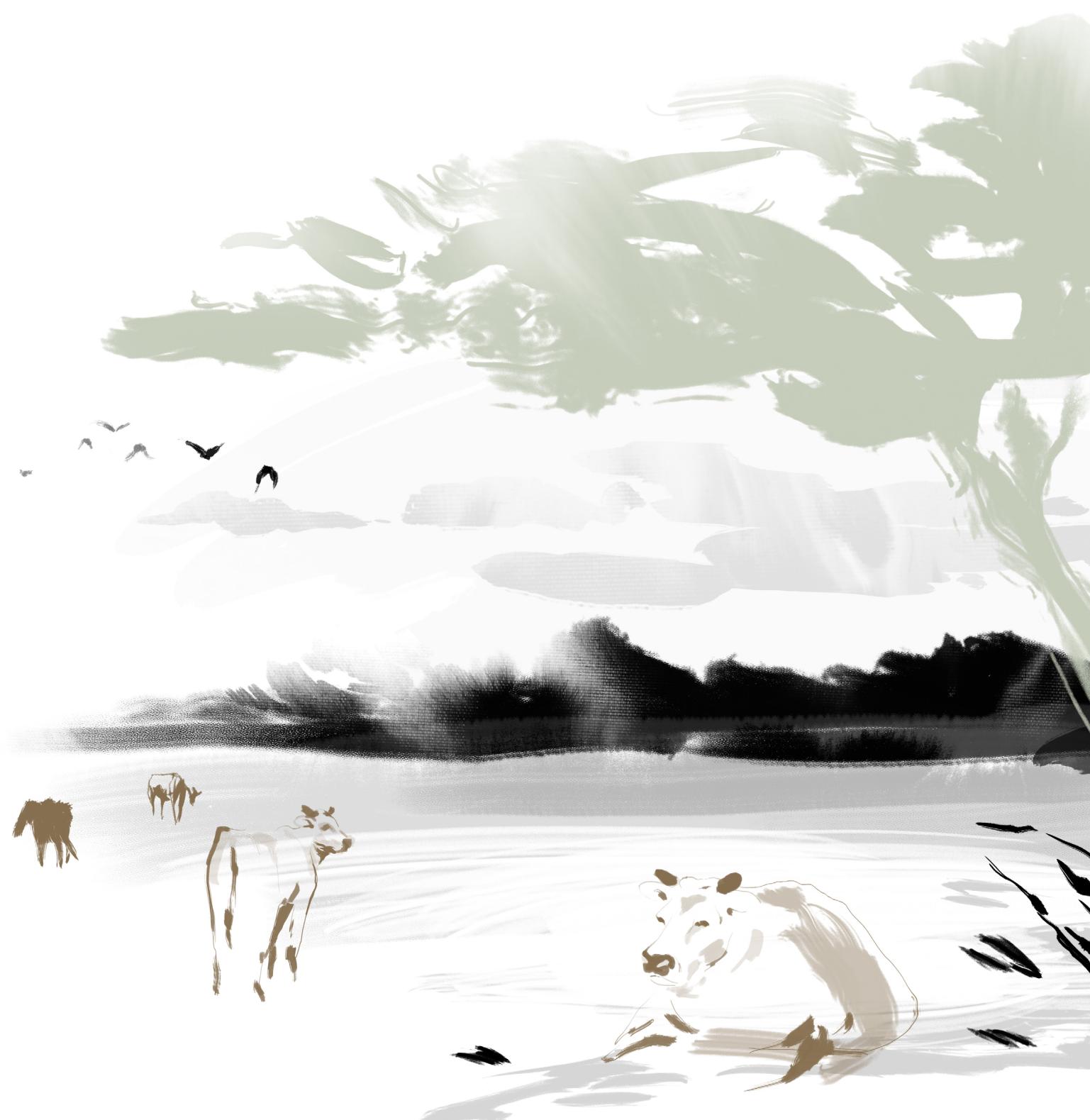
The environmental impacts linked to how consumers use and dispose of their products are a crucial, complex and little understood part of fashion and Luxury's ecosystem. There is currently no guidance on this for our industry and we wanted to pioneer a starting point; capturing these downstream impacts in our annual EP&L analysis to understand our products' full lifecycle. So, in October 2019, we launched the first major survey of its kind to

analyze the behavior patterns of more than 3,000 Luxury fashion consumers across France, the United Kingdom, Italy, China, the USA and Japan. Based on questions around product use and care, as well as length of life and how products were finally disposed, we developed a specific methodology to extend our EP&L to include consumer use and end-of-life starting in 2020. Since then, we've gained a lot of insights into our clients' habits once they purchase our products and it has helped to identify areas of material impact and targeted interventions to reduce the associated impacts. For example, in 2022, the consumer use phase and end of life impacts accounted for 8% of our EP&L impact, with the majority coming from ready-to-wear.

# Leading with high standards

Minimizing our entire footprint and ensuring best practices along the way, means that our supplier requirements reflect our high standards and targets across traceability, social welfare, environmental protection, animal welfare and chemical use.

The Kering Standards are strict and cover our key materials, starting from raw material production, and the processes that go into making our Houses' products. We've made good progress on our target to reach 100% alignment with these standards, reaching 71% in 2022. To drive total alignment, we include them in all our supplier contracts and we created a supplier index to rate their performance. Updated every year to reflect the latest scientific research, as well as existing standards, legislation, best management practices and guidelines from different industries, we develop the Kering Standards in collaboration with experts and NGOs. To share even greater transparency on everything we do and to help guide our peers on best practices, we publish them too. We've also continued to work closely with suppliers to embed our Kering Animal Welfare Standards since publishing them in 2019. Part of this work has included mapping our leather supply chain; we've covered 487 abattoirs, whereby the abattoirs verify the farms' best practices aligned with our standards. We also took some clear decisions on how we want to contribute to meaningful changes in our industry's approach to animal-derived materials. Our Group-wide fur ban announced in September 2021 was ground-breaking for Luxury fashion.

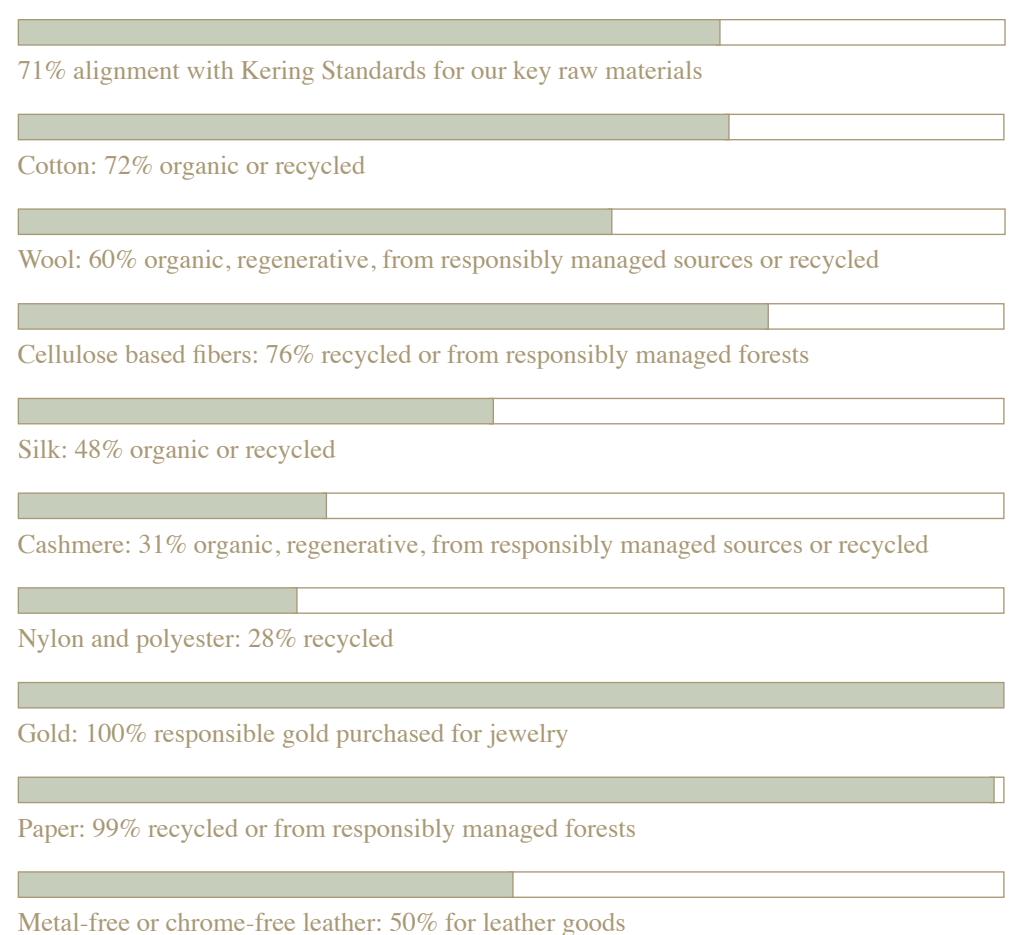


# Materials fit for the future

## Traceability for materials



## Sustainable Materials in our Collections



While still a serious challenge for our entire industry, traceability acts as a benchmark for responsible and sustainable leadership. It provides greater supply chain visibility and control overall, and, for us, tracing our raw materials back to their origins is an essential piece of the sustainability puzzle. We want to ensure our Kering Standards are met so that our Group's raw materials and processes are drivers of impact reduction, animal welfare and value creation for local communities. We've made good progress on our 100% target for traceability, reaching 95% in 2022. To compliment these efforts, our Houses have also increased their use of certified materials, as well as recycled, organic and new-generation fabrics to reduce their impacts and reliance on new resources. How our raw materials are grown, extracted and produced is absolutely pivotal for leveraging better outcomes for nature and climate too. At both Group and House levels, we've been investing substantially into regenerative agriculture for years now, beginning with our partnership with Savory Institute back in 2018. We work closely with farmers and herders in our supply chain regions to support their transition to regenerative practices. Building these frameworks from the ground up means that we are better positioned to scale up materials from agricultural systems that not only restore and regenerate soil health and biodiversity, but mitigate climate through carbon sequestration.

## Spotlight *Saint Laurent*

Blockchain is driving traceability. Saint Laurent recognizes that intense, consistent scrutiny of raw materials and their sources is vital to reducing environmental impact. For textile fibres, the House has started to deploy TextileGenesis™ pioneering traceability platform at each step the supply chain. Through digital tokens (Fibercoins™) Saint Laurent is progressively able to trace transparently textile products from fibre origin to retail.

## Spotlight *Gucci*

Since 2020, Gucci has invested in regenerative agriculture to transform its supply chain. The House supports projects within Italy and around the world, and these raw materials will be included in Gucci's collections. As part of this vision, Gucci is helping revive Italian farming communities and in Calabria, for example, the agricultural cooperative Nido di Seta is developing a new local regenerative silk farming supply chain. These threads will be woven into Gucci's first regenerative silk scarves. Outside of Italy in Uruguay, Gucci launched the NATIVA™ Regenerative Agriculture Program in collaboration with Chargeurs Luxury Fibers, which will provide 50 tons of regenerative wool per year to be used in Gucci's collections. The project involves 10 farms spanning 100,000 hectares of land, including la Soledad Farm.

## Bold ambitions and actions for biodiversity

For over a decade, the interface between nature and business has been an important focus for us. We depend on biodiversity for materials like cotton, leather, cashmere and wool to make our Houses' products and it was important to deepen our understanding of how we impact and depend on it. We've been capturing the complexity of land use through our EP&L analysis and it's our biggest impact after climate, totaling 31% of our Group EP&L. So, making ambitious commitments to protect, restore and regenerate biodiversity was an obvious decision to take; it's not only essential to be responsible for all our impacts but we're ensuring supply chain resiliency for the future too. We've since moved from commitments and supporting scientifically-backed frameworks, to having customized programs and clear priorities for addressing biodiversity in, and beyond, our own supply chains. We work with all the main supply chain players, starting from the farming communities themselves, as well as collaborating closely with other sectors linked to fashion's supply chain, like the food and beauty industries. Our strategically-driven approach is underlined by our biodiversity strategy we published in June 2020. We committed to two main targets: we want to have a net-zero impact on nature by 2025 and to get there we're regenerating and protecting an area around six times the total land footprint of Kering's entire supply chain, all the way back to raw material production. Although this part of the supply chain is shared by dozens, if not hundreds, of other companies, we took this entire area of around 350,000 hectares into our calculations. A big part of our approach to biodiversity, and our philosophy as a Group, is to regenerate far more than what we impact. In practical terms, this means we're working to transform 1 million hectares of farms and landscapes that produce fashion and Luxury's raw materials to regenerative agriculture, as well as protecting 1 million hectares of critical, irreplaceable habitat outside our supply chain, all by 2025.



# Financing mechanisms catalyzing change



Regenerative Fund for Nature



Climate Fund for Nature

The transformation of raw material production systems is a top priority for us to help stop and reverse the direct negative impacts that the fashion and Luxury industry has on ecosystems and species. Our biodiversity strategy reflects this; it's built on global expertise and the scientific consensus that places agriculture as one of the most significant drivers of biodiversity loss and climate change. To support our goal to transform 1 million hectares of farms and landscapes to regenerative agriculture in fashion and Luxury's cotton, wool, cashmere and leather supply chains, we set up an innovative financing mechanism with Conservation International in 2021. Our "Regenerative Fund for Nature" aims to scale up regenerative materials for the Luxury and fashion industry by financing farmers, NGOs and key stakeholders to move from current agricultural practices, which have high impacts on climate and nature, towards regenerative methods to sequester carbon, mitigate climate change, restore nature, improve local community livelihoods and enhance animal welfare. In September of the same year, we announced the Fund's first seven grantees with projects representing 840,000 hectares across South America, Central Asia, India, Europe and Africa, directly benefiting 60,000 people engaged in small and larger scale farming systems. Ultimately these projects will be transformed into regenerative agricultural spaces and we've seen good developments within the first year; the projects are on track to develop and scale agricultural change on the ground. Consensus in the scientific community is clear around the need to scale-up finance and investment in nature-based solutions. We wanted to back this up with action, so we set up another complimentary biodiversity fund mobilizing resources for nature-based solutions in December 2022. Announced during COP15 in Montreal, the "Climate Fund for Nature" is an innovative financing mechanism mobilizing resources from the

Luxury fashion and beauty sectors; it's a €300 million fund with €140 million already committed at its launch. In short, the Fund is supporting high-quality projects that contribute to the protection and restoration of natural ecosystems and deliver carbon credits, as well as supporting farmers in their transition to regenerative agriculture. The projects will mainly be in the countries where Luxury fashion and beauty source our core raw materials, generating co-benefits for the communities with an emphasis on women. We're collaborating with Mirova bank to manage the fund and we welcomed the Fund's first partner L'OCCITANE in Montreal. Both the Regenerative Fund for Nature and the Climate Fund for Nature are excellent examples of science-led financing mechanisms that are already operational and supporting nature. We've opened them both up to other leading companies as our focus is on scaling measurable outcomes for nature, climate and livelihoods.

*“The Regenerative Fund for Nature is a much-needed catalyst for what is possible – a transformation in the way we use land for agriculture, carbon, biodiversity, and communities. In South Africa, I've seen how this program – and its novel approach to financing – are transforming economies, enriching local communities, protecting biodiversity, and planting the seeds for a global revolution in regenerative agriculture.”*

**M. Sanjayan, PhD, CEO of Conservation International**

# Regenerative Fund for Nature

First 7 grantees  
equaling:



840,000 hectares to  
regenerative agriculture



Benefiting  
60,000 people

**WCS-WFEN, Patagonia, Argentina:** the regenerative wool project has integrated its activities within the Wildlife Friendly certification program.

**Solidaridad, Argentina:** the regenerative bovine leather project has young local technicians from producers' families who have been participating in training with activities around regeneration practices, animal welfare, good veterinary practices and environmental best practices.

**Fundación Global Nature, Spain:** the regenerative goat leather project has 8 pilot sites involving 9,000 hectares of land and 5,000 animals are engaged.

**Epiterre, France:** the regenerative wool and sheep leather project has 135 hectares following regenerative practices and farmers have signed 27 Contracts of Payments for Ecosystem Services.



**Conservation South Africa:** the regenerative wool project has achieved positive outcomes on conservation, livelihoods, rangeland restoration, animal welfare and exploring the potential of alternative conservation finance mechanism through carbon credits.

**Organic Cotton Accelerator, India:** 2000 cotton farmers are ready to shift from conventional cotton to organic cotton while receiving a price premium during the 3-year conversion period.

**Good Growth Company, Mongolia:** the regenerative cashmere project has a tool kit ready to pilot a Landscape Regeneration Model in three sites in 2023, covering 170,000 hectares and engaging 75 households.

## Partnering for nature

In reframing fashion and Luxury's relationship with nature, continuing to work with and support the latest developments of science, conservation and academia is key for us. We have long-term strategic partnerships with international organizations and NGOs that provide research and guidance for species conservation, such as the International Union for Conservation of Nature (IUCN) where we've maintained a successful partnership supporting their Red List of Threatened Species project, as well as scientific institutions preserving nature's heritage like the Museum National d'Histoire Naturelle in Paris. We also became the first corporate partner with the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES) starting in 2019, contributing to its global policy work and breadth of research, including a focus on the impact and dependence of business on biodiversity. These scientific frameworks are critical to inform international regulations, governance and reporting requirements and, in turn, drive meaningful action. Here, we've supported the Science Based Target Network too in the development of the science-based target for nature as a member of its corporate engagement program and we plan to roll out the guidance on a Group level when it's published in March 2023. We're also members of the Taskforce on Nature Related Financial Disclosures (TNFD) Forum, providing input into its methodology and similarly, we will incorporate the recommendations into our strategy and reporting.

Working alongside other companies on collective issues has also proved insightful; we've been an active sponsor of One Planet Business for Biodiversity (OP2B) since its founding in 2019. As a business coalition, OP2B brings together companies across different sectors that share similar agricultural supply chains and impacts on biodiversity, including fashion, food and beauty brands. Through collective research, action, and advocacy, the coalition aims



to catalyze increased conservation and ecosystem restoration efforts, and wide-spread adoption of regenerative agriculture. Among our many contributions, in 2022, Kering co-authored OP2B's "Framework for Restoration Actions".

*“Kering, the first IPBES private sector supporter, continues work to measure and reduce their environmental impact and that of their customers. The active engagement of business is vital for transformative change.”*

**Dr Anne Larigauderie, IPBES Executive Secretary**



A close-up photograph of a pink peony flower. The flower has several large, overlapping petals in a light pink color. In the center, there are several dark, textured stamens. A dark, thick stem or leaf extends from the bottom left towards the center. The background is blurred, showing more of the same flower.

Collaborate.



## Our 2020-2023 highlights



Watch and Jewellery  
Initiative 2030



Advanced Fashion Pact  
with over 250 brands  
representing more than  
30% of the industry



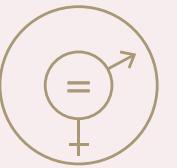
Created certificate for  
fashion sustainability  
under IFM-Kering  
Sustainability Chair and  
partnered with Bocconi  
University



Empowered women  
across Group: accounting  
for 57% managers,  
63% workforce,  
33% Executive Committee  
members, and 45% Board  
of Directors



Established e-trainings in  
Italy's luxury supply chain,  
training 313 women  
between 2020 and 2022



Joined UN Women's  
Generation Equality  
Action Coalitions,  
through the Kering  
Foundation, with 5-year  
commitment to accelerate  
actions and global  
commitments for gender  
equality by 2026

## An overview

We approach all our endeavors in the spirit of collaboration; working alongside our colleagues, our partners and our stakeholders to support systemic change inside and outside of the Group. People are at the heart of our strategy. Our mission is to offer a stimulating, caring work environment where creativity, audacity and diversity fuel the success of our Houses, and drive our vision of sustainable and influential Luxury. Our network of skilled artisans and suppliers have critical roles to play, too, in safeguarding our rich heritage and helping to decarbonize the supply chain, making sure that Kering's social and environmental high standards are observed along the way. We know that transformative change doesn't come easy and can't be done on our own; knowledge-sharing and collaboration at large is needed to continue to reach for our goals. We've created coalitions of Luxury and fashion players so that we can address our industry's issues together, to make a much bigger positive impact together. We're forward-thinking at all times and partner with schools to educate fashion's next-generation so that they bring their own convictions and come better equipped to help tackle these issues too.



## Empowering women, empowering diversity

Going further than our commitment to social responsibility, our Group believes that inclusion and diversity are sources of creativity and innovation, and thus of economic performance. That's why we make every effort to establish a culture of equality at all levels of the organization and provides our teams with an open-minded, diverse, inclusive and stimulating work environment, thereby contributing to our Group's success. We pay close attention to diversity in employee profiles (gender, culture, origin, sexual orientation, identity, age and disability), which we recognize as a rewarding source of collective intelligence. As part of our sustainability strategy, we promote diversity and gender equality through a series of concrete commitments, which include ensuring gender parity and salary pay equity in all functions and achieving gender parity at all levels. In 2022, women represented 63% of our total workforce, with 57% in management roles in the Group, 33% in our Executive Committee, and 45% in our Board of Directors (excluding Directors representing employees). We're proud of this representation across every level of our company, making Kering one of the most feminized companies in the CAC 40. Indeed, Kering placed second in the 2022 Refinitiv Diversity & Inclusion index among nearly 12,000 international companies. Kering is also proudly pioneering social innovation, with social standards fostering gender equality. As an example, Baby Leave, launched in January 2020, allows all parents – mothers, fathers and partners – to take 14 weeks of fully-paid leave to care for their child. This contributes to gender equality in a practical way by guaranteeing the same parental leave rights to all parents, regardless of their gender, sexual orientation and personal situation. It also ensures genuine gender equality for all Kering employees and in particular makes an effective contribution to tackling the prejudices women face whenever

they apply for a job, seek a promotion or attempt to advance their careers. Our global policy on domestic violence, launched in January 2022, is another example of our advanced social standards. Aligned with the ILO Convention No.190 on violence and harassment, this internal policy was designed to provide the appropriate support to survivors and victims of domestic violence, in line with our belief that businesses have a decisive role to play in combatting violence against women.



# The Kering Foundation caring for women

We're always looking out for game-changing initiatives empowering women globally and, through the Kering Foundation in 2021, we proudly joined UN Women's Generation Equality Action Coalitions. We made a 5-year commitment designed to accelerate actions and global commitments toward gender equality by 2026. As the private sector lead of the Gender-based Violence Action Coalition, just one of our actions so far was a commitment of €5 million over five years to support the opening of 15 locations in France based on the model of "La Maison des Femmes" in Saint-Denis to provide shelter, care and support for women who are victims of violence. Helping women break out of the cycle of violence is critical in rebuilding their lives.

## Women in the supply chain

Empowering women in our supply chain has been part of our mission too. Indeed, the status of women in Luxury's supply chain, as well as opportunities to support their economic and social empowerment, has been largely unknown. It was very important for us to understand these issues, not least because the majority of our Houses' manufacturing takes place in Italy, making up more than 85% of this, with a significant percentage of women employed by these suppliers. So, in December 2019, we presented the first-ever study on the role of women in Luxury's supply chain in Italy in collaboration with Camera Nazionale della Moda Italiana (CNMI) and some of our Houses. Since then, we've offered a series of e-trainings based on the results of the study, with a special focus on leadership and gender, career development, assertiveness, networking and group support. We've had an excellent response, reaching 313 women during 484 separate trainings between 2020 and 2022.

## Collaborating with suppliers

Our long-term supplier relationships are at the heart of our Group, working together to achieve our sustainability goals. Through a robust auditing system, supplier contracts, and a Vendor Rating Platform we created in 2020 to deepen transparency around supplier KPIs, we make sure that the high standards reflected in Kering's Code of Ethics, which includes a Suppliers' Charter, are met. Back in 2016, we set up a centralized supplier compliance department at the Group level to augment our audits, with our team monitoring our suppliers' compliance in regards to human rights, labor conditions, environmental management, and legal and business integrity across our supply chain. Over the last three years these audits totaled 9,937. To further amplify our Code of Ethics and Suppliers' Charter, in 2021, we published the Group's Human Rights Policy covering all of our Group's operations and supply chain, across four key pillars. Here, we're collaborating with a wide variety of stakeholders; from our peers with similar goals, to international organizations and experts on the subject. For example, when it comes to Living Wage, we collaborate with the Fair Wage Network and we're members of the Business for Inclusive Growth coalition, founded in 2019 to fight inequality and build business models for more inclusive growth. In 2022, we hosted the first in-person members meeting and we're active participants in four working groups: Living Wage, Human Rights, Social Metrics Disclosures & Impact and Diversity & Inclusion.

*“Kering has always been pioneering sustainability issues with a focus on women's empowerment. We were pleased to present the important results of this project as part of our 2021 Including Diversity event.”*

**Carlo Capasa, President of Camera Nazionale della Moda Italiana**

## Preserving Luxury through craft

Driven by the exceptional heritage of our Houses, today Kering is the custodian of considerable know-how. Safeguarding craftsmanship and perpetuating traditional know-how are both first priorities. Across our Group, we're focused on protecting these unique skills, offering excellent training programs and craftsmanship schools equipped to pass on unique expertise and generate new ideas for the future, in the continuity of our cultural heritage. Through our Houses, we've supported more than 1,900 people who have benefited from these programs and trainings to date.



## Education for the future

Education plays a pivotal role in providing the skills and knowledge required to navigate the future, and the future of our industry. Indeed, education-based programs that integrate sustainability will inspire the next generation to act and become the changemakers we need. That's why Kering joined forces with leading universities and schools in Paris, London, Milan and Beijing to create dedicated programs on the many topics of sustainable fashion. More recently, in 2022, we forged a new partnership with Bocconi University in Italy, launching a first challenge among its students to assess the impact of ESG performance on company valuation and share prices, with a focus on the Luxury fashion industry. Under the "IFM - Kering Sustainability Chair" we launched with The Institut Français de la Mode (IFM) in 2019, we've also supported the instruction of nearly 2,500 students on topics around sustainability and fashion. Just one year later in 2020, we created a specialized certificate in fashion sustainability. Supported by Kering experts, the certificate's curriculum was designed to provide IFM's students at every level (Bachelor, Masters and Executive MBA) with skills and a deeper understanding across the main areas that are integral to advancing sustainability in the Luxury and fashion industry.

*“Thanks to the creation of the IFM-Kering Chair in 2019, nearly 2,500 students have been trained to the concepts and values of sustainability! The training of the next generation is a real accelerator for the transformation of our industry!”*

Andrée-Anne Lemieux, PhD, Head of Sustainability  
IFM-Kering Chair, Institut Français de la Mode

## Clean by design

Collaborating with our suppliers and industry peers to reduce luxury and fashion's manufacturing footprint can lead to greater results. So, when the Natural Resources Defense Council came up with an initiative to reduce impacts around energy and water use in textile mills, we immediately signed up. Starting in 2015, the Clean by Design program has since been implemented at 41 of our historical and strategic Tier 1 and 2 suppliers located in Italy across dyeing, printing and finishing mills, spinning and weaving mills, denim laundries, in 3 wool washing mills and 3 silk reeling mills in China, and 8 in Japan. Some great results followed: averaging 19% in energy savings per site, mainly in the -10% to -20% range with peaks of -40%, and showing a return on investment for participating suppliers in less than 2.5 years in Italy and less than one year in China based on the program's efficiency actions. In 2021, we extended the Clean by Design in Italy with the Apparel Impact Institute, in partnership with Stella McCartney, Burberry and the NGO Legambiente. This collective scaling will augment the success of the program in our industry even further in 2022, and beyond.

## Leading alliances

Equally important to drive the sustainability agenda forward is collaboration among our industry peers. If we are to scale innovation and reach critical mass adoption for sustainability solutions, it's essential that we define our collective issues and work together on them. With these goals in mind, we've led the creation of two successful coalitions. The Fashion Pact, originally established by Kering in 2019, includes 250 brands, representing more than a third in production volume of the textile and fashion industry, working towards three pillars: Climate, Oceans and Biodiversity. By the end of 2022, more than 14 collective projects were in play. The Fashion Pact announced its first major project in 2022, with the CEOs of 12 member companies, including Kering, committing to generate 100,000 MWh of solar energy every year to feed it into the grid. By increasing the availability of renewable energy for purchase, the "Collective Virtual Power Purchasing Agreement" will reduce emissions for the entire sector over the long term. In 2021, we replicated the successful Fashion Pact model for the watches and jewellery sector and launched the "Watch & Jewellery Initiative 2030" with Cartier. Bringing together 27 member companies by the end of 2022, the coalition focuses on common objectives across three priorities: building climate resilience, conserving resources and fostering inclusion.

*“Transparency, humility and collaboration are major levers of positive change, and are essential to driving progress within the whole business community. Since 2018, Kering has supported the ChangeNOW summit to gather pioneers of change from around the world, share and push collective action on major sustainability goals. This shows how the group embodies these values.”*

**Kevin Tayebaly,**  
**Co-Founder & Chief Development Officer, ChangeNOW**

## Spotlight Qeelin

Pledging to play a greater role in improving the panda's natural habitat and promote sustainable consumption, Qeelin launched Silver Bo Bo Charity necklace in collaboration with WWF and donated RMB888 from the proceeds of each necklace sold to support the organization's annual initiatives.

A large tree with a thick, textured trunk and sprawling branches. The leaves are numerous, dark brown, and have a slightly serrated edge. The overall appearance is organic and natural.

Create.



## Our 2020-2023 highlights



Partnered with 226 sustainability startups



Invested in VitroLabs to scale world's first lab-grown leather



Published Circularity Strategy with targets including zero product destruction, zero single-use plastics by 2025, and zero micro-fibre leakage by 2030



Invested in Vestiaire Collective for preloved luxury



Established Kering Sustainability Innovation Lab platform for Watches and Jewellery



Launched 3rd edition of Kering Generation Award to power startups in Greater China



Partnered with Spazio META to recover and upcycle fashion show sets

## An overview

The key to unlock sustainability transformation is innovation. As an industry, there is much we can do to improve the impacts linked to raw materials and manufacturing processes; the road for innovation is available, however, it won't take us far enough if we follow current trajectories. We need breakthrough innovation to tackle some of our industry's biggest challenges: from traceability and alternative materials, to better production and processing methods, all the way through to logistics, product use and end of life, including new business models for circularity. At Kering, we take our role seriously as a first mover supporting pioneering solutions and, in fact, we've known for some time that 50% of our own reduction targets were relying on innovation. So, we've continued to create initiatives and invest in promising startups, piloting new technological solutions. Closing the loop in Luxury and fashion takes an innovative and entrepreneurial mindset too; underlying our circularity strategy is a breadth of projects at Group and House levels promoting circular principles to make, reuse, recycle, and extend the life of our products.

# Closing the loop

For years now, we've been integrating circular principles across our products' life cycle and investing in closed loop technologies to develop industry-wide solutions. With our dedicated "Coming Full Circle" strategy published in May 2021, we consolidated our Group and Houses' actions so far and outlined the next steps to accelerate our circular ambitions with a series of targets to keep us on track: zero product destruction; 100% renewable energy by 2022; zero single-use plastics by 2025; 100% raw materials complying with our Kering Standards by 2025; and zero micro-fiber leakage by 2030. Our strategy covers a range of topics falling under these

targets, guiding us to rethink the way we use resources and manufacture our products to minimize waste, pollution and chemicals while supporting the regeneration of nature. It also promotes circular design principles to encourage durability, longevity and reuse, and, ultimately, how to extend the lives of our products through new business models. At the same time, we created a new role for circularity in the Kering Sustainability Department to keep up with trends and regulations, support our Houses and innovation efforts, and track our progress towards becoming truly circular by design.



## Spotlight *Brioni*

A suit for life. Crafted by masterful artisans with exceptional materials, every Brioni creation is a piece to treasure for years to come, designed to evolve with the wearer. With this in mind, Brioni has created «A suit for life», a program that allows for modifications to fit potential small changes in physique. Furthermore, rips, frayed pocket edges, or effects of everyday wear and tear could be repaired or reconditioned. Embracing

Brioni's philosophy of longevity, the program deepens the relationship between the House and its clients, ensuring that clothes are kept and cared for years.

## Spotlight *Kering Eyewear*

ReAce is a 100% pre-consumer recycled acetate, a material produced exclusively for Kering Eyewear. Implemented in its collections starting from SS23, ReAce originates from recycled waste, also called by-product, generated from the traditional production process used for acetate frames. With the introduction of ReAce, the flow of a circular economy is engaged since it recovers by-products that would have otherwise been scrapped. A

preliminary study shows that the production of ReAce reduces carbon emissions by at least 50% compared to conventional acetate production. The recycling process allows color combinations that are unique, endowing the styles that feature ReAce with an exclusive allure while always maintaining the same strength and durability of traditional acetate, in compliance with current rules and regulations.

## Spotlight *Boucheron*

With the Jack de Boucheron Ultime capsule, Claire Choisne pursues her exploration of what constitutes a precious material by introducing a substance that defies the established conventions by the High Jewellery sector more than any other has before. Made by applying a unique vitrification process to a certain type of industrial waste, Cofalit® reaches the end of the line in terms of recycling and is considered an "unrecyclable" material. The recycled

industrial waste is a crude, intensely black-hued, material that has only been used for highway embankments until now. This juxtaposition between extreme preciousness and a so-called "final material" expresses the very essence of Maison Boucheron: to expand the limits of innovation and make use of the technical advances of the time to create Jewellery that is both meaningful and creative.

## Preloving our past for our future

While Luxury's craftsmanship, longevity and enduring value are inherently suited to the resale model, it was important for Kering to signal our support for preloved Luxury and the important role it plays in our industry's circular ecosystem. Which is why, in March 2021, we announced our investment in Vestiaire Collective. With an approximate 5% stake, we are represented on the board of directors where we are learning about the key market dynamics to fine-tune our own vision of Luxury's resale experience. We view resale as both an entry level for a new generation of clients and a thriving platform to promote ideas and best practices around care, maintenance, repair and reuse.

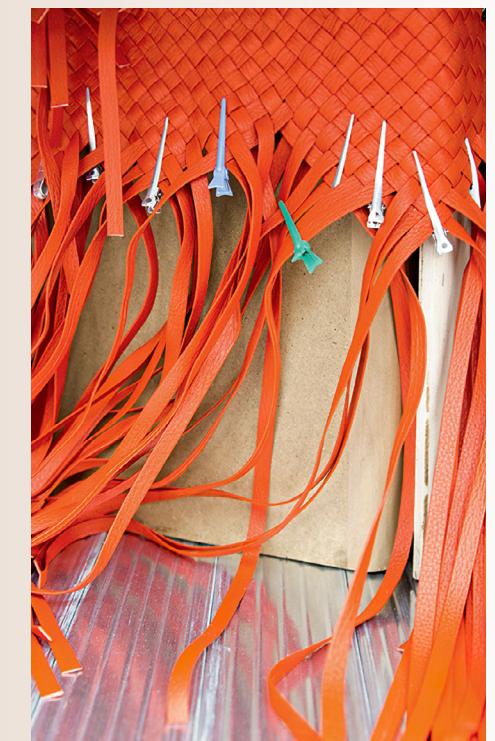


## Spotlight *Balenciaga*

The Balenciaga Re-sell Program is designed to encourage the practices of reducing, reusing, and recycling and to reward clients for their participation. Partnering with Reflaunt, the House provides the opportunity to its clients to give a second life to their clothing and, in return, they are rewarded with financial compensation or store credit. Through the Re-sell Program, products can be dropped off at participating Balenciaga stores or collected by a scheduled service available via [balenciaga.com](https://www.balenciaga.com). The items are then documented, authenticated, professionally photographed, priced, and listed on part of Reflaunt's worldwide network that includes more than 25 secondary marketplaces.

## Spotlight *Bottega Veneta*

In 2022, Bottega Veneta launched Bottega Series, an e-commerce section offering archival accessories, reaffirming its commitment to promoting responsible consumption while showcasing various applications of its signature Intrecciato craftsmanship. The House also introduced the Certificate of Craft, a unique service inspired by its commitment to exceptional materials and the preservation of outstanding craft. The complimentary care service cements the enduring quality of Bottega Veneta's distinctive craftsmanship. Similar to a lifetime warranty programme, the Certificate of Craft offers unlimited refresh and repair on iconic bags in an effort to offer a superior service of long-term preservation of its products and further encourage the multigenerational wear of pieces designed to last forever.



## Fashion shows set for recovery and reuse

We've had guidelines for our Group's fashion shows to minimize their impacts and we've deepened our circular initiatives through unique collaborations and synergies to operationalize our strategy. Through our partnership with Italian B Corp Spazio META, announced in 2022, the physical sets envisioned by our Houses to present their collections are also a source of materials and inspiration for the larger creative community. Spazio META specializes in the recovery and upcycling of materials used for events across fashion, art and design with a goal to create a network of suppliers and clients so that these materials are available to creatives, students and individuals. Through two of our Houses, we've already worked with them to recover and reuse fashion show fittings and visual merchandising elements, and we've started leveraging their expertise and network across our entire Group.

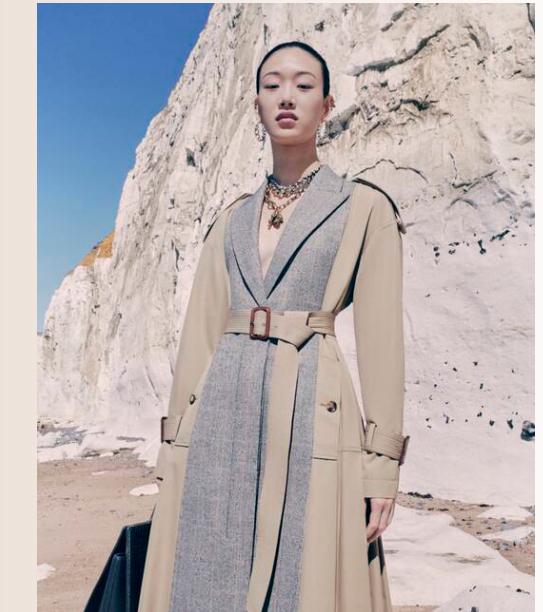
## Circulating through optimizing

We've been busy optimizing different channels and innovations, improving on our efforts to limit any additional inventory we might have. This takes shape through various methods, including the modelling of sales through Artificial Intelligence so we can continue to predict sales and, consequently, our production. This important work supports our Group ban on destroying any excess inventory, products and materials. It has also led to innovation and collaboration when it comes to sorting, dismantling, selling, donating and recycling these items. In fact, we've set up around 65 initiatives to support these key actions and we work with

over 100 partners, together with our Houses. Creating synergies between our Houses makes a big difference here too; we've focused on streamlining any potential unsold goods or damaged items that might happen during manufacturing or client returns. This also proves helpful so that we can reintroduce the materials into our supply chain after dismantling items, to keep them circulating in brand new products. To optimize our coordinated efforts, in 2020, we created a centralized dashboard at Group level to track stock levels across all our Houses. Using data analysis, we monitor if there is any unsold stock from each House and where it is in the world. We've set up different strategies to reduce this, including: friends and family sales for our employees; leveraging our Houses' outlet stores; and piloting new ways to recycle obsolete stock that can't be sold otherwise. Solutions for overstock fabric is also a priority, including our system to share unused fabrics between Houses.

### Spotlight *Alexander McQueen*

Although Alexander McQueen often uses archive/surplus stock fabrics such as silks, taffeta, organza and laces in collections, the 2021 pre-spring/summer collection consisted of pieces predominantly made using these fabrics. There was a focus on giving a new lease of life to these fabrics, renewing them by various methods such as over-dyeing and over-printing. Having a strong brand identity and consistency in colors, such as black and ivory, allows these fabrics to flow coherently between collections whilst maintaining the timeless of the pieces.





Material Innovation Lab



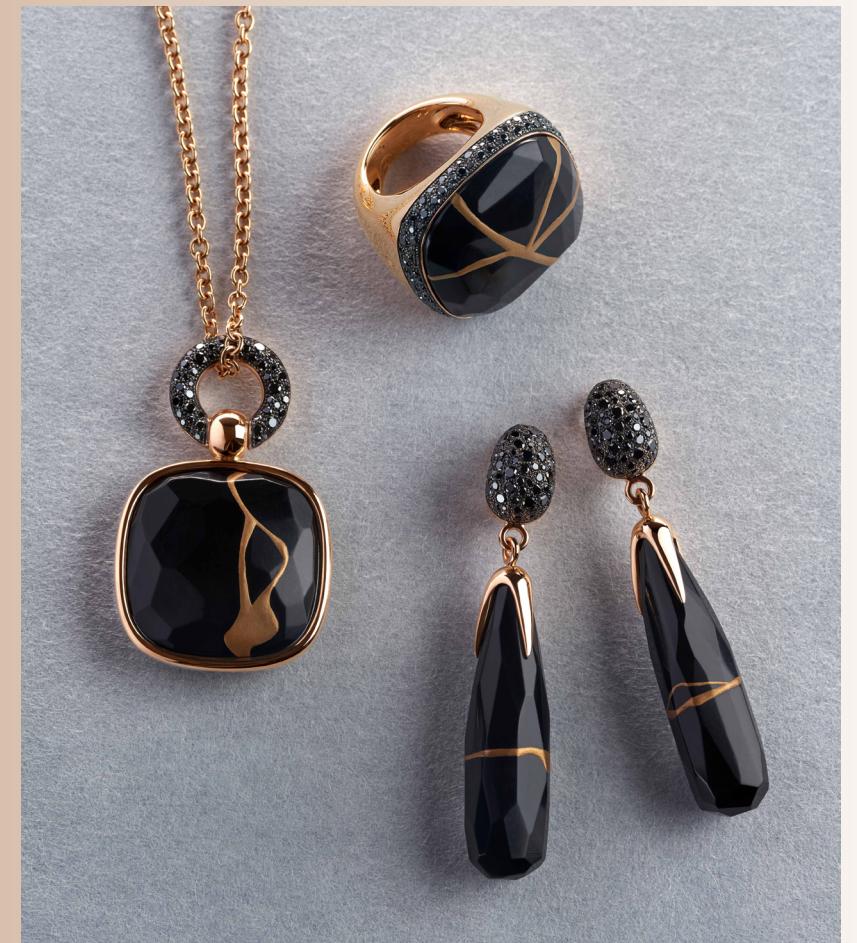
Sustainable Innovation Lab  
for Watches and Jewellery

## Eco-designing, eco-scaling

Innovative platforms set up to facilitate, consolidate and pilot sustainable alternatives for materials and processes are powerful levers for change. We've seen how these actions lead to tangible results year after year with our Kering Material Innovation Lab (MIL). Originally set up in 2013 to service our Houses and creative teams, the MIL has literally become part of the fabric of our sustainability wins. It acts as a central hub connecting both our suppliers and our Houses to the materials, processes and technical support they need to create products with a circular eco-design ethos. At the center of this unique resource is a library of almost 5,000 sustainable materials, with more than 450 suppliers attached to the archive. The MIL's expert team researches technologies geared towards minimizing processing impacts and tests game-changing innovations that address issues like textile-to-textile recycling; biogenic pigments and processing; micro-fiber leakage; forensic technology; shredding and reweaving branded fabrics into new materials; and more. Inspired by the MIL's success, we extended this concept to our watches and jewellery Houses in early 2020. The Kering Sustainability Innovation Lab platform for Watches and Jewellery (SIL) focuses on the materials used by the sector, like precious stones and precious metals.

## Spotlight *Pomellato*

In Pomellato's luxurious take on recycling, Jewellery meets the ancient art of Kintsugi, by turning a traditional Japanese mending technique to upcycle broken gemstones in an original capsule collection. Broken jet and kogolong, which would normally be discarded, are repurposed to reveal a novel approach to creating precious jewels in this sophisticated re-interpretation. Committed to finding sustainable solutions and driven by an innovative attitude to luxury, Pomellato embraces imperfection in its inclusive choice of materials. Now even damaged gemstones have their place in the house's distinctive design approach. In a true cross-pollination of cultures, the jewels are the fruit of the collaboration with a master kintsugi artist in Tokyo and the artisans of Casa Pomellato in Milan that craft the repaired stones into rings, earrings and pendants.

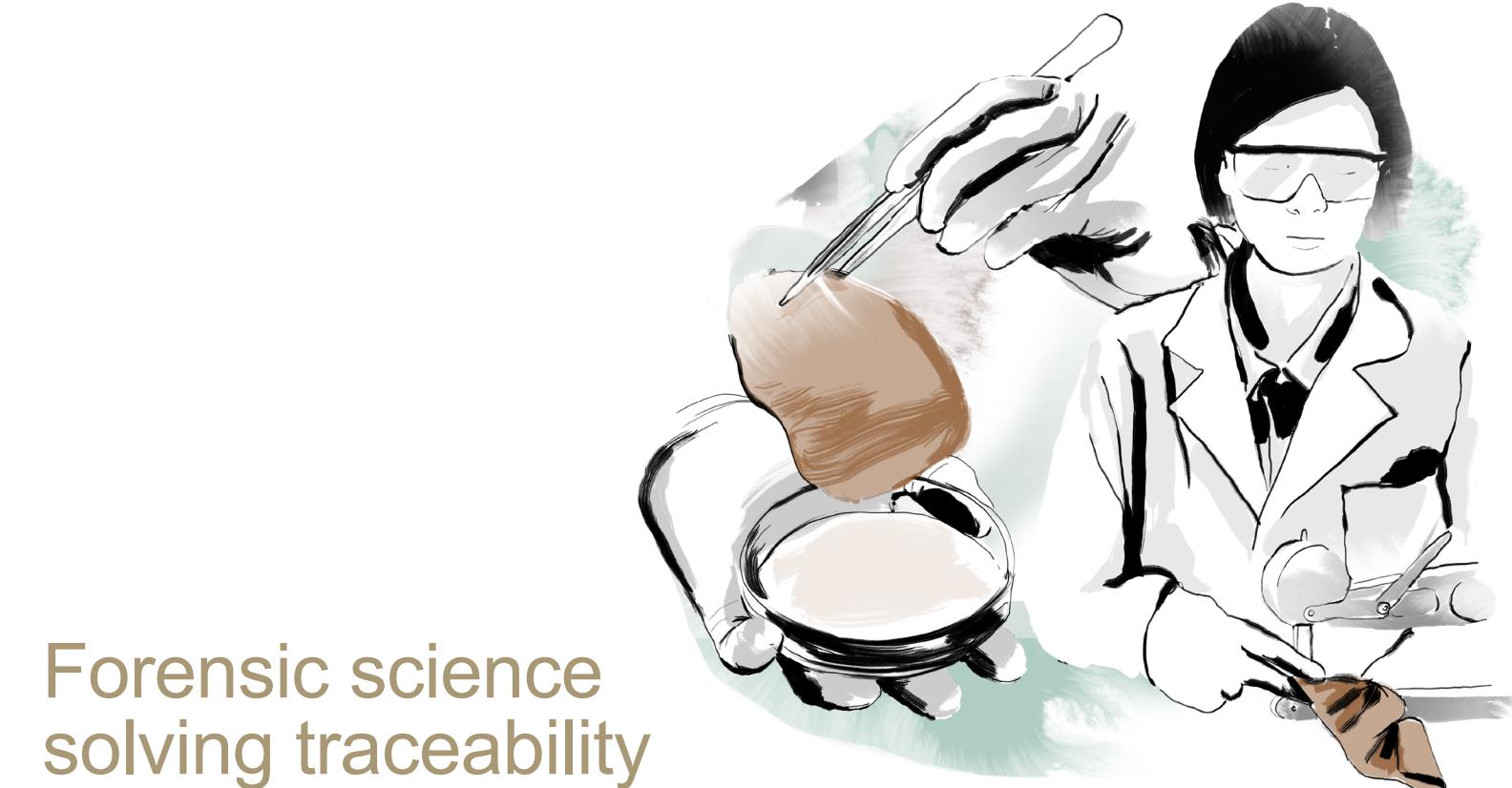


## Leather innovations, alternative possibilities

Through our EP&L analysis, we have an excellent understanding of how and where each material generates impacts which, in turn, enables us to create programs and solutions for each one. Leather, for instance, is a significant impact driver in our catalogue of materials. So, it's important that we are on the cutting edge and support the pioneers researching, creating and scaling alternative possibilities for luxurious materials, which can be used across product categories including shoes, leather goods, ready-to-wear, and accessories. As an example, at Group level we've supported 19 startups during R&D and pilot phases, as well 13 projects specific to our Houses. It's also why, in May 2022, we invested in VitroLabs to help them build and scale the world's first pilot production of cell-cultivated leather and to speed up its commercialization. It's a game-changer really; the production of "real" cow skin using a technique to replicate cow-skin cells in a lab. By not using the actual animals it removes all impacts associated with conventional leather and animal husbandry, such as impacts on land use and greenhouse gas emissions. Our high standard for quality is a big priority for us and we've also been hands on with VitroLabs, supporting product quality testing, tanning and finishing.

*“ Kering has been an invaluable partner to us over the years. They were here since the very beginning and have invested in our product development in such meaningful ways, both with their resources and financially. This type of commitment and partnership is exactly what innovations like ours need in order to push forward new frontiers. ”*

Ingvar Helgason, CEO & Co-Founder of VitroLabs



## Forensic science solving traceability

As a first in Luxury and fashion back in October 2018, Kering partnered with Albini Group, Supima and Oritain in a novel approach to guarantee 100% traceable organic cotton. Using forensic science and statistical analysis, the fiber's naturally-occurring chemical properties are analyzed, creating a unique chemical fingerprint to link it back to the field where the cotton is grown. This means that at every step of the supply chain, the organic cotton is verified to ensure the raw material, fabric and final product matches with the original fingerprint. Only an exact match guarantees authenticity, ensuring that substitution, blending or tampering do not occur along the way. For us, this provides excellent visibility so that we can verify farming best practices and fiber quality; ensure integrity within our organic cotton supply chain; and guarantee alignment with our Kering Standards. Since launching, we've increased our sourcing countries in Oritain's database to improve consistency and verification, testing hundreds of cotton samples from 13 countries. Working with all our Houses, we've also increased the number of clothing items to verify the provenance of our Group's organic cotton through this pioneering science-backed technology.

# Refashioning Fashion for Good

Nature and climate smart solutions often begin their lives in experimental and bold startups in need of equally visionary partners. Kering has always approached sustainability with an entrepreneurial spirit and a sense of responsibility to invest in and help bring innovations to market, and, in turn, enable access for the rest of our industry. So, we're always on the lookout for promising startups that envision new ways to address some of the biggest issues in Luxury and fashion.

As a Founding Partner of Fashion for Good since 2017, Kering works with the innovation platform to accelerate startups that can help fast-track a transition to a more sustainable and circular Luxury and fashion industry. Their vast network of innovators gives us the added benefit of mapping out the new emerging disruptors; in the last three years the Kering MIL has piloted 39 projects brought to us by Fashion for Good's innovators.

- “ *Kering’s support of sustainable and pioneering innovation has been key to Fashion for Good’s mission. Thanks to their expertise, mentorship, and commitment to action, we are able to support these nascent technologies in their journey to scale and create real, long-lasting impact across the industry.* ”

**Katrin Ley, Managing Director, Fashion for Good**

Just a few examples of innovative projects we’re working on:

**Full Circle Textile:** a consortium of brands, suppliers and innovators working together on fiber-to-fiber recycling technologies for cellulosic based textiles.

**D(r)ye Factory of the Future:** trialing innovations in the pretreatment and dyeing of cotton fibers like denim, wool, polyester and wool-cotton blends, in order to reduce water, energy and chemicals consumption from dyeing.

**Black Pigment:** validating and scaling bio-black pigments derived from waste feedstocks such as industrial carbon, algae and wood that could replace synthetic carbon black dyes offering a more sustainable means of dope dyeing textile production with a lower carbon impact.

**Natural Indigo Dyestuff Collaborative:** supporting plant-based indigo that can replace petrochemical based synthetic indigo dyes optimizing indigo production in a closed loop system for creating a pre-reduced natural indigo, so it no longer needs to be chemically reduced at denim mills.

# Kering Generation Award generating change

To tap into sustainable startups in Greater China, we established the Kering Generation Award in December 2018, together with the innovation platform Plug and Play China. We've since shifted our focus from more general sustainability issues in Luxury and fashion, to those linked to biodiversity and then circularity. Kicked off in December 2022, the third edition of the Award focuses on three areas: circular raw materials, circular product designs and circular business models. Aside from the €100,000 winning prize, the top three finalists join Kering and Plug and Play's network of industry leaders and investors, visit Kering's headquarters in Paris, and benefit from the Group's sustainability experts' guidance. In addition, ten finalists are given professional training at entrepreneurship accelerator camps to enhance their capabilities and also have the opportunity to showcase their ideas to a jury during a dedicated "Pitch Day". Our aim is to provide key resources that are useful for new startups and young entrepreneurs in China in order to succeed and expand on their visionary solutions, ultimately to help drive the future of sustainable fashion in China.

*“The Kering Generation Award has brought us PEELSPHERE, a sustainable material innovation company, tremendous support from financial support, brand collaborations, supply chain partners, and beyond. The award motivates us to realize our full potential and inspire the next generation of changemakers!”*

Youyang Song, CEO & Founder of PEELSPHERE



# Our outlook

Looking to the future, our sustainability ambitions are intrinsically linked to our unwavering commitment and pioneering spirit. We are always on the lookout to find and scale solutions within our own business and to catalyze transformation across our industry.

We are now at an important junction in our sustainability strategy. We have ambitious targets in place and, over the last years, we've designed wide-ranging programs and laid the groundwork to help us achieve them. The historical targets we announced back in 2017 are fast approaching in 2025. Since then, we've committed to a number of additional goals to ramp up our ambitions and actions. In particular, our pledge to have a zero impact on nature by 2025 has mobilized significant action on the ground. We believe that the future of fashion should not only seriously reduce the impacts on our natural world, but also become regenerative by design. This makes sense on the business side too: when we protect and restore nature, we protect our own supply chains for the future too. Following the 2025 timeline for our historical targets, we will create a new Kering Roadmap to encapsulate the next phase of our strategy.

As businesses, we all have an incredible responsibility to move further, faster. It is even more urgent now that our entire industry moves towards a circular and regenerative model, within a just transition. Kering will continue to be leaders contributing to this mission and shaping the future of Luxury, with our core values guiding us every step of the way.



# Our methodology

Our sustainability progress is in part underlined by the criteria outlined in the Kering Standards for Raw Materials and Manufacturing Processes and the improvements we have made against our annual Environmental Profit and Loss (EP&L) account.

Since 2012, we have been measuring and quantifying our progress toward becoming a more responsible Group through our EP&L. Kering has undertaken to reduce the EP&L intensity by 40% by 2025 compared with 2015 (€EP&L/€ thousand of revenue). In addition, and in line with our science-based target, we also committed to reduce our absolute greenhouse gas emissions in scopes 1 and 2 of the Greenhouse Gas Protocol by 90% and our scope 3 emissions by 70% per unit of value added by 2030, from a 2015 baseline. The EP&L serves primarily as a decision-making tool providing input into the Group's sustainability projects and guiding the day-to-day choices of decision-makers, with the ultimate goal of reducing the environmental impact of both Kering and our supply chains.

Through our EP&L we go far beyond standard environmental reporting and account for every tier of the supply chain, from Kering's own operations and stores to all the way upstream to the production of raw materials, and downstream to use phase and end of life of products. The EP&L covers a wide range of environmental impacts such as greenhouse gas emissions, water use, land use, air pollution, waste, and water pollution. It follows a "cradle-to-gate" approach, meaning it considers the entire life cycle of a product, from raw material extraction to disposal or recycling. Additionally, it helps Kering to measure our carbon emissions following the scopes of the GHG Protocol. The methodology is based on a set of standardized

data and models that are used to estimate the environmental impact of each stage in the product life cycle. These estimates are then converted into monetary values to provide a comprehensive view of the environmental costs associated with the production and consumption of the product. To ensure the accuracy and credibility of the results, Kering works with independent auditors to verify the data and the methodology. The EP&L results are also publicly disclosed to ensure transparency and accountability.

Kering uses the EP&L methodology to identify areas where our Group and our Houses can reduce our environmental impact and improve the sustainability of our operations and supply chain. Finally, we also use the results to engage with suppliers and other stakeholders to encourage them to adopt more responsible practices. More information can be found in the EP&L and Environmental reporting methodological notes, published on Kering's website.

Kering's sustainability progress is also defined by the criteria outlined in the Kering Standards for Raw Materials and Manufacturing Processes found [HERE](#)

The Kering Animal Welfare Standards underline all animal-based raw materials found [HERE](#)



**Société anonyme**  
(a French corporation)  
with a share capital  
of €496,283,112

**Registered Office**  
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**Publishing:** Kering Sustainability department

**Design:** Aleksandra Miletić **Illustrations:** Nina-Lou Giachetti