

MODERN SLAVERY STATEMENT

2020

K E R I N G



This statement is made pursuant to the Australian Modern Slavery Act (No. 153) 2018, the UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act of 2010. It sets out the steps which the Kering Group and the companies in that group have taken up to and during the financial year 2020 to identify and prevent Modern Slavery, including forced labour, human trafficking and the worst forms of child labour from taking place in our supply chains or in any part of our business activities.

Starting in 2021, the Compliance Department will enact all procedures necessary to ensure a global and coordinated approach worldwide with respect to Modern Slavery, and Human rights more generally, for most efficient efforts both in our operations and in our supply chain.

“Kering SA”, refers to the French public limited company (“société anonyme”), registered with the Paris Trade and Company Register under number 552 075 020, registered office at 40 rue de Sèvres, 75007 Paris, listed at the Paris Stock Exchange and member of the CAC 40 index.

“Kering Group” refers to Kering SA and all the entities directly or indirectly controlled by Kering SA.

Kering Group is global luxury group managing the development of a series of renowned houses in fashion, leather goods, jewellery 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. In 2020, Kering had over 38,000 employees and revenue of €13.1 billion.

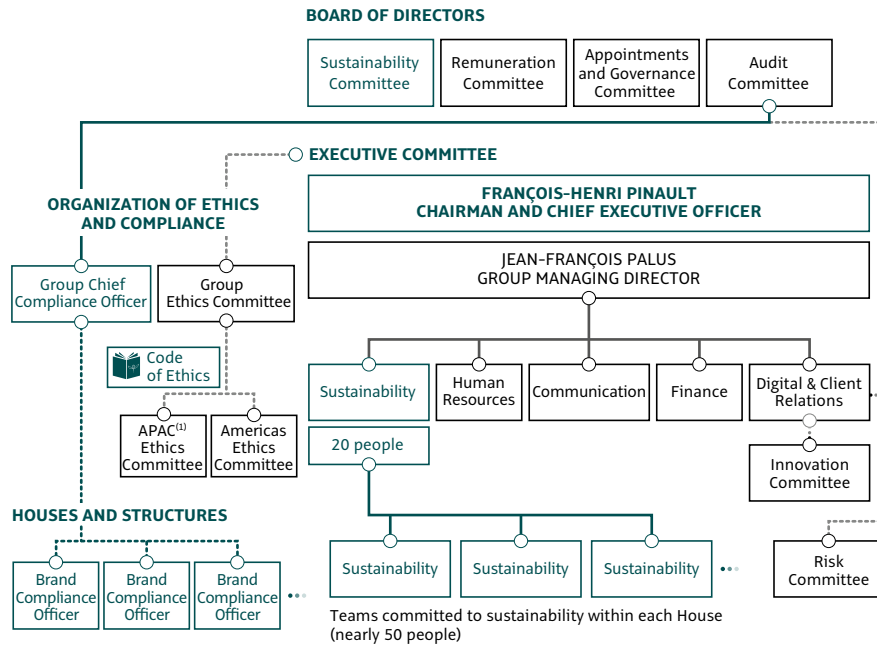
The 2020 Modern Slavery Statement also covers all the Kering Group houses (and legal entities; certain Group’s houses may also issue their own Modern Slavery Statements. This Statement has been prepared in consultation with each reporting entity covered by the statement, that Kering SA is in a position to directly or indirectly control or influence. In particular, it has been shared with Gucci Australia PTY Ltd, a proprietary limited company incorporated in Australia, with registered office at Level 26, 201 Elizabeth Street, Sydney, NSW 2000, Australian Company Number 093 354 548, identified as reporting entity under the Australian Modern Slavery Act and that Kering SA indirectly owns and controls.

Kering’s ambition is to be the world’s most influential luxury group in terms of creativity, sustainability and long-term economic performance.

Sustainability, which includes human rights, is at the core of Kering strategy. As such, we are committed to improving the labour standards of those who work in our supply chains and our business activities. This includes taking steps to both identify and address the risks of Modern Slavery.

Kering’s 2025 Sustainability Strategy is being implemented within each of our brands, or “Houses”. The Houses implement the Group’s objectives through practical action plans, including on human rights, as part of their sustainability initiatives.

The relevant Kering reporting line structures of the Ethics and Sustainability function are illustrated in Figure 1 below.



Reporting lines of the Ethics and Sustainability functions

(1) APAC: Asia-Pacific

2020 Modern Slavery Statement issued by Kering SA has been approved by Kering SA Board of Directors held on 22 April 2021.

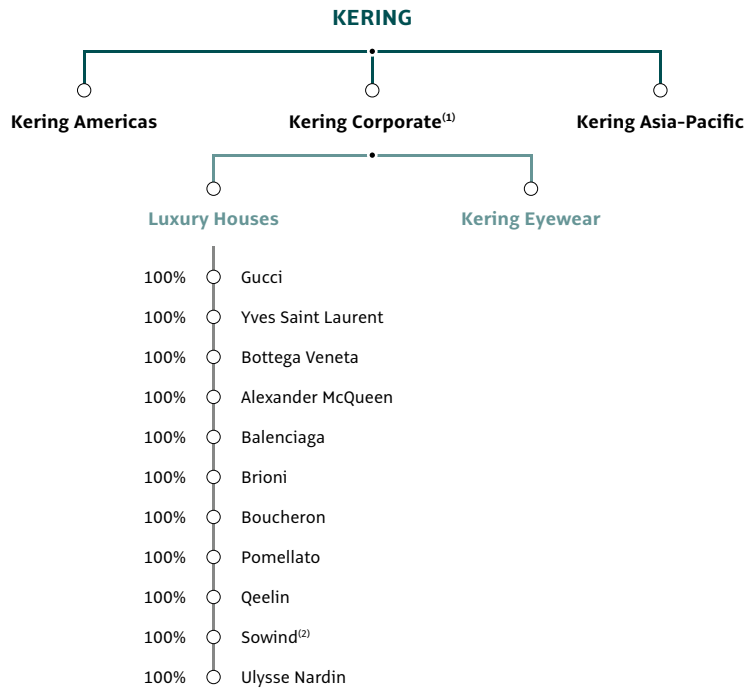
Francois-Henri Pinault
Chairman of Kering SA
and Chief Executive Officer
of Kering Group

PRESENTATION OF OUR GROUP

OUR BUSINESS ACTIVITIES

Kering Group works with 38,553 employees (31 December 2020) with subsidiaries in over 40 countries. As a global Luxury Group, Kering manages the development of a series of renowned Houses in fashion, leather goods, jewellery and watches as well as Kering eyewear. Our Houses develop innovative, creative, exceptional products, animate networks of directly operated stores and provide unique client experiences. Distribution channels include retail and wholesale both being physical and digital. In 2020, Kering directly operated 1,433 stores, 663 of which were in emerging countries (31 December 2020).

The organisational structure of the Kering Group can be seen in Figure 2 below.



The Kering Group Organisation Chart (31 December 2020)

(1) Corporate is defined on page 328 of the Kering 2020 Universal Registration Document

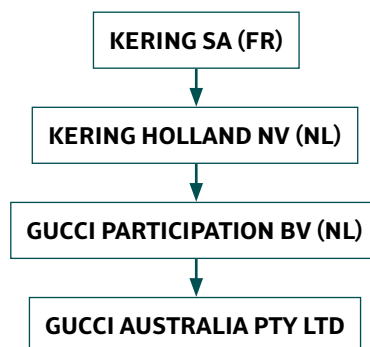
(2) The Sowing group owns the Girard-Perregaux brand



Additional information on Kering SA and on the Kering Group are publicly available on internet on Kering website (<https://www.kering.com/en/>).

With particular reference to Gucci Australia PTY Ltd, the company, part of the Gucci division and runs retail and online sale of Gucci luxury fashion goods and wholesale distribution of Gucci luxury timepieces and jewellery in Australia.

The control chain of the company which has no subsidiaries, is shown hereinbelow.



The financial characteristics of the Kering Group are shown in Figure 3 below.

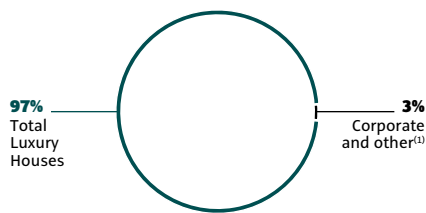
Though the Group mainly relies on a network of several thousand suppliers (mainly located in Italy), it operates a growing number of ateliers. In 2013, Kering also began strengthening its upstream positioning in the luxury goods value chain, via the targeted acquisition of leather tanneries to secure raw materials sourcing.

Our Houses focus on their core expertise as they benefit from the Group’s integrated model and corporate functions: the Group pools resources and streamlines certain key functions for the Houses such as logistics – both integrated and outsourced, non-production purchasing, legal affairs, property, accounting, media relations, IT and the development of new tools.

Kering Houses operates as well in the perfumes & cosmetics segment through licensing agreements between its main brands and leading industry players to develop and sell perfumes and cosmetics.

Kering has also been running the Kering Foundation to combat violence against women.

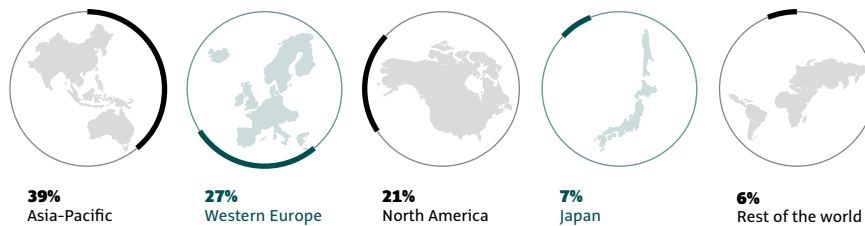
Revenue
€13,100 million



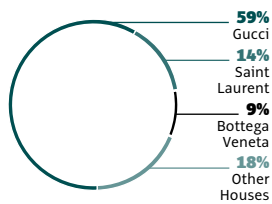
Change in revenue
(2020 vs 2019, in %)

	Group	Total Luxury Houses	Corporate and other ⁽¹⁾
Reported	-17.5%	-17.6%	-15.4%
Comparable ⁽²⁾	-16.4%	-16.5%	-14.6%

Breakdown of revenue by region



Breakdown of revenue by House



The financial characteristics of the Kering Group

(1) The “Corporate and other” segment is defined on page 328 of the Kering 2020 Universal Registration Document
 (2) “Comparable” revenue is defined on page 335 of the Kering 2020 Universal Registration Document

OUR SUPPLY CHAIN

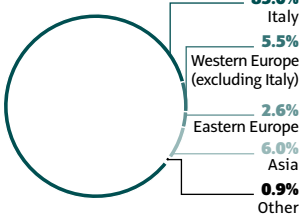
Kering Group operates in the luxury market, which has supply chains structured in a very specific way, as evidenced by the location of the suppliers in the centrally managed database in 2020 (see Figure 4). The supplier database managed by Kering’s central team for its Houses does not yet include all suppliers, but it does now include all production suppliers, the main suppliers of raw materials (leather, fabrics, ribbons, precious stones, etc.), Kering Eyewear suppliers and suppliers deemed strategic. Suppliers to the Jewellery and Watches Houses are gradually being phased into the system.

• **The system (as at 31 December 2020) covers 3,912 suppliers, with the following breakdown:**

- **22% direct suppliers** (a supplier is deemed direct when it has a direct business relationship with the Houses rather than working via a subcontractor),
- **17% contractors** (direct suppliers working for one or more Houses and which subcontract part of their production),
- **61% subcontractors** (working for contractors and having no direct business relationship with the Houses).

Direct suppliers with or without subcontracting are T1 suppliers (39% in 2020). Subcontractors are T2 suppliers (61% in 2020). 4.7% of suppliers were deemed strategic in 2020.

The size and geographical distribution of the Kering Group supply chain is shown below (Figure 4).

Supplier portfolio	Size of suppliers	Geographical location of Kering's suppliers in 2020
Thousands of mostly small suppliers, highly fragmented market, high level of craftsmanship.	Average number of employees by supplier: approximately 58. Average number of employees by supplier in Italy: 36. Taking all Kering suppliers into account, this represents an estimated workforce of 40,000 dedicated to Kering.	<p>More than 93% in Europe, predominantly in Italy (85%)⁽¹⁾.</p>  <p>Western Europe (90,5%): strong government presence, comprehensive and mature labor law, highly developed social dialogue.</p>

The size and geographical distribution of the Kering Group supply chain

(1) Geographical breakdown in 2020 of direct suppliers and contractors, managed within the centralized system introduced by Kering in 2016

GOVERNANCE

Kering is fully aware of its duty to adopt extensive ethical responsibilities and to act at Group and House level, and with its suppliers and other business partners, in such a way as to promote the highest ethical standards in all circumstances, and to identify and effectively handle any situation likely to involve risk in terms of ethics or respect for human rights.

The Group's Chief Executive Officer has overall responsibility for human rights.

Kering takes a cross-functional approach to governance over human rights challenges. Specifically, day-to-day human rights governance spans various departments, including the following:

- The Group Compliance Department is primarily responsible for the drafting and the monitoring of the effective implementation and use of Kering's human rights policy;
- The Human Resources Department ensures our social standards comply with or exceed regulations, including human rights;
- The Supply Chain Audit Department is responsible for our supply chain;
- The Security Department maintains the safety and security of employees; and
- The Sustainability Department leads Kering's efforts to sustainable and social development throughout its operations within the supply chain. Kering's Sustainability Department defines the Group's sustainability strategy and policies, and supports the Houses by operating as a resource platform and sounding board, with a view to setting out and building on the initiatives taken individually by each brand. Kering Sustainability Department has developed an internal network dedicated to sustainability, known as the Sustainability Network Meeting (SNM) which meets online every six weeks to present the Group's developments in the field, share best practices internally and spur thinking on new issues, sometimes with the help of external professionals and experts.

HUMAN RIGHTS RISK ASSESSMENT

In 2017 Kering's Sustainability Department analysed the practices of the Group by comparing them to the United Nations Guiding Principles on Business and Human Rights. This assessment enabled Kering to identify specific points for progress in areas including public commitment and policy, scope of internal control procedures, grievance and remediation mechanisms, and external communications. In addition of this analysis, Kering's Compliance Department, together with Kering's Internal Audit Department and Sustainability Department, took steps to ensure compliance with the requirements of French 'Devoir de Vigilance' legislation, to identify risks and prevent severe impacts, including on human rights and fundamental freedoms.

Keen to refine its understanding of human rights issues throughout the supply chain, and to learn from good practices on the matter, in 2020 Kering's Sustainability Department carried out a new study focusing on the governance and management of human rights within the supply chain, at the Group and House level. Carried out with GoodCorporation, an independent organization specializing in business ethics, this study included consultations with various internal stakeholders in order to gather their feedback. To identify new avenues for progress, the findings from the study were analysed in the light of the recommendations given in the UNGP and the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

In 2020, Kering's Sustainability Department also conducted a study aiming to identify and assess human rights risks linked to the supply of certain raw materials. This analysis was carried out in the countries in which the Group suppliers are located. The findings from these various studies enabled the Group to identify a number of key points and subjects, and the resulting recommendation were shared with members of the Executive Committee.

The different work undertaken led Kering to update the list of risks that the Group considers salient with regard to human rights (forced labour, child labour in raw materials sourcing, discrimination, health and safety in our supply chains, decent wages for our suppliers' employees, harassment).

The materiality assessment carried out by the Group identified respect for human rights as one of its central strategic challenges. This assessment, which was renewed in 2020, confirmed that respect for human rights is among the crucial challenges facing the Group.

In 2021, the risk map will be reviewed to update the identification of risks pertaining to severe impacts on (i) human rights and fundamental freedoms, (ii) human health and safety, and (iii) the environment, to improve the regular assessment procedure, and to form an up-to-date action plan. This project is led by the Compliance Department, in association with internal and external stakeholders and with assistance from an independent external service provider.

OUR STANDARDS, RISK MANAGEMENT AND RELEVANT ACTIONS ON MODERN SLAVERY AND HUMAN RIGHTS

OUR STANDARDS

We manage risks and impacts related to Modern Slavery as part of our existing programme on labour rights, ethical trade and human rights.

Kering's approach to responsibility with regard to stakeholders is shaped by the principles set out in its Code of Ethics, and by a strong determination to implement these principles internally and externally. The Code of Ethics, which includes the Suppliers' Charter, setting out what is expected of all Kering suppliers, forms the cornerstone of the commitment taken by Kering, its Houses and its suppliers, especially with regard to human rights, fundamental freedoms, human health and safety, and the environment. Suppliers are required to abide by these principles themselves and to extend these requirements to their own suppliers and subcontractors. Following the 2018 update to the Code of Ethics, the document was reissued to all employees worldwide in 2019. This update reaffirmed Kering's commitment to apply all major international conventions in the pursuit of its activities, and to strengthen and clarify its requirements, especially with regard to human rights and fundamental freedoms, to health and safety and to the environment. For example, the Suppliers' Charter now includes a requirement to pay special attention to categories of workers, such as migrants, who are vulnerable to exploitation. The Code of Ethics and the Suppliers' Charter have been translated into the 14 most widely spoken languages within the Group.

The human rights policy, published in 2021, aims at defining the means by which the Group can ensure its commitments on human rights and fundamental freedoms, health and safety, and the environment are fulfilled. It sets out the fundamental principles of human rights and outline the Group's policies that go together to form Kering's commitments on the matter.

Kering has significantly developed its sustainability strategy over the last 20 years. In 2017 we published our 2025 sustainability strategy which is based on three pillars – environmental, social and innovation – and which sets ambitious targets for all of the Houses which are part of the group. Our Sustainability Principles established for all the Luxury Houses in 2015 span human rights and fundamental freedoms which include the elimination of child labour, forced labour, and human trafficking in all its forms. The Sustainability Principles are applicable across all Houses.

In the pursuit of its commitment and approach to human and environmental concerns, Kering has drawn up and explicitly issued standards on raw materials sourcing, manufacturing processes and animal welfare. The key factors covered by the Kering Standards include environmental impact, working conditions and human rights in production and extraction processes for the main raw materials it uses, be they mined, otherwise extracted or of plant or animal origin.

The “Charter on the Working Relations with Fashion Models and their Well-being“ was introduced in September 2017 to ensure that Kering and its Houses comply with various major principles, including requiring models to present valid medical certificates attesting to their good health, discontinuing the modelling of size 32 clothes for women and size 42 for men, and improving working conditions (e.g., providing a dedicated changing area, as well as food and drink). In 2019, Kering and its Houses decided to take a step further, committing to only hire models aged 18 and over to represent adults at fashion shows and photo shoots as of 2020.

For its part, the Kering Foundation has pursued its commitment to combating violence against women throughout the year. It published a policy on domestic violence in coordination with the Group’s Human Resources Department, following on from its support for the approval of International Labour Organization (ILO) Convention 190 on violence and harassment in the workplace.

OUR RISK MANAGEMENT

No control system, regardless of how mature and tested it is, can guarantee the absence of risk, whether this relates to Modern Slavery or other labour or human rights issues. Our risk management is based on a continuous improvement process, taking into account feedbacks and good practices.

In line with Kering's cross-functional approach to human rights challenges, the risk management system is monitored by the Executive Committee, as well as the Sustainability Committee and the Audit Committee, to whom the Group Chief Compliance Officer, the Group Internal Audit Executive, the Chief People Officer and the Chief Sustainability Officer regularly provide reporting in coordination with the Compliance Department with respect to human rights.

Focus on the Supply Chain with respect to Modern Slavery:

Kering Group and its Houses seek to work with suppliers to develop the most efficient collaborative and control systems in order to keep risk to a minimum and implement any corrective action in cases where non-compliance is identified. To meet these challenges, in 2016 Kering has established a dedicated central body within the Group to control the compliance of Group suppliers. The process, known as the Hercules system, is based on six key pillars:

• SUSTAINABILITY

The Sustainability Principles include mandatory expectations, due to requirements imposed by international and national laws, as well as Kering's additional expectations. Suppliers are required to abide by the principles and supplier compliance is evaluated on this basis. Each supplier is in turn tasked with passing on these principles to its own subcontractor network, if it has one. Along with the Code of Ethics, including the Supplier's Charter, the principles are embodied in the contract template. They are systematically issued to suppliers and both form an integral part of their contractual relationship with Kering;

• CENTRALIZED MANAGEMENT

Kering has centralized oversight through a team of 24 people (including twelve auditors specialized in conducting supplier audits and monitoring anomalies). This team can be assisted by an external service provider;

• UNIFORM PROCEDURES

There are clear and uniform procedures for all the Houses, corresponding to the different stages of the supplier relationship, including the activation procedure, monitoring procedure and termination of contract procedure;

• RISK-BASED AUDITING

Risk assessments and audit plans are constructed on the basis of a set of predefined criteria. Audit plans are regularly updated to take into account new suppliers;

• STANDARDISED AUDITS

A single and comprehensive audit methodology with a questionnaire containing 97 questions divided into 13 categories (which includes child labour and forced labour) which are aligned with the best standards in the field, in particular the SA8000 and SMETA standards. Follow-up audits include a smaller scope focus on the area(s) in which breaches of compliance were identified or observations were made during the first comprehensive audit. In any case, the announced or unannounced audits consist of document reviews, site tours, and workers interviews. Workers are selected to offer a representation of the workforce, notably concerning age and union affiliation, if any. These interviews are confidential. The frequency of audits depends on the findings of previous audits. Nevertheless, periodic audits will be undertaken regularly to ensure compliance;

• TAKING ACTION

Supplier non-compliances are classified into four categories, with standard response for each:

Anomalies are classified into the following categories and there are standard responses to each case:

- Zero tolerance breaches (relating to the most serious situations liable to be encountered, specifically child labour, forced labour, irregular work, undeclared subcontractors, threats, discrimination, serious breaches of regulations, counterfeiting, etc.)
- Serious compliance breaches where the supplier is given one month to resolve the serious compliance breach, and a follow-up audit is scheduled to confirm that the issue has been resolved. Identification of a zero tolerance breach or serious compliance breach triggers the immediate establishment of a committee bringing together the Kering audit team and the relevant House(s) to decide on the future of the relationship with the supplier: immediate shutdown of the approval process if the supplier is in the process of being activated but has not started working; and discussions about the possibility of remediation and support for the supplier or about the need to terminate the contractual relationship if the supplier is working on one or more orders. The brand is the ultimate decision-maker on the most appropriate response;
- Moderate compliance breaches by suppliers. The supplier is given three months to resolve the moderate breach of compliance, and a follow-up audit is scheduled to confirm that the issue has been resolved,
- Observations. These give rise to a corrective action plan and are the subject of a dedicated checklist at the next audit. The supplier has six months to remedy the observation.

For each of the 13 categories of the comprehensive audit, a detailed description of what constitutes zero-tolerance breaches, serious breaches of compliance, moderate breaches of compliance and observations has been prepared. Depending on the results of audits, suppliers are classified as: compliant; partially compliant; progress expected; zero tolerance.

COMPLEMENTARY TOOLS AND ACTIONS

To complement the core Hercules risk management system, various tools and actions are deployed.

TRAINING

Conscious of the importance of raising awareness within its workforce, Kering put in place multiple training activities, some of which included various aspects of human rights:

- All Group employees take a compulsory annual Ethics & Compliance course based on the principles set out in Kering's Code of Ethics. The course is available in the 14 most widely spoken languages within the Group. The situations and subjects covered vary from year to year, with the common objective of ensuring that employees will adopt appropriate behaviour when faced with the ethics dilemmas they might come across in their everyday working experience. In 2020, the course covered the subject of responsible supply chains with a sharp focus on some of the Group's salient environment and human rights risks. For example, the subject of health and safety at work, including excessive working hours, has been covered, as well as the exploitation of vulnerable workers (migrants, children, etc.), and discrimination.
- Training on the Kering Standards, for employees of Kering and its Houses, and their suppliers, was developed and published via the Group's internal website in 2018. This ongoing program takes an informative and educational approach to explaining Kering's minimum requirements on sourcing and processes. It provides illustrations and details, notably social, that provide context for why the standards are necessary.
- Several times each year, the Kering Foundation also runs training courses for employees of Kering and its Houses on the issue of domestic violence. These courses cover the complexity and impact of domestic violence and provide insights into ways to develop a safe work environment. In 2020, a dedicated module was also included in the Ethics and Compliance training course.

REINFORCED OVERSIGHT

To optimize communication between Kering and its suppliers, roll-out of a collaborative portal began in 2020. As well as providing suppliers with ready access to training and key Kering documents – including on human rights – the portal also affords greater transparency on supply chains. Via the platform, suppliers are required to complete three annual questionnaires which will be used to evaluate their practices. The questionnaires include information on the suppliers' mitigation measures to address forced and child labour.

WHISTLEBLOWING SYSTEM

Introduced in 2005, Kering's whistleblowing system was strengthened in 2018 to ensure full compliance with France's Sapin II law. It is accessible to all people working for the Group and external and temporary personnel working for external partners or service providers under contract with the Group and/or its Houses. All employees and direct suppliers may use the system to submit reports. It may be used to report any suspicion related to Modern Slavery – among other offenses or violations.

A plan for reaching the employees of Kering's and its Houses' direct suppliers was drawn up and rolled out in 2020. Translated into 15 languages, the campaign took two forms: a poster to be displayed in relevant locations at supplier and service provider sites, in order to gain the greatest visibility (cafeteria, locker rooms, site entrance, etc.), and a flyer to be given directly to employees. Both the poster and the flyer listed the six key ethical principles: compliance with laws and regulations; prohibition of any form of corruption, fraud, money laundering or conflict of interest; respect for human rights and fundamental freedoms; protection of the health and safety of all; respect for the integrity and dignity of all; and protection of the environment. The level of detail used in the communication was adapted depending on the recipients to give specific examples of what was expected in each case (including in particular the refusal of forced labor, the refusal of recruitment fees paid by employees, special attention paid to vulnerable persons, access to suitable washroom facilities and to decent dormitory conditions, where applicable, the availability of pay and personal documentation, respect for privacy, access to appropriate personal protective equipment, etc.).

Kering is committed to protecting whistleblowers who raised an issue in good faith, and prohibits any form of reprisal in its ethics policies and procedures.

WORKING TOGETHER

As a major player in the luxury goods industry and aware of its social responsibility in respect of a wide range of suppliers, subcontractors and raw material production chains, Kering engages in continuous and collaborative dialogue on human rights and Modern Slavery with key internal and external stakeholders in its supply chains and beyond.

Kering is a member of the following initiatives, groups and programmes:

- The Sustainable Apparel Coalition - which works to reduce the negative environmental and social impacts caused by the industry worldwide;
- Textile Exchange Europe – which works to drive sustainable transformation in the industry. Kering is actively involved in a number of its sub-groups, including the Responsible Cashmere Roundtable, Responsible Leather Roundtable, Responsible Wool Standard, Organic Cotton Roundtable and Responsible Down Standard;
- Business for Social Responsibility (BSR);
- The Mekong Club, which tackles problems of Modern Slavery;
- The OECD consultative group on due diligence for the garment and footwear sectors as part of the sector-by-sector roll-out of the OECD’s guidelines for multinational enterprises;
- The Social & Labour Convergence Project, a joint initiative from the Sustainable Apparel Coalition and the Social & Labour Convergence on a common social evaluation framework for supply chains;
- Kering is a signatory to the Pledge against Forced Labour in Uzbekistan Cotton and the Pledge against Forced Labour in the Cotton Sector of Turkmenistan.

OUTCOMES AND KPIS

According to Kering's risk assessment, Modern Slavery is essentially a concern within the supply chain of the Group, rather than in its business activities.

The nature of the Kering Group supply chain, and the due diligence and other controls applied to the supply chain have been outlined above in the sections entitled Our Supply Chain and Our Risk Management. In this section, there is a review of progress made in applying the Group's controls that relate to human rights risks including modern slavery and trafficking.

4.83% of suppliers are deemed at risk because they are located in countries considered by the Group to be at risk. A country is deemed to be "at risk" when the indicators contained in various external databases imply that human rights risks are high or very high.

9.5% of suppliers were deemed critical in 2020. Suppliers are deemed critical when they are strategic and/or at risk. They are given special attention in view of their importance to the business and their location.

Subcontracting without prior authorization is not permitted.

Among its suppliers, Kering also singles out raw material suppliers. Raw materials suppliers identified as key to the Group represent roughly 20% of all such suppliers, corresponding to approximately 80% of purchases.

For a limited portion of its activities (fragrances and cosmetics), Kering Group also works with licensed suppliers, i.e., those that are under license to the Houses.

Within this portfolio of suppliers, 2,399 audits were conducted in 2020 despite the health crisis (3,241 in 2019), breaking down as 1,102 comprehensive audits and 1,297 follow-up audits. A total of 37% of these audits were carried out by Kering's Internal Audit team, and 63% by external auditors, with the Group audit protocol applied in the same way for all audits conducted. This means that 41% of suppliers were audited in 2020.

Over the 2015-2020 period, 88% of suppliers were audited, 5% more than in 2015-2019. Moreover, Kering has undertaken to audit all of its key suppliers every two years. It should be noted that "activation" audits for new suppliers are comprehensive audits, and that they therefore cover the entire scope of a comprehensive audit. In 2020, audits were extended to Kering Eyewear suppliers.

Due to the COVID-19 pandemic, it was not possible to carry out any on-site audits in Italy during the period from mid-March to mid-June 2020. The pandemic also affected audit planning worldwide: since mid-October 2020, 91 suppliers have rejected proposed audit schedules for that reason (presence of positive COVID-19 cases in the company, restrictive protocols and procedures limiting access to the company or requiring a recent negative test, etc.).

To guarantee compliance with the Code of Ethics and the Kering corporate social responsibility process, even during the pandemic, a new type of audit has been developed, known as a “documentary audit”. Audits of this type, which were only conducted in Italy, ensured the continuity of supply chain checks, prevented by the spread of the virus and avoided complications in the organization of production. Documentary audits are considered partial and non-exhaustive, and therefore did not lead to the investigation of anomalies identified. A total of 222 documentary audits were carried out between April and June. They are not counted among the 2,399 audits performed.

In 2020, robust corrective action plans were put together following the audits, wherever breaches of compliance, and particularly serious breaches, were identified. Follow-up audits were then conducted to verify the resolution of the problem. The zero-tolerance breaches identified during the audits were dealt with immediately, in accordance with established rules and in coordination with the relevant Houses. To speed up the resolution of issues, the central team held more than 253 committee meetings with the Houses.

Lastly, the communication plan on the Kering Alert system, made available in 15 languages, reached more than 1,500 direct suppliers in 2020.

A summary of key indicators and examples of implementation activities is given in Figure 6 below for both the Kering Group and its supply chain.

	Kering group operations	Kering group supply chains
Human rights and fundamental freedoms	<p>Indicators</p> <ul style="list-style-type: none"> • Reach of training on the annual Ethics & Compliance program in 2020: 95.1% • Number of complaints received by Ethics Committees in 2020, on all subjects covered by the Code of Ethics, including human rights and fundamental freedoms: 64 (including 14 still under investigation by December 31, 2020) <p>Examples of implementation</p> <ul style="list-style-type: none"> • Gap analysis between Kering practices and the United Nations Guiding Principles on Business and Human Rights, to determine specific focuses for progress and action plan • SA8000 certification for internal and outsourced production processes (e.g., Gucci and Bottega Veneta) • Update and reissue of the Code of Ethics to all Group employees worldwide in 2019 	<p>Indicators</p> <ul style="list-style-type: none"> • Number of third-party due diligence procedures since 2017: more than 176,000⁽¹⁾ • Supplier compliance monitoring in 2020: 94.5% of suppliers audited wholly or partially compliant <p>Examples of implementation</p> <ul style="list-style-type: none"> • Inclusion of Sustainability Principles and Group Suppliers’ Charter in contractual relationship with suppliers • Centralized supplier management and common audit methodology • Roll-out of Kering Standards on raw materials, including requirements on human rights • Update and reissue of the Code of Ethics to all Group employees worldwide in 2019 • Roll-out of the Vendor Rating system for evaluating supplier performance on social criteria (92 questions) • Roll-out of a communication plan on Kering’s key ethical principles and whistleblowing procedure targeting suppliers’ employees

Key indicators: human rights and fundamental freedoms

(1) Third-party due diligence procedures undertaken as specified in the Group’s Compliance Program

Empowering Imagination

sustainability@kering.com

www.kering.com/en/sustainability