PRESS RELEASE
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KERING SIGNALS A NEW PATH FOR LUXURY WITH THE LAUNCH OF ITS NEXT GENERATION SUSTAINABILITY STRATEGY

Kering defines a new, sustainable luxury that operates within the “planetary boundaries”
Kering sets ambitious 2025 Targets and key milestones to meet over this period
Kering’s strategy aligned with UN Sustainable Development Goals and includes science-based Targets

Kering announced the next phase of its sustainability strategy across its luxury brands today. With a 360° approach within its own operations and across the entire supply chain over 10 years, Kering is dedicated to continue to reduce its environmental impacts, advocate social welfare inside and outside the Group, and create innovative, game-changing platforms. In doing so, Kering will support the drive towards a low-carbon economy and help shape the future of luxury as sustainable and to operate within the “planetary boundaries”.

Kering has already made significant sustainability improvements across its business since committing to become a sustainable Group and is outperforming the luxury sector in reducing its footprint. Furthermore, Kering’s environmental impacts are less than 45% of the global average business based on comparative turnover. Following on from its progressive 2016 Sustainability Targets, Kering has stepped up its sustainability ambitions. Kering has built on the Group’s successes and leveraged the lessons learned along the way in order to evolve these original Targets. As such, the next phase of its sustainability strategy further aligns with its business priorities now and in the future. During a year-long exploratory process, the elaboration of the strategy was a joint effort between Kering, the CEOs of its luxury brands, the brands’ creative directors and their teams, to ensure input of operational relevance and to further integrate sustainability into all brand functions and categories.

“More than ever, I am convinced that sustainability can redefine business value and drive future growth. As business leaders, we all have a crucial role to play and I worked with the CEOs of our luxury Maisons to embed sustainability across our activities while developing this next important phase of our sustainability strategy,” said François-Henri Pinault, chairman and CEO of Kering. “Our strategy outlines how we will redesign our business to continue to thrive and prosper sustainably into the future, while at the same time helping to transform the luxury sector and contributing to meet the significant social and environmental challenges of our generation.”

Underpinning Kering’s vision is the recognition that a company can only become truly sustainable if it goes far beyond the conventional limits of its own direct operations to address the environmental and social impacts across the supply chain. Consequently, the scope of the strategy incorporates the entire supply chain and with a view to embedding sustainability at the very beginning of the design process. Guided by the UN Sustainable Development Goals (SDGs), Kering has also included quantifiable 2025 Targets in the strategy, under the three themes of CARE, COLLABORATE and CREATE. Further, key milestones will be aimed at during this period in order to ensure that effective progress is being made. Highlights include:

CARE for the planet:

- Use resources within the “planetary boundaries” with a science-based approach in order to reduce carbon emissions from Kering’s business activities by 50% in Scope 1, 2 and 3 of the GHG protocol by 2025
Further address all supply chain environmental impacts with a goal to reduce Kering’s Environmental Profit and Loss (EP&L) account by at least 40%, including the remaining carbon emissions and going beyond to also include water use, water and air pollution, waste production and land use changes.

Create a “Supplier Index of Sustainability” and ensure Kering’s high standards for raw materials and processes are implemented by suppliers at 100% by 2025, which also raises the bar on traceability, animal welfare, chemical use and social welfare.

Promote sustainable design and minimize the environmental impact of a product at every stage, from sourcing and manufacturing to transportation and consumer use, and create an open-sourced tool to assess products based on Kering’s standards.

Establish a Materials Innovation Lab (MIL) focused on watches and jewellery, following the success of Kering’s MIL for fabrics and textiles in offering access to sustainable alternatives.

Expand offsetting commitment to include a new ‘insetting’ approach in order to ensure that actions across the supply chain deliver climate benefits as well as social value.

**COLLABORATE with people:**

- Support the continuation of craftsmanship traditions and the communities that support them.
- Extend focus across the supply chain and improve community livelihoods where raw materials are sourced.
- Develop an industry-leading performance metric system that will measure achievement of the UN Sustainable Development Goals.
- Leverage current partnerships with leading universities and continue to develop collaborations to identify sustainability solutions.
- Amplify forward-thinking employment practices, including the global parental policy launched on 1 January, a well-being at work policy by 2018, and an employee benefits policy by 2020.
- Achieve gender parity at all levels.
- Aim to be the preferred employer in the luxury sector.

**CREATE new business models:**

- Invest in disruptive innovations that can transform conventional processes in luxury, and influence the industry.
- Develop new and sustainable solutions for sourcing raw materials, including exploring biotech and promoting a circular economy through turning recycled textiles into new clothing.
- Scale up an internal purchasing platform to have access to high quality, sustainable raw materials.
- Stimulate and enable innovation to translate vision into action through internal governance.
- Establish a Young Leaders Advisory Group for inspired ideas.

“Rethinking luxury is a necessity to adapt to our changing world while responding to the concerns of new generations of luxury clients. We have already made significant improvements over the last years and we will continue to strive for the highest environmental and social standards,” said Marie-Claire Daveu, Chief Sustainability Officer and Head of international institutional affairs of Kering. “It is through catalysing innovation that we will be able to go beyond incremental improvements and implement the transformational changes that are necessary to be truly sustainable in our business and as an industry. We will continue to open-source our solutions and approaches to support the scaling up of sustainability in the luxury sector, while sharing every 3 years the progress we have made.”
About Kering
A global Luxury group, Kering develops an ensemble of luxury houses in fashion, leather goods, jewellery and watches: Gucci, Bottega Veneta, Saint Laurent, Alexander McQueen, Balenciaga, Brioni, Christopher Kane, McQ, Stella McCartney, Tomas Maier, Boucheron, Dodo, Girard-Perregaux, Pomellato, Qeelin and Ulysse Nardin. Kering is also developing the Sport & Lifestyle brands Puma, Volcom and Cobra. By ‘empowering imagination’, Kering encourages its brands to reach their potential, in the most sustainable manner.
The Group generated revenues of more than €11.5 billion in 2015 and had more than 38,000 employees at year end. The Kering share is listed on Euronext Paris (FR 0000121485, KER.PA, KER.FP).

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1 Planetary Boundaries is the central concept in an Earth system framework proposed by a group of scientists led by the Stockholm Resilience Centre in 2009. The group proposed a framework of 9 “planetary boundaries” designed to define a “safe operating space for humanity” for the international community, including governments at all levels, international organizations, civil society, the scientific community and the private sector, as a precondition for sustainable development
3 Emissions from upstream transportation and distribution, business air travel and fuel and energy related emissions in Scope 3
4 An EP&L analyses the total environmental impacts in a company’s own operations, and across its entire supply chain and then estimates the monetary cost to society of the changes in the environment resulting from these activities
5 All Scope 3 emissions from purchased goods and services all the way back to raw materials at Tier 4