

## Kering Publishes Final Report on 2012-2016 Sustainability Targets

- ∞ **Kering remains true to its commitment to transparency following the publication of its Progress Report in May 2014**
- ∞ **Final Report reveals progress made and challenges to be overcome by Kering and the industry**
- ∞ **Kering holds Live Stream Q&A with CSO Marie-Claire Daveu at 11 AM CET today, 3 May**

Four years after committing to a set of Sustainability Targets to attain by 2016, Kering published its final report today on the progress and results of attaining these ambitious Targets. The Report also outlines the rationale for the Targets, the key sustainability projects and innovations implemented across the Group's brands throughout the 2012-2016 period<sup>1</sup>, as well as the ongoing challenges faced within supply chains, and the fashion industry more broadly.

The Sustainability Targets, along with Kering's pioneering Environmental Profit and Loss (EP&L)<sup>2</sup> accounting work, are fundamental to Kering's sustainability strategy. The Targets were established in 2012 to guide the Group in its approach, drive its actions and provide a measure for progress on its commitment to becoming a more sustainable business. The Targets were defined around key areas of predicted environmental and social impact across Kering's business and supply chains. Going well beyond the 'conventional' approach of companies to only measure and report on their own operations, the Kering Targets also focused on the entire supply chain, and in particular on raw material sourcing. In addition to commitments on strategic raw materials, the Targets are framed around reducing carbon emissions, water consumption, waste production and improving the management of hazardous chemicals as well as the Group's key suppliers.

*"The Targets we committed to in 2012 guided us to build robust and responsible approaches to address challenges within our business, and beyond, such as climate change. These approaches are now integrated into our business and I am convinced that this has built the strong foundation necessary across our Group in order to go even further in the future,"* said François-Henri Pinault, chairman and CEO of Kering. *"We will continue to enhance and expand our sustainability efforts to accelerate change in our own business and across the industry, particularly through our open-sourcing philosophy."*

From 2012 to 2016 the Group made significant progress in meeting its Sustainability Targets. The level of attainment has been dependant on Target-specific challenges, the subsequent development of customised approaches to overcome these challenges and the timeline required for strategic implementation and scaling.

### Key highlights:

- For leather: increased traceability and sourcing from EU-based production systems enabled a high quality of leather with a lower environmental footprint via the EP&L analysis; key results include 91% of the Target-achieved for Luxury bovine leather.
- For paper and packaging: the attainment of 81% overall - and 85% related to paper - of the results highlight that luxury requirements can be met with more sustainable solutions.
- For PVC: the 99% achievement of the Target shows that more sustainable alternative plastic materials can be integrated into business.



- For the efficiency Targets: focus was across the entire supply chain given that 93% of impacts were found here, as revealed by the EP&L analysis, resulting in 11% carbon emissions reduction, 16% decreased waste and 19% less water use, which equals 44%, 64% and 76%, respectively, of Targets-achieved.
- For precious skins and furs: improved traceability, closer collaboration with suppliers and commitment to best practices and standards enabled significant progress, resulting in Target achievements such as 91% for crocodilian.

Lessons learned:

- The EP&L analysis highlighted that in order to become a more sustainable business, there was a clear need to go beyond the original Targets and include a broader range of raw materials including cashmere, wool, silk and cotton.
- New, innovative business models and internal frameworks need to be created in order to provide support for more sustainable production processes and the reconfiguration of supply chains, such as the Kering Materials Innovation Lab for sustainable fabrics and the Kering Gold Framework for the sourcing of traceable and responsible gold.
- The need to build innovative partnerships to design credible and informed standards and solutions for enhancing the sustainability of sourcing raw materials, such as the Python Conservation Partnership.
- The importance of traceability and transparency across supply chains to understand impacts and adapt to more sustainable approaches, such as in leather supply chains.
- Meeting some of the Targets requires fundamental changes to systems in the supply chains, for example in the agricultural and minerals sectors, where one single Group's influence can be limited; cross-sector collaboration is required to improve standards and practices.
- Creating and maintaining the highest supply chain standards lies not only in auditing but also in building relationships with suppliers, and industry collaborations that build awareness and support suppliers to help them meet these standards.

Kering will announce the next phase of its sustainability strategy, including the redefinition of its Sustainability Targets, at the end of 2016.

*“Our Sustainability Targets were audacious and ambitious in our industry, and efforts to meet them have not been without challenges,” said Marie-Claire Daveu, Chief Sustainability Officer and Head of international institutional affairs at Kering, “We have been building and scaling initiatives from our raw materials sourcing through to our stores. In doing so, we have been catalysing innovative processes and business models to ensure that sustainability is embedded across our supply chains. I am excited for the next phase of our strategy that will build on what we have achieved, including the redefinition of our Targets.”*

**For the full set of results and progress click [here](#) to download the “Beyond our Limits: Kering Sustainability Target” report.**

**About Kering**

*A world leader in apparel and accessories, Kering develops an ensemble of powerful Luxury and Sport & Lifestyle brands: Gucci, Bottega Veneta, Saint Laurent, Alexander McQueen, Balenciaga, Brioni, Christopher Kane, McQ, Stella McCartney, Tomas Maier, Boucheron, Dodo, Girard-Perregaux, JeanRichard, Pomellato, Qeelin, Ulysse Nardin, Puma, Volcom and Cobra. By ‘empowering imagination’ in the fullest sense, Kering encourages its brands to reach their potential, in the most sustainable manner.*

*Present in more than 120 countries, the Group generated revenues of more than €11.5 billion in 2015 and had more than 38,000 employees at year end. The Kering (previously PPR) share is listed on Euronext Paris (FR 0000121485, KER.PA, KER.FP).*



K E R I N G

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<sup>1</sup> Target achievement is based on results up to the end of 2015.

<sup>2</sup> An Environmental Profit and Loss account (EP&L) analyses the total environmental impacts in a company's own operations, and across its entire supply chain and then estimates the cost to society of the changes in the environment resulting from these activities.