

# Welcome to your CDP Forests Questionnaire 2021

## F0. Introduction

### F0.1

**(F0.1) Give a general description of and introduction to your organization.**

A global Luxury group, Kering manages the development of a series of renowned Houses in Fashion, Leather Goods, Jewelry and Watchmaking: 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. We capture these beliefs in our signature: "Empowering Imagination."

In 2020, Kering had 38,553 employees (as of December 31, 2020) and revenue of €13.1 billion. The Kering share is listed on Euronext Paris (ISIN: FR 0000121485, Reuters: PRTP.PA, Bloomberg: KER.FP). It is notably listed on the CAC 40 and EURO STOXX 50 indexes. See more at: <http://www.kering.com/>

### F0.2

**(F0.2) State the start and end date of the year for which you are reporting data.**

	Start Date	End Date
Reporting year	January 1, 2020	December 31, 2020

### F0.3

**(F0.3) Select the currency used for all financial information disclosed throughout your response.**

EUR

### F0.4

**(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.**

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
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Timber products	Disclosing	Trading Manufacturing Retailing	
Palm oil	This commodity is not produced, sourced or used by our organization		
Cattle products	Disclosing	Processing Trading Manufacturing Retailing	
Soy	This commodity is not produced, sourced or used by our organization		
Other - Rubber	Not disclosing	Trading Manufacturing Retailing	Rubber represents less than 0.5% of Kering's total use of raw materials (by quantity).
Other - Cocoa	This commodity is not produced, sourced or used by our organization		
Other - Coffee	This commodity is not produced, sourced or used by our organization		

## F0.5

**(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?**

No

## F1. Current state

### F1.1

**(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?**

#### Timber products

##### Activity

Growing/production of raw materials

##### Form of commodity

Paper

Secondary packaging

Tertiary packaging  
 Cellulose-based textile fiber

**Source**

Contracted suppliers (processors)  
 Contracted suppliers (manufacturers)

**Country/Area of origin**

Belgium  
 China  
 Finland  
 France  
 Germany  
 Italy  
 Romania  
 Slovenia  
 Thailand  
 United States of America  
 Unknown origin

**% of procurement spend**

<1%

**Comment**

Paper, cardboard and hardwood are mainly used for packaging purpose, primary and secondary packaging (customer facing) as well as tertiary packaging (transport packaging). These materials are also commonly used within stores especially for windows or as visual merchandising. Part of the textiles that are used in collections are derived from cellulose (viscose, modal, cupro, lyocell): in 2020, 325 tons were used by Kering.

In 2020, the volume of Paper and cardboard packaging was of 22,570 metric tons (increasing by 2.2% compared to 2018), Textile packaging was of 2,961 metric tons (+43% change vs 2018) and wood packaging was of 31 metric tons (-60% vs 2018). Altogether, paper, cardboard, hardwood and cellulose based textiles represent approximately 1% of the Group's total production procurement. Paper, cardboard and wood that are used for packaging purposes are primarily coming from Italy, China and France. Fibres that are used in cellulose based textiles are mainly coming from China, Germany, Japan and Austria.

**Cattle products**


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**Activity**

Growing/production of raw materials

**Form of commodity**

Hides/leather

**Source**

Multiple contracted producers

Trader/broker/commodity market  
Contracted suppliers (processors)  
Contracted suppliers (manufacturers)

**Country/Area of origin**

Albania  
Algeria  
Argentina  
Australia  
Austria  
Belarus  
Belgium  
Bosnia & Herzegovina  
Brazil  
Bulgaria  
Canada  
Chile  
China  
Croatia  
Denmark  
Egypt  
Ethiopia  
Finland  
France  
Germany  
Greece  
Iceland  
India  
Iran (Islamic Republic of)  
Iraq  
Ireland  
Italy  
Kenya  
Latvia  
Mali  
Mexico  
Mongolia  
Morocco  
Netherlands  
New Zealand  
Niger  
Nigeria  
Norway  
Pakistan  
Poland  
Portugal  
Romania

Russian Federation  
 Saudi Arabia  
 Serbia  
 Slovenia  
 South Africa  
 Spain  
 Sweden  
 Switzerland  
 Syrian Arab Republic  
 Tunisia  
 Turkey  
 Uganda  
 Ukraine  
 United Arab Emirates  
 United Kingdom of Great Britain and Northern Ireland  
 United States of America  
 Uzbekistan  
 Unknown origin

#### % of procurement spend

71-80%

#### Comment

Leather is mainly used within the leather goods and shoes business units. In 2020, with more than 33,000 tons sourced, leather represents 49% of the total quantity of raw materials that are used within the Group. Considering that Kering Brand's are buying high quality leather, especially due to its Luxury activities, leather is representing 71% of the total Group production procurement. In overall, the top countries from which the animals producing the leather used by the group are grazed are: 1. France 2. Netherlands 3. Italy 4. United States 5. United Kingdom. In terms of quantity, these countries represent 50% of the total leather used by the Group (all type of leather together: bovine/ovine/pig/exotic skins...).

## F1.2

**(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

	% of revenue dependent on commodity	Comment
Timber products	1-5%	All products derived from timber that are used for packaging purpose are not generating revenues. However, the cellulose based fabrics that are used in ready to wear and apparel products are responsible for approximately 10% of the revenues generated by these 2 business units which represent 4% of the total Group turnover.

Cattle products	71-80%	Leather is the main raw materials used in the leather goods, shoes, and footwear business units. Altogether, products made out of leather are responsible for 73% of the Group total revenues.
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## F1.5

**(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?**

	Data availability/Disclosure
Timber products	Consumption data available, disclosing
Cattle products	Consumption data available, disclosing

## F1.5a

**(F1.5a) Disclose your production and/or consumption data.**

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### Forest risk commodity

Timber products

### Data type

Consumption data

### Volume

21,351

### Metric

Metric tons

### Data coverage

Full commodity production/consumption

### Please explain

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### Forest risk commodity

Cattle products

### Data type

Consumption data

### Volume

33,083

### Metric

Metric tons

**Data coverage**

Full commodity production/consumption

**Please explain**

## F1.5b

**(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.**

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**Forest risk commodity**

Timber products

**Country/Area of origin**

Thailand

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

1

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (i.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 1% of all timber production (wood and paper) in terms of quantity comes from Thailand. However, Kering is not currently able to track timber sourcing down at Thai sub-national entity.

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**Forest risk commodity**

Timber products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

**% of total production/consumption volume**

20

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (I.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 20% of Kering's timber sourcing comes from the following group of countries: Belgium, China, Finland, France, Germany, Italy, Morocco, Netherlands, Romania, Russian Federation, Slovenia, Spain, and the United States.

**Forest risk commodity**

Cattle products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

**% of total production/consumption volume**

12.51

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (I.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 12.51% of all leather production in terms of quantity comes from France.

**Forest risk commodity**

Cattle products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

**% of total production/consumption volume**

12.16

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (I.e.



the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 12.16% of all leather production in terms of quantity comes from the Netherlands.

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**Forest risk commodity**

Cattle products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

**% of total production/consumption volume**

10.07

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (I.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 10.07% of all leather production in terms of quantity comes from Italy.

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**Forest risk commodity**

Cattle products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

**% of total production/consumption volume**

7.6

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (I.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 7.6% of all leather production in terms of quantity comes from USA.

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**Forest risk commodity**

Cattle products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

**% of total production/consumption volume**

7.58

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (i.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 7.58% of all leather production in terms of quantity comes from UK

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**Forest risk commodity**

Cattle products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

**% of total production/consumption volume**

7.37

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (i.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 7.37% of all leather production in terms of quantity comes from Spain.

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**Forest risk commodity**

Cattle products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

**% of total production/consumption volume**

7.23

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (i.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 7.23% of all leather production in terms of quantity comes from Ukraine.

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**Forest risk commodity**

Cattle products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

**% of total production/consumption volume**

4.61

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (i.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 4.61% of all leather production in terms of quantity comes from New Zealand.

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**Forest risk commodity**

Cattle products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction****% of total production/consumption volume**

2.7

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (i.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 2.7% of all leather production in terms of quantity comes from Poland.

**Forest risk commodity**

Cattle products

**Country/Area of origin**

Nigeria

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

2.68

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (i.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 2.7% of all leather production in terms of quantity comes from Nigeria. However, Kering does not have information on the sourcing at Nigerian state-level.

**Forest risk commodity**

Cattle products

**Country/Area of origin**

Argentina

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

1.88

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (i.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 1.88 % of all leather production in terms of quantity comes from Argentina. However, Kering does not have information on the sourcing at Argentinian subnational level.

**Forest risk commodity**

Cattle products

**Country/Area of origin**

India

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

0.81

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (i.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 0.81 % of all leather production in terms of quantity comes from India. However, Kering does not have information on the sourcing at Indian state level.

**Forest risk commodity**

Cattle products

**Country/Area of origin**

Australia

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

0.73

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (i.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 0.73 % of all leather production in terms of quantity comes from Australia. However, Kering does not have information on the sourcing at Australian state level.

**Forest risk commodity**

Cattle products

**Country/Area of origin**

Brazil

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

0.1

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (i.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 0.1 % of all leather production in terms of quantity comes from Australia. However, Kering does not have information on the sourcing at Brazilian state level.

**Forest risk commodity**

Cattle products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction****% of total production/consumption volume**

21.96

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (i.e.

the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 21.96% of all leather production in terms of quantity comes from other countries than those listed above (and countries not provided in the list of country/area of origin)

**Forest risk commodity**

Timber products

**Country/Area of origin**

Unknown origin

**State or equivalent jurisdiction**
**% of total production/consumption volume**

79

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (i.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the raw materials purchased during the year.

In 2020, 79% of all timber production (wood and paper) used by the Group comes from countries other than those identified above, but for which the Group does not have country-level sourcing information.

**Forest risk commodity**

Cattle products

**Country/Area of origin**

Kenya

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

0.01

**Please explain**

On an annually basis, the Brands have to fill an Excel file with all the raw material they purchase during the year. They have to fill the type of material, the sourcing country (i.e. the origin of the raw material) and if they can't have access to this, they have to disclose the purchase country. The data are consolidated at Group level in order to have all the

raw materials purchased during the year.

In 2020, 0.0008 % of all leather production in terms of quantity comes from Kenya. However, Kering does not have information on the sourcing at Kenyan state level.

## F1.6

**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

No

## F2. Procedures

### F2.1

**(F2.1) Does your organization undertake a forests-related risk assessment?**

Yes, forests-related risks are assessed

### F2.1a

**(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**

**Timber products**

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**Value chain stage**

Direct operations  
Supply chain

**Coverage**

Full

**Risk assessment procedure**

Assessed as part of an established enterprise risk management framework

**Frequency of assessment**

Annually

**How far into the future are risks considered?**

> 6 years

**Tools and methods used**

Internal company methods  
External consultants  
National specific tools and databases  
Other, please specify  
Kering's EP&L, Verisk Maplecroft

**Please explain**



Risk related to timber commodity are assessed across 4 approaches (1,2,3: internal company methods ; 2: national specific tools and databases; 4: external consultant or certifications), together forming a strong, efficient, and varied methodology to assess risks related to timber.

1. Kering Risk management framework, setting roles, responsibilities and procedures through a shared risk management policy and IT system. Forests risks are covered under 'Raw materials scarcity, quality and biodiversity' and 'Climate change, other natural or man-made risks' of the framework. This framework ensures the consistent integration of environmental and forest risks across our operations.
2. EP&L, used to assess impacts and reliance on natural resources and to attribute a monetary value to Group's environmental impacts throughout its supply chain. EP&L allows for effective and detailed understanding of key risks drivers behind the use of raw materials with respect to their geographical origin and process type. The environmental footprint is measured across 6 indicators among which land use & forest aspects.
3. Kering Standards: They allow Kering's sustainability experts to define and implement the relevant sustainable standards and support brands in the identification of and shift towards more sustainable alternate materials, including forest-sourced. For cellulose-based fabrics, the supplier has to evaluate its supply chain vis-à-vis the CanopyStyle methodology. Kering Houses worked in 2020 towards the sourcing of sustainable cellulosic fibers, e.g. at Bottega Veneta: certified viscose was used in the Pre-Spring 2020 collection, as well as a new sustainable material composed of a mixture of cork & fennel waste from the agri-food sector, produced entirely in Europe.
4. An external Global risk analytics provider, Verisk Maplecroft, covering over 200 issues for 198 countries including deforestation risks. It provided Verisk-based hotspot maps for strategic raw materials on the current and future (2036-2060) climate and forest risks.
5. CanopyStyle methodology and/or FSC certification are used to ensure our viscose & other wood-pulp based materials come from supply chains that avoid sourcing from ancient and endangered forests. An example of effectiveness of these tools is that the proportion of certified (PEFC or FSC) paper reached 83% across the Group in 2020.

## Cattle products

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### Value chain stage

Direct operations  
Supply chain

### Coverage

Full

### Risk assessment procedure

Assessed as part of an established enterprise risk management framework

### Frequency of assessment

Annually

### How far into the future are risks considered?

> 6 years

### Tools and methods used

Internal company methods  
 External consultants  
 National specific tools and databases  
 Other, please specify  
 Kering's EP&L

### Please explain

Risk related to cattle commodity are assessed across 4 approaches (1,2,3: internal company methods ; 3: national specific tools and databases). Internal methods have been chosen because together with national specific tools and databases, they form a robust methodology to assess cattle-related risks that is effectively deployed at corporate and House levels.

1. Kering Risk management framework (organization with roles, responsibilities and procedures; risk management policy setting, shared IT system) through 'Raw materials scarcity, quality and biodiversity' and 'Climate change, other natural or man-made risks'
2. Internal sourcing risk assessment framework (environmental, social and animal welfare risks on all the supply chain - including cattle-related forests risks) performed every year by our team of specialists with 3 levels of risks (low, medium, high) for each sourcing country. The internal assessments guide Houses in their supply decision and an action plan is built yearly for each House.
3. EP&L assesses impacts and reliance on natural resources (including forest resources) and attributes monetary value to the Group's environmental impacts throughout its supply chain. Through scenario simulation, EP&L understands key risks drivers behind the use of raw materials with respect to their geographical origin and process type. Specifically regarding forests, EP&L measures and compares the impact of land use (including deforestation) of sourcing countries. Leather from France, Italy and Netherlands has a much lower impact than leather from Brazil: as such, Kering favours leather from these countries (FR, IT, and NL represent 35% of Kering's leather in 2020).
4. Kering Standards: this risk analysis grid based on the 5 key principles of the Standards (traceability, social welfare, environment, animal welfare and chemical use) allows Kering's sustainability experts to define relevant sustainable standards and more sustainable alternate materials. Kering recommends sourcing bovine leather from EU countries, USA or New Zealand. Illustrating the Kering Standards' successful application, in 2020, 92% of Kering's leather was traceable.
5. Kering started to analyse the forest risk linked to soy production (used as cattle feed), in order to improve Kering's risk assessment & quantify the deforestation impact of feeding cattle in the Group's supply chain.

## F2.1b

**(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?**

### Availability of forest risk commodities

#### Relevance & inclusion

Relevant, always included

### Please explain

Both Group Risk management process and EP&L are providing a sensitivity analysis of the dependencies the Group have on key raw materials that have a link with forest risk commodities. The EP&L analyses the risks for the entire value chain. EP&L results are updated every year and valid for the next 5 years. To meet its customers' expectations, the Group needs unhindered availability of raw materials that comply with its quality criteria, and sustained skill levels across its production teams. To these purposes, the Kering group has forged special partnerships with key suppliers, and pursues a policy of actively seeking new partners. In addition, it develops vertical integration throughout the production chain by means of a programme of acquisitions and strategic business combinations.

Specifically, since 2018 and updated in 2019, the Kering Standards saw the addition of standards dedicated to viscose and cellulosic fibers derived from wood pulp. The 2020 update of the Standards included new sections on packaging, visual tools and innovation for sustainable production. The Kering Standards are peer - reviewed and to a very large extent follow the logic and requirements of Canopy, an environment - focused NGO that works to protect the world's forests, species and climate. Kering funded an initiative to create the first interactive map tracking ancient and endangered forests, thereby providing Group businesses with tangible decision - making support for their purchases of paper, packaging, wood and cellulosic textiles.

The combined use of the EP&L and the Kering Standards tools help the continuous reinforcement of Kering's sourcing of sustainable commodities and thus ensure their availability.

## Quality of forest risk commodities

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### Relevance & inclusion

Relevant, always included

### Please explain

Both Group Risk management process and EP&L are providing a sensitivity analysis of the dependencies the Group have on key raw materials that have a link with forest risk commodities. The EP&L helps address drivers of change in Kering's supply chains and specifically around fluctuations in raw material quality and availability. The EP&L analyses the risks for the entire value chain. Even if they are updated every year, EP&L results are valid for the next 5 years. To meet its customers' expectations, the Group needs unhindered availability of raw materials that comply with its quality criteria, and sustained skill levels across its production teams. To these purposes, the Kering group has forged special partnerships with key suppliers, and pursues a policy of actively seeking new partners. In addition, it develops vertical integration throughout the production chain by means of a programme of acquisitions and strategic business combinations.

To uphold know-how in its Luxury business, Kering runs personnel training and skills

preservation operations, and internalises a number of functions that were previously subcontracted. In addition, Kering released a specific report in 2015 together with BSR as a first analysis of climate change and its consequences for the Luxury sector. The report focuses on key strategic raw materials for the Luxury sector and provides a summary of an in-depth analysis on the current and future climate risks for cotton, cashmere, vicuna, silk, beef and calf leather, and sheep and lamb leather. Additionally, the report highlights how to build resilience in supply chains through a focus on both enhanced efficiency and innovative approaches to raw material production with actions and solutions that are already available for businesses. It also provides Verisk MapleCroft-based raw material hotspot maps on the current and future (time period 2036-2060) climate risks for key strategic raw materials for the sector, such as cotton, cashmere, vicuna, silk, but also beef, calf, sheep and lamb leather that have a significant forest impact. These hotspot maps are used internally for risk assessment regarding raw material sourcing and thus inform decision-making process. Indeed, they are built into the country-level risk analysis performed by our specialist teams which guide Houses in their sourcing decisions.

## Impact of activity on the status of ecosystems and habitats

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### Relevance & inclusion

Relevant, always included

### Please explain

Kering endeavors to ensure that its activities minimize negative impacts on biodiversity, and aims to create positive impacts, particularly in terms of soil regeneration and the preservation of endangered animal and plant species. Kering is committed to improving the way it accounts for biodiversity and ecosystem services in its EP&L methodology and to improving the data and knowledge underlying these evaluations. The EP&L tool analyses the environmental impact risks for the entire value chain and serves as a tool to generate scenarios to inform sourcing decision-making of more sustainable raw materials, including those related to forests, such as paper, wood, cellulosic fibers, or cattle (ovine, bovine, etc.) whose grazing systems may impact negatively forests. Through the land use indicator of its EP&L, Kering measures its impact on the status of ecosystems and habitats. The EP&L methodology aims to estimate the economic value of lost ecosystem services associated with the conversion and occupation of land. These values are associated with the benefits society gains from ecosystems, such as climate regulation as well as recreation, cultural experiences or education. Specific ecosystem services which can be affected by the conversion and occupation of land used in our analysis include: food from natural/semi-natural ecosystems or erosion control. Based on this, the EP&L informs sourcing decision-making of forest-related materials.

In 2020, Kering published its Biodiversity Strategy which, in line with the Science-Based Target for Nature, follows the ARRRT framework (Avoid, Reduce, Restore and Regenerate, and Transform). As such, we have renewed and extended our commitment to identify and address the impacts of Kering's activities and value chain on the status of ecosystems and habitats. To that effect, we support the Biodiversity Impact Metric (BIM) that was tested on a number of raw materials supply chains for the Group's brands.

Building upon the Group's previous work towards sustainable partnerships for cashmere production in Gobi, Kering joined in 2020 the new Market Sector Advisory Group formed at the initiative of the United Nations Development Program, working with other stakeholders in Mongolia to promote harmonization and facilitate collaboration between various existing programs there to support the emergence of a sustainable supply chain.

## Regulation

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### Relevance & inclusion

Relevant, always included

### Please explain

Kering considers current regulations regarding forest matters as relevant risks included in its climate risk assessment. Forest-related regulatory risks are part of both the 'Climate change, other natural or man - made risks' risk category and the 'Compliance with national tax laws and international standards' risk category identified as 2 categories of the strategic and operational risks covered by Kering's risk framework.

Kering's international presence exposes it to risks regarding non-compliance with legislation and national regulations, owing to the complexity and changing nature of regulations chiefly arising from corporate and tax law, customs duties and import restrictions applied by certain countries. To guard against risks of non-compliance due to a lack of awareness of legislative change, Kering provides its Divisions with a regulatory watch service, through head office and support centres in the regions in which the Group operates. As an example, the watch service has helped one of Kering's brands identify an issue regarding the extended producer responsibility on packaging and therefore assess it. Deforestation risks are also factored into this Group regulatory monitoring and the potential impact of forthcoming regulations is also assessed.

In addition, the Group is using Verisk Maplecroft, an external Global risk analytics and data visualisation provider, covering over 200 issues for 198 countries including deforestation risks, including those in relation to current and emerging regulations. In 2015, Kering and BSR released a report providing a first in-depth analysis of climate change and its consequences for Luxury sector. It provided Verisk-based raw material hotspot maps on the current and future (time period 2036-2060) climate risks for strategic raw materials for the sector, such as leather that has a significant forest impact. These hotspot maps are used internally for risk assessment regarding raw material sourcing and thus inform decision-making process. Indeed, they are built into the country-level risk analysis performed by our specialist teams which guides Houses in their sourcing decisions.

## Climate change

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### Relevance & inclusion

Relevant, always included

### Please explain

Climate change is identified as one of the risk categories of Kering's risk assessment framework on which forest-related risk assessment is based.

The physical effects of climate change are susceptible to impact the Group's activities. While its own activities (production and distribution) are relatively unexposed due to their low carbon footprint (Kering's activities are not subject to carbon emissions quota regulations), this is not the case for the supply chain. The growing frequency of extreme weather events (drought, flooding, etc.) could have a direct impact on the availability and quality of key raw materials such as cotton, cashmere and silk, which would translate into greater price volatility. A November 2015 report jointly authored with BSR, the global non-profit organization that works with a network of member companies and partners to build a sustainable world, analyses exposure to climate risk. Entitled "Climate Change: Implications and Strategies for the Luxury Fashion Sector", it analyses current and future climate risks for cotton, cashmere, vicuña wool, silk and cow-, calf-, sheep- and lambskin leather, leather being one of the raw materials with a high forest impact.

In order to mitigate these risks, Kering is acting to make its supply chain more resilient, starting with the Environmental P&L (EP&L). The EP&L allows Kering to measure its environmental impacts, including its carbon footprint, throughout the value chain and to monetise them. Beyond the risk management dimension, the EP&L is also used as a management tool to orient the Group towards sustainable sourcing solutions and to assess the raw materials used in product design.

For instance, the EP&L tool allows for running scenarios with different material sourcing and assess their EP&L impact of land use (land use being one of the 6 key indicators of the EP&L methodology). Based on these scenarios, Kering was for instance able to identify and recommend to its suppliers its preferred sourcing locations for cattle: European Union, USA, New Zealand as they generate a lower EP&L impact on land use, thus on forest ecosystems.

## Impact on water security

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### Relevance & inclusion

Relevant, always included

### Please explain

Impact on water security is included in the Group's forest-related risk assessment as a current issue, as the availability and the quality of water is susceptible to impact Kering's activities. While its own activities are relatively unexposed (77% of the water is used for domestic purpose in stores and 23% for industrial purposes, primarily for its tanneries, none of which is located in water-stressed areas), this is not the case for its supply chain, mainly in its upstream part (raw material production). In 2015, Kering co-authored with BSR a report that analyses current and future climate risks for the luxury fashion sector, and impacts on key raw materials. The growing frequency of extreme weather events (drought, flooding, etc.) can affect precipitation patterns and directly impact water availability and quality, which are key to producing high-quality key raw materials, themselves central to the Group's Luxury value proposition. Reduced water availability can reduce cotton yields, cattle hide production, and the production and the quality of Luxury fibers such as vicuña.

In order to mitigate these risks, Kering is acting to make its supply chain more resilient, starting with the EP&L. The EP&L allows Kering to measure its environmental impacts, including its water use and water pollution, throughout the value chain and to monetize them. Kering's impact is based on 4 indicators: malnutrition, infectious water borne diseases, resource depletion and environmental impact of water supply sector. The EP&L is also used as a management tool to orient the Group towards sustainable sourcing solutions. EP&L tool allows for running scenarios with different material sourcing and assess their EP&L impact of water. Based on these scenarios, Kering evaluated that the water consumption valuation factor for Turkish conventional cotton was found to be 10 times higher than Turkish organic cotton. Moreover, Kering was then able to identify and recommend to its suppliers its preferred cotton sourcing locations: European Union and the USA as they generate a lower EP&L impact (including on water use and consumption indicators) on forest ecosystems. As a result, Kering Brands are increasingly using organic cotton (In total, organic cotton now accounts for 51% of cotton used across the Group) and sourcing it in less resource-intensive locations.

## Tariffs or price increases

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### Relevance & inclusion

Relevant, always included

### Please explain

Fluctuation in raw materials prices is identified under the 'Raw materials scarcity, quality and biodiversity' risk category of Kering's risk assessment framework on which forest-related risk assessment is based. Kering's EP&L analyses the environmental impact risks for the entire value chain and serves as a tool to generate scenarios that inform decision-making about sourcing of more sustainable raw materials, including those related to forests, or cattle whose grazing systems may impact negatively forests. Both the Group Risk management process and EP&L (updated yearly) are providing a sensitivity analysis of the dependencies the Group have on key raw materials that have a link with forest commodities. The rising price of raw materials used by Kering's Luxury activities correlates with high demand for leather, skins and precious stones. Another example is cashmere (28 tons/year for Kering), a raw material strongly exposed to price volatility. Kering's mitigation actions include: (1) rises in production costs can be wholly or partially offset by corresponding rises in the sale prices of finished products; (2) Kering's ability to trace raw materials is a mitigation tool as it increases Kering's control over raw material prices; (3) Lastly, Kering insists that suppliers and subcontractors comply with legislation, the Kering Standards and the Group's Code of Ethics. These latter factors tend to restrict the scope of alternative sourcing options for certain materials. The Group is nevertheless organised to regularly seek new suppliers capable of meeting the Kering Standards and Code of Conduct requirements and regularly assess existing suppliers.

In addition, Kering released a specific report in 2015 together with BSR as a first analysis of climate change and its consequences for the Luxury sector. The report focuses on key strategic raw materials for the Luxury sector and provides a summary of an in-depth analysis on the current and future climate risks for cotton, cashmere, vicuna, silk, beef and calf leather, and sheep and lamb leather, leather being one of the raw



materials with a high forest impact. Additionally, the report highlights how to build resilience in supply chains through a focus on both enhanced efficiency and innovative approaches to raw material production with actions and solutions that are already available for businesses.

## Loss of markets

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### Relevance & inclusion

Relevant, always included

### Please explain

The Group carefully safeguards its image and reputational assets. Unfavourable or erroneous media coverage on the Group's products or practices, or negative discussions on social networks, could damage its image and reputation as well as give consumers a misleading perception of the Group's performance, potentially leading to a slowdown in sales.

To review these risks, Kering deploys a robust crisis management procedure, for which regular drills are performed, including image risk and its media management, no matter what the type of potential crisis, whether operational, health-related, social, legal, reputational or other. Examples of risks that may put Kering's markets at risk include leather sourcing which can be targeted by NGOs such as The Nature Conservancy, Rainforest Alliance, or Envol Vert in France. NGO rankings of companies based on their leather sourcing strategy and its impact on forests and biodiversity are usually well distributed by press and could potentially create negative media coverage eventually reducing customers demand for Kering brands' leather products. Similarly, cellulosic fibres such as viscose are the subject of great attention, because they are made from wood pulp and as such carry significant risks in terms of deforestation. For instance the Changing Markets Foundation released in 2018 a ranking on fashion brands' management of viscose which was brought to media attention. Awareness of forest loss and the critical and irreplaceable role of forests in supporting all life forms is on the rise, particularly among consumers from Y&Z generations (expected to represent 50% of sales by 2025), a population which is known for valuing both quality and a sense of purpose, potentially leading to losses of markets.

Kering's EP&L tool analyses the environmental impact risks for the entire value chain and serves as a tool to generate scenarii that inform decision-making about sourcing of more sustainable raw materials, such as an alternate raw material, or sourcing from a different location less at risk of deforestation, or sourcing based on a different manufacturing process, or with traceable source, as full traceability ensures that the production process has no deforestation effect. Specifically put in context with an analysis of media attention, the EP&L results can be used to inform and orient decisions.

## Leakage markets

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### Relevance & inclusion

Not relevant, explanation provided



**Please explain**

Leakage markets are not relevant to Kering's business activity as, due to Kering's business model and sector, there are Kering does not have a market in which capital, income or commodities could be diverted to non-compliant activities.

**Brand damage related to forest risk commodities****Relevance & inclusion**

Relevant, always included

**Please explain**

Kering's activities are underpinned by powerful global Luxury brands. One of the Group's main operational risks therefore concerns the loss of commercial appeal and brand value that could arise from poor consideration of consumer expectations, market changes, loss of key partnerships, problems with product quality, or failure to comply with the Group's sustainability principles. The risk 'Brand and Image' is one of the operational risks identified in Kering's group-level risk management framework. Unfavourable or erroneous media coverage on the Group's products or practices, or negative discussions on social networks, could damage its image and reputation and give consumers a misleading perception of the Group's performance, potentially leading to a slowdown in sales.

Examples of risks that may impact Kering's Brand image include the use of bovine/ovine leather in Kering's supply chain. At Kering, leather is a key raw material as leather and precious skin-based products represented 72% of Kering's revenue in 2020. Specifically, bovine leather represents 75% of the Group's leather. In the backdrop of growing NGO and media attention around deforestation issues linked to leather supply chains, the brand images of Kering's Houses could be exposed to reputational risks. Indeed, outlooks for the luxury market show that more than 50% of sales will be made to Y&Z generations by 2025, a population which is known for valuing both quality and a sense of purpose. This population specifically could be sensible to Kering's brand image and leather use.

The EP&L analyses the environmental impact risks for the entire value chain, notably based on the EP&L value of raw materials, and serves as a risk mitigation tool to generate scenarii that inform decision-making about sourcing of more sustainable raw materials, be it an alternate raw material, or from a different location less at risk of deforestation, or based on a different manufacturing process, or with traceable source, as full traceability ensures that the production process has no deforestation effect. An example of action taken to mitigate the risk and enhance Brand image is the Zero-deforestation handbag collection offered by GUCCI using leather sourced from zero-deforestation ranches in Cuiabá, Mato Grosso, Brazil.

**Corruption****Relevance & inclusion**

Relevant, always included

### Please explain

In 2015, Kering strengthened the compliance organisation at Group level with the creation of an international network of Compliance Officers appointed by the CEO of each brand. Reporting to the Group Chief Compliance Officer, the network is tasked with assisting and guiding employees at all levels of the Group to ensure compliance with prevailing legal requirements, including those relating to the fight against corruption and those relating to competition law. The Group Chief Compliance Officer reports directly to the Chairman of the Group Ethics Committee.

In 2019, the Group performed an in-depth assessment of bribery and corruption risks in its operations and in the operations of each of its Houses. The assessment lasted nine months and was performed by independent service providers in conjunction with the Compliance Officers. It involved more than 242 Group employees worldwide and at all levels. To ensure that the risk assessment was comprehensive, each type of corruption relevant to the Group was identified and assessed after analyzing first, second and third levels of control. The resulting corruption risks were rated and ranked in a preliminary risk map, which was then presented to the Group's Chairman and Chief Executive Officer, the Group Managing Director and the House Chief Executive Officers for feedback before drawing up the final risk map. Stricter controls were introduced in 2020 and a compliance review was undertaken in the Middle East region.

According to the risk map that has been drawn, the Group has not been made aware of any significant corruption risks that would be linked to forest commodities, which is why corruption is not a significant risk in the context of this questionnaire. This risk map is monitored through the annual action plan set up regarding Duty of Care French law.

## Social impacts

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### Relevance & inclusion

Relevant, always included

### Please explain

Kering is using its EP&L approach as a risk assessment tool to measure and monetize the environmental impact of Kering's activities across its supply chain, and as such is a key tool for Kering's forest risk assessment process.

Land use is among the six main indicators measured by the EP&L. Given that the objective of the EP&L is to understand the impact on people's well-being of environmental changes generated by business activities and express these impacts in monetary terms, the social impact of land use is assessed through the EP&L. The methodology for the land use indicator defines the land use indicator impact pathway through 3 steps: the impact drivers, the environmental outcomes, and the societal impacts. This methodology takes into account a classification of ecosystem services at local, regional and global levels. Those services that are considered as impacted for local communities at a local or regional scale are provisioning services (Food from natural/semi-natural ecosystems, fiber and other raw materials, domestic and industrial water) and regulating services (pollution control and waste assimilation, erosion control, disease and pest control, flood control and protection from extreme events). To estimate

value change in ecosystem services caused by land use impact of Kering's activities, the EP&L methodology also takes into account income adjustment and population dependency and distribution to adjust the calculation based on the proportion of the population living in rural areas. In terms of economic impacts, the methodology takes into account impacts such as property damage from flooding, altered assimilation capacity leading to changes in water and air quality, and impacts on biodiversity resulting in changes to recreational services.

Thanks to this methodology, Kering is able to clearly identify where and how the Group's activities have a social impact on land use and thus the tool informs its decision-making process associated to conversion and occupation of land. In addition, the Kering Standards, based on 5 key principles (traceability, social welfare, environment, animal welfare and chemical use) address social impacts in the risk assessment and mitigation, and required the Free, Prior and Informed Consent (FPIC) of indigenous people and local communities before new logging rights are allocated or plantations are developed.

### Other, please specify

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#### Relevance & inclusion

#### Please explain

## F2.1c

**(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?**

### Customers

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#### Relevance & inclusion

Relevant, always included

#### Please explain

Due to increasing environmental awareness, especially on issues such as deforestation due to raw material sourcing, Kering Brands' consumers may become more influenced by the sustainability performance and reputation of the Brands. The inability to anticipate changes in consumer expectations and the loss of commercial appeal and brand value that could arise from it represents a major risk to the Group's business development. This is why customers are considered in Kering's forest-related risk assessment through 2 main operational risks 'Image and Branding' and 'Brand Strategies' enclosed in Kering's global risk assessment.

As well, unfavourable or erroneous media coverage on the Group's products or practices, or negative discussions on social networks, could damage its image and reputation as well as give consumers a misleading perception of the Group's performance, potentially leading to a slowdown in sales. Consequently, the Group seeks to ensure that no incident arises due to unethical behaviour on the part of entities or

individuals under its control, or those with which it has business dealings.

As an example of risk coming from consumers, leather sourcing can be targeted by NGOs such as The Nature Conservancy, Rainforest Alliance, or Envol Vert in France. NGO rankings of companies based on their leather sourcing strategy and its impact on forests and biodiversity are usually well distributed by press and could potentially create negative media coverage eventually reducing customers demand for Kering brands' leather products. Therefore, Kering engages with its customers in several ways:

- Customers are part of Kering's materiality analysis, for which the Group consulted senior executives of Kering and its Brands, as well as 100+ external stakeholders (universities, NGOs, consumer groups, etc.).
- Kering's brands rely on regular customer satisfaction surveys.
- Brands' store sales consultants are a prime audience to engage with customers. To that purpose, a Sustainability in Retail guide was drafted to help them understand the Group's key raw materials and supply chain challenges, where and how products are made, and Kering's sustainability strategy, to support them act as effective spokespeople with customers.

## Employees

### Relevance & inclusion

Relevant, always included

### Please explain

Kering's employees are instrumental to the implementation of the Group's sustainability strategy and the programs related to forest risk mitigation as they are the key contributors to Kering's sustainability strategy through their daily work. Employee adhesion to the Group's sustainability strategy is key to its success which is why employees' roles and interests must be included and evaluated in Kering's risk assessment.

As such, employees are factored in Kering's forest risk assessment within the operational risks "Raw materials scarcity, quality and biodiversity" and "Climate change, other natural or man - made risks" enclosed in the Group's global risk management system. Employees are also factored in the "Image and Branding" risk as failure to meet the Group's rules of ethics or fulfil its commitment to being a socially responsible company could jeopardize Kering's success and sustainability, which require the trust of all its stakeholders, including employees.

Therefore, Kering engages with its employees in several ways:

- Through the Kering Code of Ethics which is circulated to all employees and encompasses standards of responsible behavior, including the protection of the environment. 94,4% of Kering Group employees took the annual Code e-learning course in 2019.
- Through awareness-raising and notably 'The Kering Planet' program. Through this program, Kering engages with its employees via contests on sustainability, which attract more than 5,000 participants worldwide, such as the contest on raw material sourcing,

including leather, paper, cellulosic fibers. In addition, thanks to its collaboration with Treedom, a website allowing users to plant trees in Africa, Latin America, and Asia, Gucci planted almost 800 trees, as part of its carbon-offsetting efforts.

- Engagement with specific categories of employees: specific focus groups called 'Idea Labs' have been set to bring together the 60+ sustainability managers (that ensure the Group-Brand coordination on sustainability) with Brands' operational staff, to share expert knowledge and develop new practical solutions. In 2020, between 10 and 50 employees met at each session of the Idea Labs to work on the following issues: the Kering Standards for raw materials and production processes, energy management and purchases of green energy, gender parity in the supply chains and responsible innovation.

## Investors

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### Relevance & inclusion

Relevant, always included

### Please explain

For several years, Kering has seen an growing interest and integration of ESG matters in mainstream investors' decisions (as shown by the recent Nasdaq study 'ESG and Investor Engagement, Corporate Secretary & IR Magazine study') through increased investors' dialogue on sustainability matters, including forest-related ones, either directly or through expert ESG rankings such as the CDP Forests. This is why investors are considered in Kering's forest-related risk assessment.

Therefore, Kering engages with investors in several ways:

- Investors are part of Kering's materiality analysis, for which the Group consulted senior executives of Kering and its Brands, as well as 100+ external stakeholders (universities, NGOs, consumer groups, trade unions, investors and rating agencies, suppliers and business federations).
- Kering regularly engages in direct dialogue with investors about their specific requests on raw material sourcing throughout the year, during roadshows, and during annual shareholders meetings.
- To support this continuous dialogue and trust relationship with investors, Kering communicates about its forest-related strategy and implementation through the Sustainability page of its corporate website and through annual regulatory reporting (Chapter 'Sustainability' of the Reference Document) and voluntary reporting (Kering's Integrated Report, annual EP&L results).
- Kering is engaged in a global open-source approach regarding sustainability, therefore has publicly shared its Kering Standards which are industry-leading standards towards the Group's suppliers regarding Group's raw material sourcing and processing, including requirements on cattle, paper, wood and cellulosic fabrics. In addition, this year, Kering publicly released its detailed EP&L results on an open-source digital platform to increase transparency and dialogue with its stakeholders. This platform allows to browse in detail through the results by each type of raw material, among which those related to forest commodity.
- Moreover, Kering has been answering to CDP Forests since 2015 and regularly

engages with investors or ESG rating agencies on this topic depending on their agendas.

## Local communities

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### Relevance & inclusion

Relevant, always included

### Please explain

Local communities are factored in Kering's forest risk assessment as part of the two operational risks "Raw materials scarcity, quality and biodiversity" and "Climate change, other natural or man - made risks" encompassed in Kering's global risk management system.

Upstream in the supply chains of forest commodities used by the Group, local communities are at risk for being impacted by negative production practices, especially in rural communities which tend to be more reliant on ecosystem services (directly or indirectly) and are more vulnerable to environmental change.

Kering is using its EP&L approach as a risk assessment tool to measure and monetize the environmental impact of Kering's activities across its supply chain, and is a key tool for Kering's forest risk assessment process. Land use is among the 6 main indicators of the EP&L, and the impact of land use on local communities is assessed through it. The land use methodology takes into account a classification of ecosystem services at local, regional and global levels. Services considered as impacted at a local or regional scale are provisioning services (Food from natural/semi-natural ecosystems, fiber and other raw materials, domestic and industrial water) and regulating services (pollution control and waste assimilation, erosion control, disease and pest control, flood control and protection from extreme events).

In 2020 Kering continued to offset its residual Scope 1 and 2 GHG emissions through reduction projects certified by REDD+ (1.418 million metric tons of CO2 emissions offset in 2020). Kering launched the Gobi Desert Cashmere program in Mongolia (ecosystem restoration project) in partnership with two cooperatives of nomadic herders representing 160 families.

In 2020, Kering continued supporting Peru's Cordillera Azul National Park (fight against deforestation).

In 2020, Kering invested in Low Carbon Label projects, in partnership with IDELE (Institut de l'Elevage), which supports French cattle breeders in developing more carbon-efficient practices. These projects provide support to more than 207,000 people in local communities.

In 2020, as part of its sustainable sourcing strategy for cellulosic materials, Kering continued to work with Canopy, an environmental NGO dedicated to protecting forests, to support the capacity building of sustainable cellulose supply chain.

## NGOs

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### Relevance & inclusion

Relevant, always included

### Please explain

Kering aims to establish quality relationships built on trust with all its partners, regardless of location, with a view to gaining a full appreciation of their concerns and expectations, and, as far as possible, incorporating these aspects into its strategy. As both key partners and representatives of Kering's stakeholders, NGOs are thus constantly factored into Kering's approach. Indeed unfavourable or erroneous media coverage on the Group's products or practices, or negative discussions on social networks by NGO groups for example, could damage its image and reputation as well as give consumers a misleading perception of the Group's performance, potentially leading to a slowdown in sales. This is why they are considered in Kering's forest-related risk assessment through operational risks 'Image and reputation' and 'Commercial appeal' as well as 'Climate change' and 'Raw materials and biodiversity' enclosed in Kering's global risk assessment.

Examples of risk from NGOs include leather sourcing which can be targeted by NGOs such as The Nature Conservancy, Rainforest Alliance, or Envol Vert in France. NGO rankings of companies based on their leather sourcing strategy and its impact on forests and biodiversity are usually well distributed by press and could potentially create negative media coverage eventually reducing customers demand for Kering brands' leather products. Kering engages with NGOs in several ways:

- NGOs are part of Kering's materiality analysis, for which the Group consulted senior executives of Kering and its Brands, as well as 100+ external stakeholders (universities, NGOs, consumer groups, etc.).
- Kering sits on the Advisory Panel of the Natural Capital Coalition, and actively contributed to drafting the Natural Capital Protocol, by sharing its EP&L methodology and by extending the protocol to the Textile and Apparel sector. The EP&L is the cornerstone of the Kering's forest commodity risk assessment and performance measurement.
- In 2020, as part of its sustainable sourcing strategy for cellulosic materials, Kering continued to work with Canopy, an environmental NGO dedicated to protecting forests, to support the capacity building of sustainable cellulose supply chain, i.e. certified and traceable viscose.

## Other forest risk commodity users/producers at a local level

### Relevance & inclusion

Relevant, always included

### Please explain

Forest commodity users or producers at local level are factored in Kering's forest risk assessment, as part of the two operational risks "Raw materials scarcity, quality and biodiversity" and "Climate change, other natural or man - made risks" encompassed in Kering's global risk management system. Indeed, as forest risks mostly occur in the upstream part of Kering's supply chain, key business partners such as local forest commodity producers are critical to insure raw material continuity and quality of timber.

Kering is using its EP&L approach as a risk assessment tool to measure and monetize the environmental impact of Kering's activities across its supply chain, and is a key tool for Kering's forest risk assessment process. Land use is among the 6 main indicators of



the EP&L, and the impact of land use on local forest community producers is assessed through it. The land use methodology takes into account a classification of ecosystem services at local, regional and global levels. Services considered as impacted at a local or regional scale are provisioning services (food from natural/semi-natural ecosystems, fiber and other raw materials, domestic and industrial water) and regulating services (pollution control and waste assimilation, erosion control, disease and pest control, flood control and protection from extreme events). To estimate value change in ecosystem services caused by land use impact of Kering's activities, the EP&L methodology takes into account income adjustment and population dependency and distribution to adjust the calculation based on the proportion of the population living in rural areas.

Thanks to the Savory Institute's Ecological Outcome Verification (EOV) program, which encourages regenerative grazing practices around the world and supports Kering's sustainable sourcing approach by promoting the identification of farms that produce such key raw materials as wool, shearling and leather, Kering will have access to data and verifications carried out directly by the Institute with its suppliers to demonstrate the positive impact of its sourcing choices on soil, water management, animal welfare and biodiversity. In 2020, the collaboration with the Savory Institute focused on establishing and supporting wool and leather supply chains around the world (New Zealand, United Kingdom, Turkey, etc.).

## Regulators

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### Relevance & inclusion

Relevant, always included

### Please explain

Kering considers regulators regarding forest matters as relevant for its climate risk assessment. Forest-related regulatory risks are part of both the 'Climate change, other natural or man - made risks risk category and the 'Legal compliance and litigation' risk category identified as two categories of the strategic and operational risks covered by Kering's risk framework.

Kering's international presence exposes it to risks regarding non-compliance with legislation and national regulations, owing to the complexity and changing nature of regulations chiefly arising from corporate and tax law, customs duties and import restrictions applied by regulators in certain countries. To guard against risks of non-compliance due to a lack of awareness of legislative change, Kering provides its Divisions with a regulatory watch service, through head office and support centres in the regions in which the Group operates. As an example, the watch service has helped one of Kering's brands identify an issue regarding the extended producer responsibility on packaging and therefore assess it. Deforestation risks are also factored into this Group regulatory monitoring and the potential impact of forthcoming regulations is also assessed.

In addition, the Group is using Verisk Maplecroft, an external Global risk analytics and data visualisation provider, covering over 200 issues for 198 countries including deforestation risks, including those in relation to current and emerging regulations.



Kering engages with regulators through its stakeholder dialogue and membership to trade associations addressing forest-related risks as part of a global conversation on sustainability, such as:

- AFEP: in the environment and energy field, AFEP aims to share with government, companies point of view on legislative and regulatory initiatives and engage proactive initiatives.
- The Sustainable Apparel Coalition: an industry-wide group of over 80 leading apparel and footwear brands, retailers, suppliers, non-profits, and NGOs working to reduce the environmental and social impacts of apparel and footwear sector.

## Suppliers

### Relevance & inclusion

Relevant, always included

### Please explain

Suppliers are constantly factored in Kering's forest risk assessment. Indeed, forest risks mostly occur in the upstream part of Kering's supply chain where suppliers enter in contact with Kering. Therefore suppliers are key stakeholders to engage with to mitigate these risks and to build robust and sustainable systemic solutions in the sector.

This is why they are considered in Kering's forest-related risk assessment through operational risks "Raw materials scarcity, quality and biodiversity" and "Climate change, other natural or man - made risks" enclosed in Kering's global risk assessment.

Kering engages with its suppliers in several ways:

- Suppliers are part of Kering's materiality analysis, for which the Group consulted senior executives of Kering and its Brands, as well as 100+ external stakeholders (universities, NGOs, consumer groups, trade unions, investors and rating agencies, suppliers and business federations). SDG15 (Life on Land, which includes sustainable forest management) is one of the most important issues for both Kering and its stakeholders.
- Kering is a member of the Sustainable Apparel Coalition, which brings together more than 80 major players (brands, retailers, suppliers, NGOs, etc.) in the textile, footwear and accessories sector.
- Kering is closely working with its suppliers of cellulose-based fibers in order to increase the level of traceability up to the dissolving pulp producer. Kering is in parallel encouraging suppliers to set-up sourcing policies committing not to source cellulosic fabrics from ancient and endangered forests or controversial sources, hence reducing the risks linked to this specific sourcing.
- Kering is closely working with its suppliers, including tanneries, to drastically improve the level of traceability of the hides up to the slaughterhouse level. In parallel, Kering is defining List of Preferred Sourcing Countries for leather or from specific sources that are verified as sustainable. By 2025, all suppliers will be required to only source leather/hides for Kering:
  - Either from a preferred country as listed in Kering Standards.
  - And/or from any country as long as the source of the hides/leather (i.e. the farm and

slaughterhouse) are verified as sustainable, meaning that it has one of the certifications listed in Kering standards, or other Kering approved certification.

### Other stakeholders, please specify

#### Relevance & inclusion

#### Please explain

## F3. Risks and opportunities

### F3.1

**(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?**

	Risk identified?
Timber products	Yes
Cattle products	Yes

### F3.1a

**(F3.1a) How does your organization define substantive financial or strategic impact on your business?**

**(i) Definition of 'substantive financial or strategic impact' when identifying or assessing climate-related risks**

Financial impacts, as defined in the risk management system presented page 463 of the 2020 URD, are impacts on the Group's financial results and/or likely to result in a cash outflow.

Strategic impacts, as defined in the risk management system presented page 463 of the 2020 URD, are impacts on the ability of the Group and its Houses to implement their strategy.

The risks identified by the Group have been ranked according to their level of criticality, on a scale ranging from 1 (very critical) to 4 (less critical), which is based on the probability of their occurrence and the magnitude of their impacts.

Impacts are classified according to 4 levels : high, significant, medium and low. Probability of occurrence is classified in 4 categories : unlikely, rather likely, likely, very likely.

Climate change, which includes forest impacts, is identified in Kering's Group risk map as one of the 14 main risk factors (level of criticality 2). Climate change could affect Kering's supply chain : the growing frequency of extreme weather events (drought, flooding, etc.) could have a direct impact on the availability and quality of key raw materials such as cotton, cashmere and silk, which would translate into greater price volatility, and thus affect the production and distribution of finished products. Potential related impacts identified include substantive financial and strategic impacts. Indeed, raw materials suppliers identified as key to the Group

represent roughly 20% of all raw materials suppliers, corresponding to approximately 80% of purchases (URD 2020 p 165).

Kering considers that extreme meteorological events can have negative impacts on agricultural production such as reduced harvest, in turn generating commodity price volatility or putting production at risk. The reduction of resource availability may potentially strongly increase operational costs of Kering businesses as they heavily rely on agricultural raw materials e.g. cotton, leather, silk or precious skins. Physical changes of water availability could also impact available arable land and crops such as cotton or silk might become exhausted. This may similarly impact availability and cost of these natural resources on a long term.

In addition to financial considerations, Kering also monitors strategic impacts through its EP&L (environmental profit & loss) accounting which measures its environmental impacts – including on climate – across its various supply chains. The EP&L is used as a group-level strategic management tool for sourcing decisions, in terms of sourcing strategy and choice of materials (location, production processes, etc.). The EP&L provides a Euro EP&L impact value that serves as a common financial language across Kering's operations and supply chain and provides a comparable value point between types of raw materials, manufacturing processes and locations.

**(ii) description of the quantifiable indicator(s) used to define substantive financial or strategic impact**

The quantifiable indicator used to define and monitor substantive financial or strategic impacts is EBITDA.

## **F3.1b**

**(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

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**Forest risk commodity**

Cattle products

**Type of risk**

Physical

**Geographical scale**

Country

**Where in your value chain does the risk driver occur?**

Supply chain

**Primary risk driver**

Rising mean temperatures

**Primary potential impact**

Increased operating costs

### **Company-specific description**

Due to systemic physical changes of climate (temperature and precipitations), arable land available for cattle farming might become exhausted at country level with negative impact on volume of high quality hides available and potential threat to forests and local ecosystems.

Leather is a key raw material for Kering as leather-based products represent approximately 72% of Kering's revenue (Leather Goods and Shoes business units). It is a raw material which is particularly vulnerable to climate change, based on the expertise of Kering's sourcing and environmental specialists with the support of the specialised consultants.

The United States represents approximately 8% of Kering's leather sourcing volumes, and is impacted by climate change, as exemplified by the increase of the Temperature Humidity Index load anomaly, a key metric in cattle rearing, which measures the heat stress on cattle. According to a third party analysis, this THI could reach high levels under RCP8.5 scenario by 2035 in the United States : 142-178 on a 178 scale. A 3x relative increase in heat stress was estimated, leading to an estimated 3% decrease in cow/calf hide availability based on peer-reviewed academic research. This would in turn impact leather market-price, and potentially increase Kering's leather procurement costs from the United States.

### **Timeframe**

>6 years

### **Magnitude of potential impact**

Medium-high

### **Likelihood**

Likely

### **Are you able to provide a potential financial impact figure?**

No, we do not have this figure

### **Potential financial impact (currency)**

### **Potential financial impact figure - minimum (currency)**

### **Potential financial impact figure - maximum (currency)**

### **Explanation of financial**

Due to systemic physical changes of climate (temperature and precipitations), arable land available for cattle farming might become exhausted at country level with negative impact on volume of high quality hides available and potential threat to deforestation and local ecosystems. This will impact the availability of natural resources and on a long

term perspective, this might impact the price of these resources and thereby increasing their cost. Price increase could in turn impact negatively Kering's operating costs as leather represent a significant share of the Group's total procurement spend.

In order to estimate the financial impact for each of the risks identified for CDP and broader TCFD requirements, Kering has initiated a process to perform a comprehensive exercise. This work in progress will be refined in the future, as part of a continuous improvement process and following methodological improvement, in line with most recent developments and industry best practice and guidance.

### **Primary response to risk**

Engagement with suppliers

### **Description of response**

Kering put in place a team of dedicated specialists on raw material sourcing who work to implement the Kering Standards for leather, to reinforce supplier-relationship management, as illustrated by the Vendor Rating System developed in 2020. Kering mitigates risks associated with leather sourcing through increased traceability. Leather may be vulnerable to climate-change and rising temperatures, as heat stress may affect cattle rearing in key sourcing regions, such as the United States. Kering aims to reduce the environmental impact of leather and ensure that it sourced in a sustainable way. Kering implemented a collaborative platform accessible to all suppliers of the Group's brands that serves as a Vendor Rating System allowing the Group to continuously assess the implementation of the Kering Standards across its supply chain through a dedicated questionnaire which focuses on environmental governance, targets and strategies of each supplier including leather suppliers, in view of achieving the target of 100% adherence to Kering standards for hides and skins for leather. Minimum requirements for leather suppliers include promoting the ecological sustainability of livestock production methods and avoiding the degradation and destruction of natural ecosystems. These actions help support suppliers to improve their resilience against heat stress. In 2020, alignment with Kering standards reached 62% for leather and traceability reached over 90%.

### **Cost of response**

### **Explanation of cost of response**

In order to estimate the cost of response for each of the risks identified for CDP and broader TCFD requirements, Kering has initiated a process to perform a comprehensive exercise. This work in progress will be refined in the future, as part of a continuous improvement process and following methodological improvement, in line with most recent developments and industry best practice and guidance.

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### **Forest risk commodity**

Timber products

### **Type of risk**

Physical

**Geographical scale**

Country

**Where in your value chain does the risk driver occur?**

Supply chain

**Primary risk driver**

Rising mean temperatures

**Primary potential impact**

Increased operating costs

**Company-specific description**

Due to systemic physical changes of climate, potential threat to forests and local ecosystems at country level may appear with negative impact on volume of wood, paper and cellulosic fabrics available.

Studies by the World Resources Institute and Global Forest Watch document the escalating levels of deforestation globally. The United Nations Climate Summit recently reinforced the critical role of forests in stabilizing climate, endorsing the New York Declaration on Forests. Cellulosic fabrics, like rayon, viscose, lyocell and other trade-marked fabrics are a direct product of trees cut down exclusively to feed dissolving pulp mills. Forest ecosystems are logged for fabric.

Timber is a raw material which is particularly vulnerable to climate change, based on the expertise of Kering's sourcing and environmental specialists with the support of the specialised consultants.

Italy represents approximately 3% of Kering's timber sourcing volumes, and is impacted by climate change, as exemplified by the increase of the Temperature Humidity Index load anomaly. According to a third party analysis, this THI could reach high levels under RCP8.5 scenario by 2035 in Italy : 96-142 on a 178 scale. This could in turn impact timber market-price, and potentially increase Kering's timber procurement costs from Italy.

**Timeframe**

>6 years

**Magnitude of potential impact**

Medium-high

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact (currency)**

**Potential financial impact figure - minimum (currency)**
**Potential financial impact figure - maximum (currency)**
**Explanation of financial**

In order to estimate the financial impact for each of the risks identified for CDP and broader TCFD requirements, Kering has initiated a process to perform a comprehensive exercise. This work in progress will be refined in the future, as part of a continuous improvement process and following methodological improvement, in line with most recent developments and industry best practice and guidance.

**Primary response to risk**

Engagement with suppliers

**Description of response**

Kering put in place a team of dedicated specialists on raw material sourcing who work to implement the Kering Standards for timber, to reinforce supplier-relationship management, as illustrated by the Vendor Rating System developed in 2020. Kering mitigates risks associated with timber sourcing through increased traceability. Timber may be vulnerable to climate-change and rising temperatures, as heat stress may affect timber in key sourcing regions, such as Italy. Kering aims to reduce the environmental impact of timber and ensure that it sourced in a sustainable way. Kering implemented a collaborative platform accessible to all suppliers of the Group's brands that serves as a Vendor Rating System allowing the Group to continuously assess the implementation of the Kering Standards across its supply chain through a dedicated questionnaire which focuses on environmental governance, targets and strategies of each supplier including timber suppliers, in view of achieving the target of 100% adherence to Kering standards for wood and paper. Minimum requirements for paper and wood suppliers are to choose products certified from sustainably-managed sources and with recycled content. These actions help support suppliers to improve their resilience against heat stress. In 2020, alignment with Kering standards reached 98% for paper, 9% for wood and 74% for cellulose based fibers.

**Cost of response**
**Explanation of cost of response**

In order to estimate the cost of response for each of the risks identified for CDP and broader TCFD requirements, Kering has initiated a process to perform a comprehensive exercise. This work in progress will be refined in the future, as part of a continuous improvement process and following methodological improvement, in line with most recent developments and industry best practice and guidance.

**Forest risk commodity**

Cattle products

**Type of risk**

Physical

**Geographical scale**

Country

**Where in your value chain does the risk driver occur?**

Supply chain

**Primary risk driver**

Rising mean temperatures

**Primary potential impact**

Increased operating costs

**Company-specific description**

Due to systemic physical changes of climate (temperature and precipitations), arable land available for cattle farming might become exhausted at country level with negative impact on volume of high quality hides available and potential threat to forests and local ecosystems.

Leather is a key raw material for Kering as leather-based products represent approximately 72% of Kering's revenue (Leather Goods and Shoes business units). It is a raw material which is particularly vulnerable to climate change, based on the expertise of Kering's sourcing and environmental specialists with the support of the specialised consultants.

Italy represents approximately 10% of Kering's leather sourcing volumes, and is impacted by climate change, as exemplified by the increase of the Temperature Humidity Index load anomaly, a key metric in cattle rearing, which measures the heat stress on cattle. According to a third party analysis, this THI could reach high levels under RCP8.5 scenario by 2035 in Italy : 96-142 on a 178 scale. A 3x relative increase in heat stress was estimated, leading to an estimated 3% decrease in cow/calf hide availability based on peer-reviewed academic research. This would in turn impact leather market-price, and potentially increase Kering's leather procurement costs from Italy.

**Timeframe**

>6 years

**Magnitude of potential impact**

Medium-high

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact (currency)**



### **Potential financial impact figure - minimum (currency)**

### **Potential financial impact figure - maximum (currency)**

### **Explanation of financial**

Due to systemic physical changes of climate (temperature and precipitations), arable land available for cattle farming might become exhausted at country level with negative impact on volume of high quality hides available and potential threat to deforestation and local ecosystems. This will impact the availability of natural resources and on a long term perspective, this might impact the price of these resources and thereby increasing their cost. Price increase could in turn impact negatively Kering's operating costs as leather represent a significant share of the Group's total procurement spend.

In order to estimate the financial impact for each of the risks identified for CDP and broader TCFD requirements, Kering has initiated a process to perform a comprehensive exercise. This work in progress will be refined in the future, as part of a continuous improvement process and following methodological improvement, in line with most recent developments and industry best practice and guidance.

### **Primary response to risk**

Engagement with suppliers

### **Description of response**

Kering put in place a team of dedicated specialists on raw material sourcing who work to implement the Kering Standards for leather, to reinforce supplier-relationship management, as illustrated by the Vendor Rating System developed in 2020. Kering mitigates risks associated with leather sourcing through increased traceability. Leather may be vulnerable to climate-change and rising temperatures, as heat stress may affect cattle rearing in key sourcing regions, such as the United States. Kering aims to reduce the environmental impact of leather and ensure that it sourced in a sustainable way. Kering implemented a collaborative platform accessible to all suppliers of the Group's brands that serves as a Vendor Rating System allowing the Group to continuously assess the implementation of the Kering Standards across its supply chain through a dedicated questionnaire which focuses on environmental governance, targets and strategies of each supplier including leather suppliers, in view of achieving the target of 100% adherence to Kering standards for hides and skins for leather. Minimum requirements for leather suppliers include promoting the ecological sustainability of livestock production methods and avoiding the degradation and destruction of natural ecosystems. These actions help support suppliers to improve their resilience against heat stress. In 2020, alignment with Kering standards reached 62% for leather and traceability reached over 90%.

### **Cost of response**

### **Explanation of cost of response**

In order to estimate the cost of response for each of the risks identified for CDP and broader TCFD requirements, Kering has initiated a process to perform a comprehensive exercise. This work in progress will be refined in the future, as part of a continuous improvement process and following methodological improvement, in line with most recent developments and industry best practice and guidance.

## F3.2

**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Timber products	Yes
Cattle products	Yes

## F3.2a

**(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.**

### Forest risk commodity

Timber products

### Type of opportunity

Markets

### Where in your value chain does the opportunity occur?

Other parts of the value chain

### Primary forests-related opportunity

Improved community relations

### Company-specific description & strategy to realize opportunity

Carbon-offsetting through REDD+ projects is an major opportunity for Kering for directly contributing to climate mitigation and reforestation, and having a direct impact to the upper and most distant part of the forest commodity value chain, both on ecosystems and people. Due to the visibility of carbon offsetting programs towards a large amount of stakeholders, such as NGOs or customers, this opportunity is a major way of building on a positive reputation of sustainability leader, but also a substantive channel of communication to raise awareness to a wide audience about deforestation issues and climate change.

As defined in 2012 as part of its sustainability targets, Kering continues to offset its residual Scope 1 and 2 GHG emissions. In 2019, Kering offset 2.4 million metric tons of CO<sub>2</sub> emissions it generated in 2018 (Gucci offsetting 1.4 million metric tons). Carbon credits have been obtained through the provision of support for several REDD+ programs, with VCS (Verified Carbon Standard) verification. In 2019, Kering became

carbon-neutral, offsetting all remaining emissions in Scopes 1, 2, 3 of the GHG Protocol from its operations and supply chains. In 2020 Kering offset 100% of emissions from Scopes 1 and 2 and the large majority of Scope 3 (combined 64% of all residual emissions offset).

All projects supported by Kering are certified by the CCBA, which recognizes the positive contribution of REDD+ projects for the conservation of biodiversity and ecosystems, but also for the living conditions of local populations. This includes supporting the Kasigau Corridor in Kenya since 2012 and the Rimba Raya project in Indonesia for the last third years, the Keo Seima Wildlife Sanctuary in Cambodia, the Choco-Darién Conservation Corridor in Colombia and the Katingan Peatland Restoration and Conservation Project in Indonesia for the second year. These projects contribute to the protection of more than 605,000 hectares of particularly biodiversity-rich ecosystems, and provide support to more than 207,000 people in local communities. In 2019, Kering also began supporting Peru's Cordillera Azul National Park. As a REDD+ contributor, Kering is a member of Code REDD. In July 2018, Kering also joined Act for Nature, a French initiative on biodiversity by the highly recognized non-profit EPE (Entreprises pour l'Environnement) gathering numerous French leading companies.

#### **Estimated timeframe for realization**

>6 years

#### **Magnitude of potential impact**

Medium-high

#### **Likelihood**

Likely

#### **Are you able to provide a potential financial impact figure?**

No, we do not have this figure

#### **Potential financial impact figure (currency)**

#### **Potential financial impact figure – minimum (currency)**

#### **Potential financial impact figure – maximum (currency)**

#### **Explanation of financial impact figure**

In order to estimate the financial impact for each of the opportunities identified for CDP and broader TCFD requirements, Kering has initiated a process to perform a comprehensive exercise. This work in progress will be refined in the future, as part of a continuous improvement process and following methodological improvement, in line with most recent developments and industry best practice and guidance.

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#### **Forest risk commodity**

Timber products

### **Type of opportunity**

Markets

### **Where in your value chain does the opportunity occur?**

Direct operation

Supply chain

### **Primary forests-related opportunity**

Increased demand for certified materials

### **Company-specific description & strategy to realize opportunity**

Cellulose based fabrics are widely used across the clothing sector; in 2020, it was the 11th most impactful raw material used by the Group in terms of EP&L value impact. As cellulosic fibers such as viscose are attracting growing attention, in so far as they are made from wood pulp and as such carry significant risks in terms of deforestation, Kering saw an opportunity to lead an industry wide collaborative work promoting sustainable viscose with a commitment from one of its brands to ensure that all of its cellulose fabric meet strict sustainability standards by 2017. This is also an opportunity to demonstrate Kering's leadership on sustainably managing this forest risk commodity. This could also positively impact Brand reputation hence creating an increased customers demand for Kering products. Through its smart sourcing strategy, Kering is implementing policies and guidelines covering key raw materials including leather, paper, cardboard, cellulose-based fibres. At project level, Kering is working with smallholders and NGOs such as Canopy (an environmental NGO dedicated to the protection of forests) to implement new sustainable sourcing for its key raw materials which is giving the Group a strategic advantage in securing sustainably the supply with the level of quality required while reducing the risks on price volatility. In 2018, the Kering Standards saw the addition of standards dedicated to viscose and cellulosic fibers derived from wood pulp. In 2020, Kering continued working with CanopyStyle's Forest Mapper, a Kering-funded initiative to create the first interactive map tracking ancient and endangered forests, thereby providing businesses with tangible decision-making support for their purchases of paper, packaging, wood and cellulosic textiles. For example, the map identifies the forest landscape containing high ecological value and high level of risk, informing the brands on where not to source their timber-related products for example. As a result, Alexander McQueen has continued to increase the share of sustainable cellulosic textiles in its collections: sustainable modal and FSC- or PEFC-certified viscose are now an integral part of the House's permanent collections, whether for ready - to - wear or accessories, where approximately 20% of products contain more than 50% of cellulose fibers produced in accordance with the Kering Standards.

### **Estimated timeframe for realization**

>6 years

### **Magnitude of potential impact**

Medium-high

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

In order to estimate the financial impact for each of the opportunities identified for CDP and broader TCFD requirements, Kering has initiated a process to perform a comprehensive exercise. This work in progress will be refined in the future, as part of a continuous improvement process and following methodological improvement, in line with most recent developments and industry best practice and guidance.

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**Forest risk commodity**

Cattle products

**Type of opportunity**

Products & services

**Where in your value chain does the opportunity occur?**

Direct operation

Supply chain

**Primary forests-related opportunity**

Increased supply chain transparency

**Company-specific description & strategy to realize opportunity**

Kering commits to ensure traceability of key raw materials reaches 100% by 2025. Indeed, traceability is one of the crucial challenges to overcome in fashion's complex global supply chains. The routine practice of indirect sourcing is a big culprit as complex supply chains often stem from traditional business model set-ups, making it difficult to follow the traceability to verify best practices in the supply chain. 100% traceability is the Group's end-goal to ensure Kering's high standards around environmental protection, social welfare, chemical use and animal welfare are adhered to. The percentage of alignment with the Kering Standards, and the percentage of traceability is reviewed annually, as part of the 2025 Sustainability Strategy. Verifiable sourcing being a key element of responsible sourcing, the achievement of our traceability target works towards continually improving our responsible sourcing and completing our Sustainable Strategy goals.

A specific working group (Idea Lab) on leather, involving most of Kering's brands, has met regularly over the last five years to identify solutions for reducing the environmental impact of the production of leather and share best practices (husbandry, traceability, tanning without heavy metals, recycling of offcuts, etc.). In terms of traceability, 2019 saw Kering continue its work on the investigation and traceability of skins. Purchases in 2019 showed that 96% of skins are traceable back to the slaughterhouse and several Houses have already begun to go further back in their supply chains. For example, the high volume iconic products in Bottega Veneta's Cabat range are made entirely from nappa leather traceable and certified by ICEC. In addition, Alexander McQueen has pioneered the use of an innovative forensic technology with traceability expert Oritain in a pilot project to verify the provenance of leather and to trace the leather through the supply chain. Kering also aims to encourage and promote the emergence of more responsible practices in the industry, particularly through the development of certification for leather. In 2019, Kering has participated in the work of Textile Exchange on a new Sustainable Leather certification. For two years, the Group has worked closely with its tanneries, as well as its Houses and their suppliers, to promote the use of leather tanned without metals.

**Estimated timeframe for realization**

&gt;6 years

**Magnitude of potential impact**

Medium

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**
**Potential financial impact figure – minimum (currency)**
**Potential financial impact figure – maximum (currency)**
**Explanation of financial impact figure**

In order to estimate the financial impact for each of the opportunities identified for CDP and broader TCFD requirements, Kering has initiated a process to perform a comprehensive exercise. This work in progress will be refined in the future, as part of a continuous improvement process and following methodological improvement, in line with most recent developments and industry best practice and guidance.

## F4. Governance

### F4.1

**(F4.1) Is there board-level oversight of forests-related issues within your organization?**

Yes

### F4.1a

**(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.**

Position of individual	Please explain
Board Chair	Kering's Chairman of the Board and CEO is a member of the Sustainability Committee (created in 2012) and oversees forest-related strategy. He is responsible for aligning the Group's strategy with the sustainability strategy that includes forest-related targets. The Sustainability Committee comprises four Directors including its Chair and Kering's Managing director. 30% of Kering's Chairman and CEO's variable remuneration is incentivized over non-financial criteria, of which 10% dedicated to Sustainability. In 2020 the Sustainability target was the operational implementation of the 2025 Sustainability strategy, which includes forest-related goals such as 100% leather, paper and cellulosic fibers traceability by 2025. In 2020, the CEO pursued the ambition of making the Group carbon-neutral in its operations and supply chain, notably by leveraging on REDD+ projects that help protect critical forests and safeguard biodiversity., e.g. restoring mangrove forests and other wetlands.
Director on board	On top of Kering's Chairman and CEO, the board-level Sustainability Committee that oversees forest-related strategy and issues comprises 5 other Directors including its Chair and Kering's managing director. All 5 share extensive CSR experience. The Sustainability committee's chair has served as Senior Vice-President, Health and Safety at LafargeHolcim. Both Kering's Chairman and CEO, and managing director's variable remunerations are incentivized over non-financial criteria, of which 10% dedicated to Sustainability. In 2020 their target consisted in operational implementation of 2025 Sustainability strategy which includes forest-related goals such as 100% leather, paper and cellulosic fibers traceability by 2025. In addition, Kering's Chief Sustainability Officer is directly responsible for the forest-related strategy. She has been appointed by Kering's Chairman of the Board and CEO, in September 2012. The CSO reports directly to Group's CEO and is a member of the Executive Committee.

### F4.1b

**(F4.1b) Provide further details on the board's oversight of forests-related issues.**

Frequency that forests-related	Governance mechanisms into	Please explain
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	issues are a scheduled agenda item	which forests-related issues are integrated	
Row 1	Scheduled - all meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	Settled in 2012 at board level, the Sustainability Committee helps the Board align the Group's strategy with global sustainability strategy through clear commitments, policies and programs. This Committee oversees sustainability strategy and issues at group level, including forest-related strategy. It is assisted by Kering Chief Sustainability Officer, who is directly responsible for the forest strategy as part of overall sustainability strategy. In 2017, Kering released its 2025 sustainability strategy including forest strategy, targets and goals towards 2025. This strategy is aligned with SDG15 and describes Kering's forest-related commitments through promotion of sustainable design based on the EP&L methodology and the Kering Standards. Kering committed to further address the environmental impacts along its supply chain by reducing the Group's EP&L by 40%. This includes land use impact. Kering also committed that 100% of raw materials be Kering Standards compliant by 2025, which implies 100% fulfilment of enclosed forest-related guidelines on timber products in Kering's direct operations and supply chain. The Sustainability Committee met in 2020 to closely review progress on ongoing projects and initiatives, and the outcomes already achieved in relation to the 2025 objectives, with a particular focus on the Group's goals in terms of carbon offsetting. The EP&L reduction target is included in the variable remuneration of Executive officers and targeted employees incentive.

## F4.2

**(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
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Chief Sustainability Officer (CSO)	Both assessing and managing forests-related risks and opportunities	Half-yearly	<p>Kering's Chief Sustainability Officer is a member of the executive committee and directly reports to Kering's chairman and CEO, who appointed her in 2012.</p> <p>She has direct responsibility for the definition and monitoring of the Group's Sustainability strategy, including forest strategy. As such she takes part in CAPEX decisions such as brand acquisition. She has direct managerial responsibility for a group-level team of 20+ sustainability experts in charge of sustainability operational management across the group and its supply chain, on all sustainability matters including forest ones, and who assist the brands with implementing the Group's sustainability strategy with a focus on potential synergies and continuous improvement. Kering's CSO has direct operational and reporting responsibility for the 2025 sustainability strategy. This includes specific forest management progress (land use impact reduction commitments as part of the -40% EPL target by 2025, 100% raw materials compliance to the Kering Standards by 2025 including for leather, paper, wood and cellulosic fibers, development of sustainable raw material sourcing solutions, offsetting of residual Scope 1 and 2 GHG emissions through reforestation REDD+ projects) and the roll-out of corresponding programs. She reports strategy progress, including on forest matters, to the board-level Sustainability Committee held twice a year. In 2020 this reporting also included sustainable sourcing issues.</p>
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### F4.3

**(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	

## F4.3a

**(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?**


	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Board chair Board/Executive board	Achievement of commitments and targets	<p>In 2016, acting on a recommendation of the Remuneration Committee, the Board decided to introduce new equally weighted non-financial performance criteria that would base 30% of the annual variable remuneration on three areas underpinning the Group's strategy: organisation and talent management, Corporate Social Responsibility and sustainability. From this point forward, the Chairman and Chief Executive Officer's variable remuneration is linked to the extent to which these targets are achieved. Non financial targets are assessed by the Board, after taking into account the performance of the Chairman and Chief Executive Officer and the Group Managing Director. This assessment is based on a detailed proposal prepared by the Remuneration Committee, which is strongly based on objective information reported by the Head of the Legal Department, the Head of Human Resources and the Head of Remuneration and Employee Benefits in relation to the strategic goals defined at the beginning of the year.</p> <p>In 2020 one of this target is linked to the implementation of the new 2025 Group sustainability strategy which includes specific forest-related targets: Kering committed to further address the environmental impacts along its supply chain by reducing Group's EP&amp;L account by 40%.</p> <p>On a pro forma basis, Kering 2020 Group EP&amp;L amounted € 454M, decreasing by 23.7% in absolute terms compare to 2019. On a pro forma basis, the EP&amp;L intensity (€ EP&amp;L per 1000€ revenue) is decreasing by 7% between 2019 and 2020. When analyzing the bigger picture of the Group EP&amp;L results, we see that we are more than on track on our reduction pathway to our 40% EP&amp;L 2025 target in our own operations and across the supply chain, achieving a 34% reduction in our EP&amp;L intensity between 2015 and 2020.</p>

			<p>This includes land use impacts, which is one of the 6 key indicators of the EPL. Kering also committed that 100% of raw materials to be Kering Standards compliant by 2025, which implies 100% fulfilment of enclosed forest-related guidelines on leather, paper &amp; wood, and cellulosic fabrics in Kering's direct operations and supply chain.</p> <p>The sustainability strategy target was achieved at 100% in 2020, which means the 10% variable remuneration dedicated to Sustainability is granted.</p>
Non-monetary reward	Chief Sustainability Officer (CSO)	Achievement of commitments and targets	<p>Achieving Kering's sustainability commitments and targets allows for internal and external recognition (such as Kering's DJSI leadership position or CDP's A- List membership in 2020) which acts as a reinforcement of Kering's sustainability leadership and provides additional internal and external levers to federate Kering's stakeholders around the necessary changes of Kering's own practices but also of the whole sector towards more sustainable business approaches. Indeed being recognized as a sustainability leader in the sector allows, for instance, for convincing other leading actors of the sector to engage cross-sectorial actions needed to move the whole sector together (for instance on sourcing of specific raw materials where one single actor of the supply chain will not be able alone to shift the supply chain towards better practices).</p> <p>This is the case for the capacity building of sustainable viscose sourcing initiated in 2016 in partnership with C&amp;A and Canopy NGO.</p>

## F4.4

### (F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

 Kering\_2020\_Universal\_Registration\_Document.pdf

## F4.5

### (F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

## F4.5a

**(F4.5a) Select the options to describe the scope and content of your policy.**

	Scope	Content	Please explain
Row 1	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to remediation, restoration and/or compensation of past harms</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural habitats</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound milestones and targets</p> <p>Description of forests-related performance</p>	<p>Kering's forest policy is embedded in its 2020 biodiversity strategy, its 2025 sustainability strategy, its Kering standards, the Kering Sustainability Principles and its environmental policy. Those are reviewed annually. They include goals and performance standards for the Group, for both operations and supply chain, beyond regulatory compliance.</p> <p>Kering sustainability strategy is aligned with SDG15 (life on land) and describes Kering's forest-related commitments through promotion of sustainable design based on EP&amp;L methodology, Kering standards open-sourcing and sustainable innovation. Kering is committed to a 40% EP&amp;L reduction by 2025 (including land use as one of the 6 key indicators), to cover 100% of its suppliers with Kering standards by 2025, to develop new and sustainable solutions for sourcing raw materials, and to improve community livelihoods where raw materials are sourced. Kering offset in 2019 and 2020 its residual Scope 1 and 2 GHG emissions through reforestation REDD+ projects.</p> <p>Kering's 2020 biodiversity strategy include targets of : "By 2025, eliminate the sourcing of all materials that lead to the conversion of ecosystems with high conservation value" and "by 2025, regenerate one million hectares of farms and rangelands in our supply chain landscapes".</p> <p>The Kering standards, industry-leading sustainability standards for manufacturing processes and raw materials, describe Kering's forest dependency, business impact on forest and linkage to climate change, and contain forest management guidelines for our suppliers for raw materials specifically impacting forest such as:</p> <ul style="list-style-type: none"> <li>- ensuring leather does not come from farms involved in any form of deforestation in the Amazon biome,</li> <li>- for paper/wood, ensuring Kering sourcing does not support degradation or destruction of forest ecosystems, recommending use of FSC certification, and reducing pressure on forest ecosystems by using recycled paper where possible,</li> <li>- and for cellulosic fabrics, aligning its standards with the work from Canopy NGO.</li> </ul>

		standards for direct operations Description of forests-related standards for procurement	Regarding innovation, Kering's policy includes the development of alternate raw materials through its partnership with the Plug & Play-Fashion for Good accelerator, supporting startups like Amadou Leather, a leather alternative made from mushroom material, both aiming at reducing pressure on forest ecosystems.
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## F4.5b

**(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.**

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	Yes	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to remediation, restoration and/or compensation of past harms Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs	Kering's timber policy is embedded in its 2020 biodiversity strategy, 2025 sustainability strategy, and its Kering standards, reviewed annually. They include goals and performance standards for operations and supply chain. The 2025 sustainability strategy goals and those associated with the timber policy (eg. ensure 100% traceability of raw materials) are reviewed annually to assess the Group's progress towards its 2025 goals. Kering presented its 2020 Progress Report on its Sustainability Strategy, including the Care pillar which includes all environmental concerns. In the case where Kering would not be on a track to all its 2025 objectives, mitigating actions would be put in place. Kering's 2020 biodiversity strategy include targets: "By 2025, eliminate the sourcing of all materials that lead to the conversion of ecosystems with high conservation value" and "by 2025, regenerate one million hectares of farms and rangelands in our supply chain landscapes". Specific Kering Standards on paper and wood-based products are

			<p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>grounded on a commitment to sourcing from sustainably-managed forests and to reducing our need for forest-based resource through increasing the use of recycled paper and packaging. This applies to both paper as a raw material for production as well as finished paper products such as office paper, shoeboxes, shopping bags, etc. Its core principles are: Complying with all applicable laws, conventions and regulations ; Reducing pressure on forest ecosystems by using recycled paper where possible; Preferring virgin wood products that are from certified sustainably managed forests; Ensuring no forced labor in making forestry products; Complying with Kering chemical management policies to control dangerous substances. The specific Kering Standards on cellulosic fabrics are Canopy's key principles which are: Complying with all applicable laws, conventions and regulations; Eliminating controversial supply chains that may negatively impact forest resources or endangered species habitats; Ensuring that the processes used during fiber production do not have negative impacts on the environment or on the health of factory workers; Ensuring no forced labor in cellulosic fibers supply chains; Relying on third-party methodologies to select the best managed forest resources; Exploring alternate raw materials (i.e. recycled content, agricultural residues)</p>
Cattle products	Yes	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p>	<p>Kering's cattle policy is embedded in its 2020 biodiversity strategy, 2025 sustainability strategy and its Kering standards. They include goals and performance standards for both operations and supply chain. The 2025 sustainability strategy goals and thus those associated with the cattle policy</p>

		<p>Commitment to remediation, restoration and/or compensation of past harms</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p>	<p>(eg. ensure 100% traceability of raw materials), are reviewed annually to assess the Group's progress towards its 2025 goals. In the case where Kering would not be on a track to all its 2025 objectives, mitigating actions would be put in place.</p> <p>Kering's 2020 biodiversity strategy include targets of : "By 2025, eliminate the sourcing of all materials that lead to the conversion of ecosystems with high conservation value" and "by 2025, regenerate one million hectares of farms and rangelands in our supply chain landscapes".</p> <p>Specific Kering Standards on leather provide requirements to suppliers aiming at reducing pressure on forest ecosystems due to cattle breeding. The requirements focus on livestock production for bovine leather and ovine leather and shearling and are relevant up until the slaughter of the animals. Additional Standards are available for the processing of hides and tanning of leather. The key principles for sustainable and responsible sourcing of hides for leather include: Complying with all applicable laws, conventions and regulations; Avoiding the degradation and destruction of natural ecosystems; Ensuring the highest standards of animal welfare; Guaranteeing the ethical treatment of people working in the supply chain; Promoting the ecological sustainability of livestock production methods.</p> <p>Minimum requirement include ensuring leather does not come from farms involved in any form of deforestation in the Amazon biome.</p> <p>Kering brands will not work with suppliers that source leather from farms involved in any form of deforestation in the Amazon biome since July 2006, or farms included in</p>
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			Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	IBAMA's embargo list. Leather suppliers must: (1) investigate with their sub-suppliers as to where the hides come from, (2) actively check in detail for the sources of leather coming from South America and (3) terminate relations with any sub-supplier that is not compliant on these points. The above decisions and minimum requirement were carefully developed and calculated in line with the 2025 Sustainability Goals to limit the EP&L impact by 40% compared with 2015.
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## F4.6

**(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

Yes

## F4.6a

**(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?**

We Mean Business

Other, please specify

Code REDD, Act for Nature.

See <https://www.wemeanbusinesscoalition.org/commitment/remove-commodity-driven-deforestation-from-all-supply-chains-by-2020/>

See [http://www.coderedd.org/members\\_all/kering/](http://www.coderedd.org/members_all/kering/)

See [http://www.act4nature.com/wp-content/uploads/2018/07/BROCHURE\\_act4nature.pdf](http://www.act4nature.com/wp-content/uploads/2018/07/BROCHURE_act4nature.pdf) p.67-68

## F4.6b

**(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.**

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### Forest risk commodity

Timber products

### Criteria



No conversion of natural ecosystems  
 Zero gross deforestation/ no deforestation  
 Zero net deforestation  
 Restoration and compensation to address past deforestation and conversion  
 Avoidance of negative impacts on threatened and protected species and habitats  
 No trade of CITES listed species  
 No land clearance by burning or clearcutting  
 No conversion of High Conservation Value areas  
 No conversion of High Carbon Stock forests  
 Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities  
 Promotion of gender equality and women's empowerment  
 Adoption of the UN International Labour Organization principles  
 Resolution of complaints and conflicts through an open, transparent and consultative process  
 Facilitate the inclusion of smallholders into the supply chain  
 No sourcing of illegally produced and/or traded forest risk commodities  
 No sourcing of forest risk commodities from unknown/controversial sources  
 Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

### **Operational coverage**

Direct operations and supply chain

### **% of total production/ consumption covered by commitment**

100%

### **Cutoff date**

2013

### **Commitment target date**

2021-25

### **Please explain**

Kering is committed to ensure traceability of key raw materials reaches 100% by 2025. In 2020, the Group had achieved 91% traceability.

Further, Kering publicly committed to create a Supplier Index of Sustainability to ensure Kering Standards for key raw materials and processes are 100% implemented by suppliers by 2025. The Kering Standards include specific requirement by raw materials and process and are covering both Group operations and supply chain. In summary, the key principles that underpin the Standards for sustainable and responsible sourcing Paper and Wood are:

- Complying with all applicable laws, conventions and regulations
- Reducing pressure on forest ecosystems by using recycled paper where possible
- Preferring virgin wood products that are from certified sustainably managed forests
- Ensuring no forced labor in making forestry products
- Complying with Kering chemical management policies to control dangerous

substances.

Kering's 2020 biodiversity strategy include a target of : "by 2025, regenerate one million hectares of farms and rangelands in our supply chain landscapes, prioritizing interventions that offer both biodiversity and carbon benefits" thereby addressing "restoration and compensation to address past deforestation and/or conversion". This represents about 3 times Kering's total land footprint.

Restoration and compensation to address past deforestation and/or conversion: In an effort to increase efficiency that reduces pressure on the already degraded areas of the Gobi region, in 2015, Kering and the Wildlife Conservation Society, an international NGO, launched the Gobi Desert Cashmere program in the Gobi region of southern Mongolia to promote sustainable and traditional production of high-quality cashmere. In 2020, Kering joined the new Market Sector Advisory Group formed at the initiative of the United Nations Development Program (UNDP), which works with other stakeholders in Mongolia to promote harmonization and facilitate collaboration between various existing programs there to support the emergence of a sustainable supply chain.

Zero gross deforestation: According to the Fashion Pact, of which Kering is a founder, there is a 2025 target: "Support zero deforestation and sustainable forest management". Existing efforts in this area include alternative materials usage, new supply chain methods, and public-private conservation partnerships. For example, Kering is working in French Guiana with conservation partners Solicaz and Forest Finance to reforest a former alluvial gold mining site. With goals of 100% restoration (beyond the regulatory minimum of 30%), it is the first full reforestation programme of a mining site in the Amazon.

Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities: According to Kering Standards (p.68), "Kering requests that its suppliers acknowledge the right of Indigenous People and rural communities to give or withhold their Free, Prior and Informed Consent (FPIC) before new logging rights are allocated or plantations are developed. Kering requests that its suppliers resolve complaints and conflicts, and remediate human rights violations through a transparent, accountable, and agreeable dispute resolution process." As a minimum requirement of the Kering Standards, this requirement has to be valid at the signature of the contract with the supplier.

No conversion of natural habitats: According to its biodiversity Strategy (p.11), Kering is committed by 2025, to eliminate the sourcing of all materials that lead to the conversion of ecosystems with high conservation value (using scientifically recognized reference systems), with attention to forested areas, grasslands, wetlands and freshwater/marine ecosystems. This is in direct support of the Convention on Biological Diversity goal of "no net loss of nature by 2030"

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## Forest risk commodity

Cattle products

**Criteria**

No conversion of natural ecosystems  
Zero gross deforestation/ no deforestation  
Zero net deforestation  
Restoration and compensation to address past deforestation and conversion  
Avoidance of negative impacts on threatened and protected species and habitats  
No trade of CITES listed species  
No land clearance by burning or clearcutting  
No conversion of High Conservation Value areas  
No conversion of High Carbon Stock forests  
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities  
Promotion of gender equality and women's empowerment  
Adoption of the UN International Labour Organization principles  
Resolution of complaints and conflicts through an open, transparent and consultative process  
Facilitate the inclusion of smallholders into the supply chain  
No sourcing of illegally produced and/or traded forest risk commodities  
No sourcing of forest risk commodities from unknown/controversial sources  
Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

**Operational coverage**

Direct operations and supply chain

**% of total production/ consumption covered by commitment**

100%

**Cutoff date**

2013

**Commitment target date**

2021-25

**Please explain**

Kering is committed to ensure traceability of key raw materials reaches 100% by 2025. In 2020, the Group had achieved 91% traceability.

Further, Kering publicly committed to create a Supplier Index of Sustainability to ensure Kering Standards for key raw materials and processes are 100% implemented by suppliers by 2025. Kering standards include specific requirement by raw materials and process and are covering both Group operations and supply chain. In summary, the key principles that underpin the Standards for sustainable and responsible sourcing of hides for leather are:

- Complying with all applicable laws, conventions and regulations
- Avoiding the degradation and destruction of natural ecosystems
- Ensuring the highest standards of animal welfare

- Guaranteeing the ethical treatment of people working in the supply chain
- Promoting the ecological sustainability of livestock production methods.

Minimum requirement to the sourcing of hides for leather include: "Ensure that leather does not come from farms involved in any form of deforestation in the Amazon biome".

Kering's 2020 biodiversity strategy includes a target of : "by 2025, regenerate one million hectares of farms and rangelands in our supply chain landscapes, prioritizing interventions that offer both biodiversity and carbon benefits", thereby addressing "restoration and compensation to address past deforestation and/or conversion". This represents about 3 times Kering's total land footprint.

## F5. Business strategy

### F5.1

**(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	5-10	<p>Kering's commitment to sustainability is driven at the highest level of governance by the Chairman and CEO and it draws on the same impetus that drives the Group's strategy: "empowering imagination", going beyond the limits of imagination to release each brand's full potential. For Kering, sustainability plays a fundamental and inherent role in product quality while creating value and differentiates Kering from its competitors. In this sense, it offers a long-term competitive advantage to the Group, provides business development opportunities, spurs innovation, offers the potential to improve efficiency, and helps attract and retain talents.</p> <p>This is why, in 2017, as part of its long-term business objectives, Kering revealed its 2025 long-term Sustainability Strategy, which includes forest-related matters as part of the strategic target to reduce Kering's EP&amp;L account accross its supply chain by 40%. The EP&amp;L relies on six key indicators among which land use impact is included. The second kery target for forest strategy is Kering's commitment that 100% of raw materials be Kering Standards compliant by 2025, which implies 100% fulfilment of enclosed forest-related</p>

			<p>guidelines on leather, paper &amp; wood, and cellulosic fabrics in Kering's direct operations and supply chain. Moreover, Kering committed to develop new and sustainable solutions for sourcing raw materials. Lastly, Kering is also committed to carbon compensation of its scope 1 + 2 GHG emissions through reforestation REDD+ projects.</p> <p>In 2020, Kering published its biodiversity strategy that includes commitments such as "Continue to ensure our viscose and other wood-pulp based materials come from supply chains that avoid sourcing from ancient and endangered forests, using the CanopyStyle methodology and/or FSC certification" ; "By 2025, eliminate the sourcing of all materials that lead to the conversion of ecosystems with high conservation value (using scientifically recognized reference systems), with attention to forested areas, grasslands, wetlands and freshwater/marine ecosystems".</p>
Strategy for long-term objectives	Yes, forests-related issues are integrated	5-10	<p>Kering's 2025 Sustainability Strategy lays out a plan to achieve the Group's long-term sustainability objectives as part of Group's overall long-term business objectives. On forest issues, Kering's strategy relies on three key approaches:</p> <ul style="list-style-type: none"> <li>- the EP&amp;L: In 2017, as part of its long-term business objectives, Kering revealed its 2025 Sustainability Strategy, which includes forest strategy as part of the strategic target to reduce Kering's EP&amp;L account across its supply chain by 40% . The EP&amp;L relies on six key indicators among which land use is included.</li> <li>- The second key target for forest strategy is Kering's commitment that 100% of raw materials be Kering Standards compliant by 2025, which implies 100% fulfilment of enclosed forest-related guidelines on leather, paper &amp; wood, and cellulosic fabrics in Kering's direct operations and supply chain.</li> <li>- Third, Kering committed to develop new and sustainable solutions for sourcing raw materials, such as the development of alternate raw materials through its partnership with the Fashion for Good accelerator, that supports startups like Paptic, a revolutionary, environmental new material replacing paper and plastic, or Amadou Leather, a leather alternative made from mushroom material, both aiming at reducing pressure on forest ecosystems.</li> </ul>

			<p>Kering is also committed to carbon compensation of its scope 1 + 2 GHG emissions through reforestation REDD+ projects. On our road to Net-Zero 2050, we've become carbon neutral in our operations and across the supply chain from 2018, offsetting all remaining annual GHG emissions via REDD+ to protect critical forests and biodiversity.</p> <p>In 2019, Gucci was carbon neutral (on whole of its operations and supply chain) and launched the CEO Carbon Neutral Challenge to encourage peers in all industries to implement a corporate climate strategy.</p> <p>In 2020, Kering published its biodiversity strategy including commitments : "Continue to ensure our viscose and other wood-pulp based materials come from supply chains that avoid sourcing from ancient and endangered forests, using the CanopyStyle methodology and/or FSC certification" ; "By 2025, eliminate the sourcing of all materials that lead to the conversion of ecosystems with high conservation value (using scientifically recognized reference systems), with attention to forested areas, grasslands, wetlands and freshwater/marine ecosystems".</p>
Financial planning	Yes, forests-related issues are integrated	5-10	<p>Kering's overall long-term financial planning includes a dedicated Sustainability budget at both Group's and Brands' levels, for the purpose the strategic implementation of Sustainability programs, in line with 2025 Sustainability strategy, including those specifically focusing on forest management strategy such as the Smart Sourcing program, launched in 2013 at Group-level, that oversees the development/release of the Kering standards, including forest-related requirements and guidelines on cattle and leather sourcing or paper certification recommendations, or the carbon offsetting of its residual Scope 1 and 2 greenhouse gas emissions through reforestation REDD+ projects. This budget was defined within the global long-term Group's strategy financial planning in line with Sustainability strategy time horizon (by 2025, and further to 2050 regarding climate-related issues) and is allocated on a yearly basis. It is directly managed by Kering's Chief Sustainability Officer who is responsible for allocating the budget to the programs. Annual budget, including the budget relating to addressing forest issues - such as programs towards 100% traceability of leather, paper, wood or cellulosic</p>

			fibers, or the REDD+ compensation programs -, is rediscussed on a yearly basis at corporate finance level, based on previous year's achievements including those that are related to forest (such as leather traceability target achievement, or paper FSC/PEFC certification levels).
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## F6. Implementation

### F6.1

**(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?**

Yes

### F6.1a

**(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.**

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**Target reference number**

Target 1

**Forest risk commodity**

Timber products

**Type of target**

Engagement with direct suppliers

**Description of target**

As part of its 2025 strategy, Kering committed to create a Supplier Index of Sustainability, ranking the suppliers according to their alignment with the Kering Standards which are applicable to all suppliers, to ensure Kering Standards for key raw materials and processes are 100% implemented by suppliers by 2025.

**Linked commitment**

Other environmental commitments

**Traceability point**

**Third-party certification scheme**

**Start year**

2015

**Target year**

2025

**Quantitative metric****Target (number)****Target (%)**

100

**% of target achieved**

95

**Please explain**

The Kering Standards set the framework for commitment and action in addition to providing a way of measuring progress and outcomes on social fairness, respect for nature, animal welfare, and a healthy and safe environment. Since 2013, the Smart Sourcing programme provides recommendations and guidance for brands, allowing them to use raw materials produced sustainably and responsibly. As the Group's sustainability strategy entered a new phase, in 2016 the guidelines were restructured into the Kering Standards, which give fuller details on material and process requirements. These guidelines were publicly released in 2018 and updated in 2019 and 2020. The new Kering Standards specify criteria to be met by the Group and its suppliers on five main points: traceability, chemicals, social impact, environmental impact and animal welfare. They cover leather, precious skins, fur, cashmere, wool, cotton, paper, wood, plastic, gold, diamonds, cellulose based fibres, feathers and down. Kering Standards have also been drawn up for the Group's main production processes, namely tanning, textile manufacture stages and leather work. Kering also developed a series of species-specific guidelines on animal welfare, working with Group brands and outside experts. In this context, Kering engages regularly with its suppliers through, for example, questionnaires and audits.

- In 2020, timber products used by weight consist of 97% of paper, 1.5% of wood and 1.5% of cellulose based fibers

- In 2020, 98% of paper was aligned with Kering Standards (32.5% of paper and cardboard was certified), 9% of wood, 74% of cellulose based fibers. Hence 96% of total volume of timber is aligned with Kering Standards.

In 2020, Kering designed and implemented a new supplier portal: an online collaborative platform accessible to all suppliers of the Group's brands, a single point of contact between suppliers and the Group. It serves as a Vendor Rating System and a means of sharing information and best practices in terms of sustainability. It will enable the Group to continuously assess the implementation of the Kering Standards across its extended upstream supply chain, through a dedicated questionnaire. This information



will be used to calculate CSR performance indicators and to define the scope of new projects.

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**Target reference number**

Target 2

**Forest risk commodity**

Timber products

**Type of target**

Traceability

**Description of target**

Kering is committed to ensure that traceability of key raw materials reaches 100% by 2025.

**Linked commitment**

Other environmental commitments

**Traceability point**

State or equivalent

**Third-party certification scheme**

**Start year**

2015

**Target year**

2025

**Quantitative metric**

**Target (number)**

**Target (%)**

100

**% of target achieved**

94

**Please explain**

Kering is committed to ensure traceability of key raw materials reaches 100% by 2025.

- In 2020, timber consists of 97% of paper (in kg), 1.5% of wood and 1.5% of cellulose based fibers
- In 2020, 97% of paper was traceable, 7% of wood, 29% of cellulose based fibers.

Hence 94% of total volume of timber is aligned with Kering Standards.

We plan to achieve our 100% goal through the continued implementation of the Kering Standards with our suppliers through regular engagement with them.

Kering plans to meet its targets by engaging regularly with its suppliers through :

- Alignment with Kering Standards : Kering works with suppliers to audit all facilities to assess adherence to the Kering Standards. In 2020, 98% of paper, 9% of wood and 74% of cellulose based Fibers was aligned with the Kering Standards.
- In 2020, Kering designed and implemented a new supplier portal: an online collaborative platform accessible to all suppliers of the Group's brands, a single point of contact between suppliers and the Group. It serves as a Vendor Rating System and a means of sharing information and best practices in terms of sustainability. It will enable the Group to continuously assess the implementation of the Kering Standards across its extended upstream supply chain, through a dedicated questionnaire. This information will be used to calculate CSR performance indicators and to define the scope of new projects.

**Target reference number**

Target 3

**Forest risk commodity**

Timber products

**Type of target**

Other, please specify  
EP&L intensity reduction

**Description of target**

A cornerstone of Kering's Sustainability Strategy is the target to reduce our EP&L footprint by 40% across Kering's supply chain by 2025 and relative to the Group's growth, using a 2015 baseline.

**Linked commitment**

Other environmental commitments

**Traceability point**
**Third-party certification scheme**
**Start year**

2015

**Target year**

2025

**Quantitative metric**

Percentage

**Target (number)**

**Target (%)**

40

**% of target achieved**

85

**Please explain**

The Group's global objective is to reduce the Group's EP&L intensity ( € EP&L per 1000€ revenue) by 40%, using a 2016 baseline.

On a pro forma basis, Kering 2020 Group EP&L amounted € 454M, decreasing by 23.7% in absolute terms compare to 2019. On a pro forma basis, the EP&L intensity (€ EP&L per 1000€ revenue) is decreasing by 7% between 2019 and 2020. When analyzing the bigger picture of the Group EP&L results, we see that we are more than on track on our reduction pathway to our 40% EP&L 2025 target in our own operations and across the supply chain, achieving a 34% reduction in our EP&L intensity between 2015 and 2020. The % of target achieved is thus  $34/40 \times 100 = 85\%$

The threshold of the target was defined as follows :

- Deployment of Kering standards across the entire supply : 20% reduction
- Innovation (alternative materials and processes) : 20% reduction

**Target reference number**

Target 4

**Forest risk commodity**

Cattle products

**Type of target**

Engagement with direct suppliers

**Description of target**

As part of its 2025 strategy, Kering is committed to create a Supplier Index of Sustainability, ranking the suppliers according to their alignment with the Kering Standards which are applicable to all suppliers, to ensure Kering Standards for key raw materials and processes are 100% implemented by suppliers by 2025.

**Linked commitment**

Other environmental commitments

**Traceability point**

### Third-party certification scheme

#### Start year

2015

#### Target year

2025

#### Quantitative metric

#### Target (number)

#### Target (%)

100

#### % of target achieved

62

#### Please explain

The Kering Standards set the framework for commitment and action in addition to providing a way of measuring progress and outcomes on social fairness, respect for nature, animal welfare, and a healthy and safe environment. Since 2013, the Smart Sourcing programme provides recommendations and guidance for brands, allowing them to use raw materials produced sustainably and responsibly. As the Group's sustainability strategy entered a new phase, in 2016 the guidelines were restructured into the Kering Standards, which give fuller details on material and process requirements. These guidelines were publicly released in 2018 and updated in 2019. The new Kering Standards specify criteria to be met by the Group and its suppliers on five main points: traceability, chemicals, social impact, environmental impact and animal welfare. They cover leather, precious skins, fur, cashmere, wool, cotton, paper, wood, plastic, gold, diamonds, cellulose based fibres, feathers and down. Kering Standards have also been drawn up for the Group's main production processes, namely tanning, textile manufacture stages and leather work. Kering also developed a series of species-specific guidelines on animal welfare, working with Group brands and outside experts.

Current alignment to the Kering Standards regarding leather is measured as 62% in 2020 as measured through Kering's internal EP&L tool.

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#### Target reference number

Target 5

#### Forest risk commodity

Cattle products

**Type of target**

Traceability

**Description of target**

By 2025, achieve 100% traceability of all materials to at least the country level, and to the farm level for key materials like leather.

**Linked commitment**

Other environmental commitments

**Traceability point**

Slaughterhouse

**Third-party certification scheme**

**Start year**

2015

**Target year**

2025

**Quantitative metric**

**Target (number)**

**Target (%)**

100

**% of target achieved**

92

**Please explain**

Kering is committed to ensure traceability of key raw materials reaches 100% by 2025. In 2020, 92% of Kering's leather was traceable. We plan to achieve our 100% goal through the continued implementation of the Kering Standards with our suppliers through regular engagement with them.

Kering plans to meet its targets by engaging regularly with its suppliers through :

1) Traceability : In 2020, 92% of leather was traceable back to the slaughterhouse.

2) Alignment with Kering Standards : Kering works with suppliers to audit all facilities to assess adherence to the Kering Standards. In 2020, 62% of leather was aligned with the Kering Standards.

3) Internal procedure for monitoring leather supply chain : In 2020, Kering implemented an internal procedure for monitoring animal welfare in its leather supply chain to ensure

that practices established by suppliers are aligned with the requirements described in the Kering Standards. Due to the COVID-19 crisis, these audits had to be replaced by self-assessments and documentary reviews of processes in place.

4) Supplier portal with CSR performance indicators:

In 2020, Kering designed and implemented a new supplier portal: an online collaborative platform accessible to all suppliers of the Group's brands, a single point of contact between suppliers and the Group. It serves as a Vendor Rating System and a means of sharing information and best practices in terms of sustainability. It will enable the Group to continuously assess the implementation of the Kering Standards across its extended upstream supply chain, through a dedicated questionnaire. This information will be used to calculate CSR performance indicators and to define the scope of new projects.

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**Target reference number**

Target 6

**Forest risk commodity**

Cattle products

**Type of target**

Other, please specify  
 EP&L intensity reduction

**Description of target**

A cornerstone of Kering's Sustainability Strategy is the target to reduce our EP&L footprint by 40% across Kering's supply chain by 2025 and relative to the Group's growth, using a 2015 baseline.

**Linked commitment**

Other environmental commitments

**Traceability point**

**Third-party certification scheme**

**Start year**

2015

**Target year**

2025

**Quantitative metric**

Percentage

**Target (number)**

**Target (%)**

40

**% of target achieved**

85

**Please explain**

The Group's global objective is to reduce the Group's EP&L intensity ( € EP&L per 1000€ revenue) by 40%, using a 2016 baseline.

On a pro forma basis, Kering 2020 Group EP&L amounted € 454M, decreasing by 23.7% in absolute terms compare to 2019. On a pro forma basis, the EP&L intensity (€ EP&L per 1000€ revenue) is decreasing by 7% between 2019 and 2020. When analyzing the bigger picture of the Group EP&L results, we see that we are more than on track on our reduction pathway to our 40% EP&L 2025 target in our own operations and across the supply chain, achieving a 34% reduction in our EP&L intensity between 2015 and 2020. The % of target achieved is thus  $34/40 \times 100 = 85\%$

The threshold of the target was defined as follows :

- Deployment of Kering standards across the entire supply : 20% reduction
- Innovation (alternative materials and processes) : 20% reduction

All raw materials participate to reaching this objective. Specifically, in 2019, leather's EP&L intensity decreased by 9%, fully participating to achieving the 2019 objectives and working towards the 2025 objectives.

**Target reference number**

Target 7

**Forest risk commodity**

Timber products

**Type of target**

Ecosystem restoration

**Description of target**

By 2025, eliminate the sourcing of all materials that lead to the conversion of ecosystems with high conservation value (using scientifically recognized reference systems), with attention to forested areas, grasslands, wetlands and freshwater/marine ecosystems. This is in direct support of the Convention on Biological Diversity goal of "no net loss of nature by 2030"

**Linked commitment**

No conversion of natural ecosystems

## **Traceability point**

## **Third-party certification scheme**

### **Start year**

2020

### **Target year**

2025

### **Quantitative metric**

Absolute number

### **Target (number)**

0

### **Target (%)**

## **% of target achieved**

### **Please explain**

In Kering's biodiversity strategy, in its "stage 1 avoid", one of its commitments is : "By 2025, eliminate the sourcing of all materials that lead to the conversion of ecosystems with high conservation value (using scientifically recognized reference systems), with attention to forested areas, grasslands, wetlands and freshwater/marine ecosystems. This is in direct support of the CBD goal of "no net loss of nature by 2030"

We work with the NGO Canopy to ensure our supply chain is free of products sourced from ancient and endangered forests as part of the CanopyStyle Initiative, particularly when it comes to viscose and other cellulose.

Together, these sourcing practices protect biologically-rich ecosystems, and allow wild plant and animal species to thrive in large, undisturbed contiguous areas. These actions also ensure the continued protection of forests, which are critical carbon sinks.

Finally, our sourcing policies ensure that all plant and animal-based products in our supply chain come from legal and verifiable sources, with strict adherence to international and national treaties and conventions. In the case of reptilians, for instance, we work closely with the International Union for Conservation of Nature (IUCN) and Southeast Asian Reptile Conservation Alliance (SARCA) networks to prioritize both traceability as well as conservation programs. These actions ensure that markets remain transparent, regulated and subject to external scrutiny.



**Target reference number**

Target 8

**Forest risk commodity**

Cattle products

**Type of target**

Ecosystem restoration

**Description of target**

By 2025, eliminate the sourcing of all materials that lead to the conversion of ecosystems with high conservation value (using scientifically recognized reference systems), with attention to forested areas, grasslands, wetlands and freshwater/marine ecosystems. This is in direct support of the CBD goal of "no net loss of nature by 2030"

**Linked commitment**

No conversion of natural ecosystems

**Traceability point**

**Third-party certification scheme**

**Start year**

2020

**Target year**

2025

**Quantitative metric**

Absolute number

**Target (number)**

0

**Target (%)**

**% of target achieved**

**Please explain**

In Kering's biodiversity strategy, in its "stage 1 avoid", one of its commitments is : "By 2025, eliminate the sourcing of all materials that lead to the conversion of ecosystems with high conservation value (using scientifically recognized reference systems), with attention to forested areas, grasslands, wetlands and freshwater/marine ecosystems. This is in direct support of the CBD goal of "no net loss of nature by 2030"

As a Group, Kering protects critical habitats and ecosystems through strict sourcing

policies. For instance, our brands do not work with suppliers that source leather from farms involved in any form of deforestation, such as in the Amazon Biome (where forest is still cut to make way for cattle farms). Our brands enforce this principle through contractual clauses which include traceability measures.

Together, these sourcing practices protect biologically-rich ecosystems, and allow wild plant and animal species to thrive in large, undisturbed contiguous areas. These actions also ensure the continued protection of forests, which are critical carbon sinks.

Finally, our sourcing policies ensure that all plant and animal-based products in our supply chain come from legal and verifiable sources, with strict adherence to international and national treaties and conventions. In the case of reptilians, for instance, we work closely with the International Union for Conservation of Nature (IUCN) and Southeast Asian Reptile Conservation Alliance (SARCA) networks to prioritize both traceability as well as conservation programs. These actions ensure that markets remain transparent, regulated and subject to external scrutiny.

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#### **Target reference number**

Target 9

#### **Forest risk commodity**

Timber products

#### **Type of target**

Ecosystem restoration

#### **Description of target**

According to the Fashion Pact, of which Kering is a founder, Kering has a 2025 target: "Support zero deforestation and sustainable forest management". Existing efforts in this area include alternative materials usage, new supply chain methods, and public-private conservation partnerships. For example, Kering is working in French Guiana with conservation partners Solicaz and Forest Finance to reforest a former alluvial gold mining site. With goals of 100% restoration (beyond the regulatory minimum of 30%), it is the first full reforestation programme of a mining site in the Amazon.

#### **Linked commitment**

Zero net/gross deforestation

#### **Traceability point**

#### **Third-party certification scheme**

#### **Start year**

2019

**Target year**

2025

**Quantitative metric**

Percentage

**Target (number)**

**Target (%)**

100

**% of target achieved**

32.5

**Please explain**

In 2020, 32.5% of Kering's paper and cardboard was certified.

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**Target reference number**

Target 10

**Forest risk commodity**

Cattle products

**Type of target**

Third-party certification

**Description of target**

According to Kering's Standards on leather (p. 13), by 2025, all suppliers will be required to only source leather/ hides for Kering from: "And/or from any country as long as the source of the hides/ leather (e.g. the farm and slaughterhouse) are verified as sustainable, meaning that it has one of the certifications listed in BOX 3, or another certification that is approved by Kering and that meets the Kering Standards of land management, working/ social conditions and animal welfare".

(p.16 to 17) BOX 3 - Recommended Certifications for Sustainability: "When sourcing from one of the countries listed hereunder, Kering encourages suppliers to source skins coming from farms applying the voluntary certifications listed in the table which verify criteria for sustainable farming such as animal welfare, biodiversity conservation and ecological farming practices."

**Linked commitment**

Other environmental commitments

**Traceability point**

**Third-party certification scheme**

Other, please specify

Label Rouge ; Ecological Outcomes Verified, Beter Leven , Welfare of Farmed Animals (England) Regulations 2007, Animal Welfare approved Certified Grassfed, Certified Humane, Pasturefed Cattle Assurance System Standard (PCAS), RSPCA Assured

**Start year**

2019

**Target year**

2025

**Quantitative metric**

**Target (number)**

**Target (%)**

100

**% of target achieved**

62

**Please explain**

In 2020, 62% of leather was aligned with Kering Standards.

**Target reference number**

Target 11

**Forest risk commodity**

Timber products

**Type of target**

Third-party certification

**Description of target**

According to Kering's Standards on paper and wood (p. 54): "The certification that Kering recommends is from Forest Stewardship Council. It can provide traceability of the raw material. Having confidence in the traceability of Kering's raw materials and therefore the ability to verify sustainability of the material is critical for Kering. FSC certification is in line with Kering's commitment to sustainable management and also avoids the most destructive forestry practices: illegal logging, natural forest conversion to other land uses, liquidation of high conservation value forests, civil rights violations, and genetic modification of forest species. It also guarantees adequate stakeholder management principles such as the right of Indigenous People and rural communities to give or withhold their Free, Prior and Informed Consent before undertaking forestry management activities."

Kering committed to 100% alignment with Kering Standard by 2025.

**Linked commitment**

No conversion of natural ecosystems

**Traceability point**

**Third-party certification scheme**

FSC (any type)

**Start year**

2019

**Target year**

2025

**Quantitative metric**

**Target (number)**

**Target (%)**

100

**% of target achieved**

83

**Please explain**

In 2020, the proportion of certified (PEFC or FSC) paper was 82.7% across the Group.

## F6.2

**(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?**

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	Through its Environmental Profit and Loss (EP&L) account, Kering is tracking each year its raw material consumption including timber related products as well as sourcing information. This information is provided by the	Specific supplier(s)	For some suppliers, the information related to the country of origin was not provided which explains the percentage of consumption that is not traceable. In this case

		<p>Brand's purchasing department based on invoices details and are checked each year across a sample of suppliers (representing 80% of sales). Purchasing manager are reaching suppliers to control the information they have self declared. A sense check is also done based on the specific type of material and the trade information related to these specific raw materials to see if the country of origin specified by the supplier is compatible with worldwide trade data. For instance, the EP&amp;L allows for extracting the level of paper FSC/PEFC certification, at group-level and per brand, which can then be communicated to the sustainability leads of each brand so that they can put in place the needed actions on paper sourcing so as to ensure to reach the target of 100% certification by 2025. In 2020, the proportion of certified or recycled packaging was close to 89% for paper and cardboard packaging. Further to these results, in 2020, 7% of wood was traceable, 97% of paper and 29% of cellulose based fibers.</p>		<p>global trade data are applied to estimate the country of origin but it is not verified.</p>
Cattle products	Yes	<p>Through its Environmental Profit and Loss account, Kering is tracking each year its raw material consumption including timber related products as well as sourcing information. This information is provided by the Brand's purchasing department based on invoices details and are checked each year across a sample of suppliers (representing 80% of sales). Purchasing manager are reaching suppliers to control the information they have</p>	Specific supplier(s)	<p>For some suppliers, the information related to the country of origin was not provided which explains the percentage of consumption that is not traceable. In this case global trade data are applied to estimate the country of origin but it is not verified.</p>

		self declared. A sense check is also done based on the specific type of material and the trade information related to these specific raw materials to see if the country of origin specified by the supplier is compatible with worldwide trade data. For instance, the EP&L allows Kering to track its leather consumption. As a result, In 2020, 92% of Kering's leather was fully traceable.		
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## F6.2a

**(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).**

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Timber products	State or equivalent	94
Cattle products	Slaughterhouse	92

## F6.3

**(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?**

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	35.1
Cattle products	Yes	23

## F6.3a

**(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.**

### Forest risk commodity

Timber products

### Third-party certification scheme

FSC (any type)

## Chain-of-custody model used

### % of total production/consumption volume certified

35.1

### Form of commodity

Paper  
Primary packaging  
Secondary packaging  
Tertiary packaging

### Volume of production/ consumption certified

8,339.22

### Metric for volume

Metric tons

### Is this certified by more than one scheme?

Yes

### Please explain

Regarding paper and cardboard packaging (Kering URD 2020 p.151):

- In 2019, the proportion of certified packaging was 48.8% for paper packaging and 26.1% for cardboard packaging
- In 2020, the proportion of certified paper and cardboard packaging was 32.5%, i.e. 1,004 metric tons out of a total of 22,570.

Moreover, regarding Kering 's paper consumption of printed publications and office paper (Kering URD 2020 p. 153)

- In 2019, 81.9% of the paper consumed was certified (PEFC or FSC).
- In 2020, 82.7% of the paper consumed was certified (PEFC or FSC), i.e. 7,335 metric tons out of a total of 1,214 metric tons.

This shows internal efforts to engage in increasing this rate, such as selecting suppliers based on their offer of certified products.

The total volume of production/consumption certified is :  $1,004 + 7,335 = 8,339$

The % of total volume of production/consumption certified in 2020 is :

$8,339 / (22,570 + 1,214) = 35.1\%$

35.1% of Kering's paper was certified either by PEFC or FSC

As examples of practices in place at Kering or its brands:

- Most of the Houses opt for FSC certification for their packaging, including Gucci, Bottega Veneta, Saint Laurent, Balenciaga, Alexander McQueen (100% for customer packaging), Pomellato, DoDo, Boucheron, Kering Eyewear, Ulysse Nardin and Girard-Perregaux for its wooden watch boxes. Some brands focus on the integration of recycled fibers. At Bottega Veneta, for instance, 100% of the cardboard packaging used in 2020 was either recycled or certified.



- In 2019, Gucci organized a number of meetings with its suppliers to share its Sustainability Strategy, the Kering Standards and the flagship projects implemented within its supply chains. Workshops were held on the following themes: FSC materials, animal welfare and traceability (with the participation of Compassion in World Farming, an NGO), metal - free tanning and GRS/GOTS standards. In 2020, restrictions related to the COVID-19 pandemic impacted the organization of a large proportion of events planned with suppliers.
- For its secondary packaging, Balenciaga now uses paper made from 40% recycled fibers and 100% FSC-certified virgin fibers. It is also taking action to improve other types of packaging: its flannel bags now include recycled fibers and its hangers are made of compostable liquid wood.
- Ulysse Nardin and Girard-Perregaux only use Blue Angel–certified paper.

**Forest risk commodity**

Cattle products

**Third-party certification scheme**

Other, please specify

ICEC regulation TS-PM414 for leather traceability

**Chain-of-custody model used**

Not applicable

**% of total production/consumption volume certified**

23

**Form of commodity**

Hides/ leather

**Volume of production/ consumption certified**

10,900

**Metric for volume**

Metric tons

**Is this certified by more than one scheme?**

No

**Please explain**

As an example of Kering's global efforts towards full traceability of its leather consumption, Bottega Veneta brand has adopted a robust approach to traceability. In 2014, since the Cruise 2014/2015 collection, the House has been committed to tracing the leather of some of its Cabat Full Nappa styles, in line with ICEC (Institute of Quality Certification for the Leather Sector) regulation TS-PM414 as part of the certification process for finished leather products. This certification has been renewed annually since September 2014, with coverage progressively increasing from two styles of the iconic Cabat (Cabat Nappa New Sauge and Cabat Stripes in the Cruise 2014/2015 collection)

to all Cabat Nappa styles. The renewal of the certification in 2017 covers the new Cabat Nappa Espresso and Nero styles from the Spring/Summer 2018 collection. In collaboration with ICEC, Bottega Veneta encourages certification procedures with its key tanneries, and in 2018 was able to source more than 681,000 sq.m. of leather from ten certified tanneries. Bottega Veneta also accompanied Kering's luxury tannery in its TS412 certification process for tanning lambskin from Spain, obtained in September 2018. Bottega Veneta also accompanied Kering's luxury tannery in its TS412 certification process for tanning lambskin from Spain, obtained in September 2018 and renewed in October 2019. To date, 100% of Bottega Veneta's leather is traceable to the country of origin, and 80% of the leather used by the House comes from countries aligned with the Kering Standards.

In 2019, Kering embarked on a risk analysis of its leather supply chain, with the aim of identifying the approach to be implemented to counter these risks depending on the level of urgency. Drawing on this risk map, audits were undertaken in 2020 to ensure that the practices established at supplier locations are aligned with the requirements described in the Kering Standards.

## F6.4

**(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?**

	A system to control, monitor or verify compliance
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments
Cattle products	Yes, we have a system in place for our no conversion and/or deforestation commitments

## F6.4a

**(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).**

### Forest risk commodity

Cattle Products

### Operational coverage

Direct operations

Supply chain

### Description of control systems

For cattle products, we control, monitor and verify compliance with no conversion and no deforestation commitments through our new Biodiversity Policy published in 2020, which is focused on three goals:

- stemming biodiversity loss;
- restoring ecosystems and species;
- sparking systemic change that goes above and beyond our supply chains.

In addition, thanks to the Savory Institute's Ecological Outcome Verification (EOV) program, Kering will have access to data and verifications carried out by the Institute to demonstrate the positive impact of its sourcing choices on soil, water management, animal welfare and biodiversity.

2,399 supplier audits were performed in 2020, representing 41% of our suppliers. 88% of suppliers were audited over the 2015–2020 period. After qualification, suppliers' continued compliance with Kering requirements is verified by follow-up audits.

In 2020, 92% of leather is traceable and 62% is aligned with Kering Standards.

### **Monitoring and verification approach**

First-party verification

#### **% of total volume in compliance**

61-70%

#### **% of total suppliers in compliance**

81-90%

### **Response to supplier non-compliance**

Retain & engage

Suspend & engage

Exclude

### **Procedures to address and resolve non-compliance with suppliers**

Developing time-bound targets and milestones to bring suppliers back into compliance

Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

### **Please explain**

% of total volume in compliance:

- In 2020, 62% of leather is aligned with Kering Standards.

% of total suppliers in compliance:

- 88% of suppliers were audited over the 2015–2020 period. After qualification, suppliers' continued compliance with Kering requirements is verified by follow-up audits.

Response to non-compliance:

The Group and its Houses implement corrective actions when non-compliance is identified. A single central body allows Kering to control the compliance of Group

suppliers. The Hercules system is build on 6 pillars:

- 1) The Sustainability Principles
- 2) Central management team
- 3) 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
- 4) Risk assessments and audit plans are constructed on the basis of a set of predefined criteria.
- 5) A single and comprehensive audit methodology, with a comprehensive audit questionnaire (Containing 97 questions). Follow-up audits with a smaller scope focus on the area(s) in which breaches of compliance were identified.
- 6) Anomalies classified into four categories and standard responses to each case:
  - zero tolerance: immediate establishment of a committee
  - serious compliance breach: one month to resolve and follow-up audit
  - moderate compliance breach: three months to resolve and follow-up audit
  - observations: six months to resolve and corrective action plan

## **Forest risk commodity**

Timber products

## **Operational coverage**

Direct operations

Supply chain

## **Description of control systems**

For timber products, we control, monitor and verify compliance with no conversion and no deforestation commitments through our new Biodiversity Policy published in 2020, which is focused on three goals:

- stemming biodiversity loss;
- restoring ecosystems and species;
- sparking systemic change that goes above and beyond our supply chains.

In addition, thanks to the Savory Institute's Ecological Outcome Verification (EOV) program, Kering will have access to data and verifications carried out by the Institute to demonstrate the positive impact of its sourcing choices on soil, water management, animal welfare and biodiversity.

2,399 supplier audits were performed in 2020, representing 41% of our suppliers. 88% of suppliers were audited over the 2015–2020 period. After qualification, suppliers' continued compliance with Kering requirements is verified by follow-up audits.

## **Monitoring and verification approach**

First-party verification

## **% of total volume in compliance**

91-99%

## **% of total suppliers in compliance**

81-90%

## **Response to supplier non-compliance**

Retain & engage  
Suspend & engage  
Exclude

## **Procedures to address and resolve non-compliance with suppliers**

Developing time-bound targets and milestones to bring suppliers back into compliance  
Providing information on appropriate actions that can be taken to address non-compliance  
Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics  
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

## **Please explain**

% of total volume in compliance:

- In 2020, timber consists of 97% of paper (in kg), 1.5% of wood and 1.5% of cellulose based fibers
  - In 2020, 98% of paper was aligned with Kering Standards (32.5% of paper and cardboard was certified), 9% of wood, 74% of cellulose based fibers.
- Hence 96% of total volume of timber is aligned with Kering Standards.

% of total suppliers in compliance:

- 88% of suppliers were audited over the 2015–2020 period.

Response to non-compliance:

The Group and its Houses implement corrective actions when non-compliance is identified. A single central body allows Kering to control the compliance of Group suppliers. The Hercules system is build on 6 pillars:

- 1) The Sustainability Principles
- 2) Central management team
- 3) Clear and uniform procedures for all the Houses including monitoring and termination of contract procedure
- 4) Risk assessments and audit plans constructed on the basis of a set of predefined criteria
- 5) Single and comprehensive audit methodology, with comprehensive audit questionnaire. Follow-up audits with a smaller scope focus on the area(s) in which breaches of compliance were identified.
- 6) Anomalies classified into four categories and standard responses to each case:
  - zero tolerance: immediate establishment of a committee
  - serious compliance breach: one month to resolve and follow-up audit
  - moderate compliance breach: three months to resolve and follow-up audit
  - observations: six months to resolve and corrective action plan

## F6.5

(F6.5) For your disclosed commodity(ies), indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code.

	Do you collect data regarding compliance with the Brazilian Forest Code?	Please explain
Cattle products	No, we do not collect data	

## F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations
Timber products	Yes, from suppliers
Cattle products	Yes, from suppliers

## F6.6a

(F6.6a) For you disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

### Timber products

#### Procedure to ensure legal compliance

Kering has a department in charge of compliance in each region, headed by a Compliance Officer

In addition to the anti-corruption policy and related procedures, the Group Compliance Department also provides additional advice to Compliance Officers and Group employees through the regular issue of guidelines on specific compliance matters

#### Country/Area of origin

Thailand

#### Law and/or mandatory standard(s)

General assessment of legal compliance

#### Comment

### Cattle products

#### Procedure to ensure legal compliance

Kering has a department in charge of compliance in each region, headed by a Compliance Officer.

In addition to the anti-corruption policy and related procedures, the Group Compliance Department also provides additional advice to Compliance Officers and Group employees through the regular issue of guidelines on specific compliance matters

### Country/Area of origin

Argentina  
 Australia  
 Brazil  
 India  
 Kenya  
 Nigeria

### Law and/or mandatory standard(s)

General assessment of legal compliance

### Comment

## F6.7

**(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?**

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	No, not working with smallholders				Kering is mostly buying its packaging through converters and has therefore no contact with smallholders.
Cattle products	Yes, working with smallholders	Supply chain mapping Capacity building Financial and commercial incentives	Supplier audits Providing agricultural inputs Disseminating technical materials Investing in pilot projects Purchase guarantee linked to best	436	Through its different programs on the field, Kering engages with a significant numbers of small holders: - Through its partnership with the Savory Institute, Kering contributes to the support of small holder farmers in 16 countries worldwide to transition towards regenerative farming practices. In

			agricultural practices		<p>2020, the collaboration with the Savory Institute focused on establishing and supporting wool and leather supply chains around the world (New Zealand, United Kingdom, Turkey, etc.).</p> <ul style="list-style-type: none"> <li>- Through its multi-stakeholder project in the South Gobi area, Kering supports around 200 herder families through bonus/incentive payments and better pricing in order for them to switch to more sustainable herding practices (holistic grazing, improved land management, etc.)</li> <li>- Through its project in South Africa, aiming at building up a sustainable sheep leather supply chain from farm to finished leather, Kering collaborates with the Karoo Meat of Origin certification programme. This programme, which looks at environmental, social and animal welfare practices at farm level, is engaging 236 farmers to improve their practices.</li> </ul>
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## F6.8

**(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?**

Are you working with direct suppliers?	Type of direct supplier	Direct supplier engagement approach	% of suppliers engaged	Please explain



		engagement approach			
Timber products	Yes, working with direct suppliers	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Supplier audits Offering on-site training and technical assistance Disseminating technical materials Organizing capacity building events Investing in pilot projects	61-70%	<p>Kering engages with the majority of its suppliers to support and improve their capacity to comply with the Group's forests-related policies, commitments, and other requirements. In 2020, 69% of our key raw materials are aligned with our Kering Standards. In 2020, 98% of paper is aligned with Kering Standards, 9% of wood, 74% of cellulose-based fibers.</p> <p>As part of its sustainability strategy, Kering committed to reduce its EP&amp;L account across its supply chain by - 40% by 2025. This tool allows Kering to map its forest impacts throughout its supply chain based on the different types of wood products (cellulosic fibers, paper, wood, viscose...) by annually collecting related supplier data into a central database, which is now publicly available through the digital EP&amp;L platform.</p> <p>To reach this goal, Kering set its Kering Standards, a suite of industry-leading requirements towards its raw material suppliers, including those relating to wood, viscose and cellulosic fibers. Kering circulates these to all its suppliers and committed that 100% of its suppliers fulfill these standards by 2025. In addition, the Sustainability principles are included in all supplier contracts and require</p>

					<p>them specifically to ensure that all wood, paper and derived products come from FSC or PEFC certified sources. Contracts also include the Group's Supplier's Charter. Suppliers are audited through the Group's central audit process which covers environmental aspects. Kering also engages regularly with its key suppliers through workshops on its Sustainability strategy and its Standards for sustainable raw materials.</p> <p>Overall, Kering recognizes that a collaborative relationship with our suppliers is key to achieving the long-term value and mutual benefits that sustainability can provide our businesses. As such, while Kering and our suppliers make this transition together, we will offer suppliers technical support in the form of training and the creation of a suppliers' platform which will promote the Kering Standards and share best practices.</p>
Cattle products	Yes, working with direct suppliers	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Supplier audits Offering on-site training and technical assistance	61-70%	<p>Kering engages with the majority its suppliers to support and improve their capacity to comply with our forests-related policies, commitments, and other requirements. In 2020, 69% of our key raw materials are aligned with our Kering Standards. In 2020, 62% of leather is aligned with Kering Standards.</p> <p>As part of its sustainability strategy, Kering committed to reduce its EP&amp;L account across its supply chain by -</p>

			<p>Disseminating technical materials</p> <p>Investing in pilot projects</p>		<p>40% by 2025. This tool allows Kering to map its forest impacts throughout its supply chain based on the different types of cattle products by annually collecting related supplier data into a central database, which is now publicly available through the digital EP&amp;L platform.</p> <p>To reach this goal, Kering set its Kering Standards, a suite of industry-leading requirements towards its raw material suppliers, including those relating to cattle and deforestation, particularly for the Amazon biome. Kering circulates these to all its suppliers and committed that 100% of its suppliers fulfill these standards by 2025. In addition, the Sustainability principles are included in all supplier contracts and forbid them specifically the use of leather from farms involved in any form of deforestation in the Amazon biome since July 2006, or farms included in IBAMA's embargo list. Contracts also include the Group's Supplier's Charter. Suppliers are audited through the Group's central audit process which covers environmental aspects. Kering also engages regularly with its key suppliers through workshops on its Sustainability strategy and its Standards for sustainable raw materials.</p> <p>In 2020, Kering implemented a new supplier portal, a Vendor Rating System as a means of sharing information and best</p>
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					<p>practices in terms of sustainability. It enables to continuously assess the implementation of the Kering Standards across its extended upstream supply chain, through a dedicated questionnaire. CSR performance indicators for suppliers are calculated enabling to define the scope of new projects.</p> <p>In 2020, Kering implemented an internal procedure for monitoring animal welfare in its leather supply chain to ensure that practices established by suppliers are aligned with the forest-related requirements of the Kering Standards. These audits had to be replaced by self-assessments and documentary reviews of processes in place due to the COVID crisis</p>
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## F6.9

**(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?**

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators	Kering is closely working with its direct and indirect suppliers of cellulose based fibres in order to increase the level of traceability up to the pulp producer. Kering is in parallel encouraging suppliers to set-up sourcing policies regarding the tiers beyond first-tier suppliers, committing not to source cellulosic fabrics from ancient and endangered forests or controversial sources. The goal being to eliminate

			<p>On-site meetings with indirect suppliers</p> <p>Supplier audits</p> <p>Offering on-site training and technical assistance</p> <p>Disseminating technical materials</p> <p>Participating in workshops</p> <p>Investing in pilot projects</p>	<p>viscose/cellulosics coming from controversial supply chains not complying with national and international laws on legal trade, human rights and the protection of endangered forests, hence reducing the risks linked to this specific sourcing.</p> <p>In 2018, the Kering Standards, saw the addition of standards dedicated to viscose and cellulosic fibers derived from wood pulp. These standards have been peer reviewed, and are very closely aligned with the approach and requirements advocated by Canopy, an environmental NGO dedicated to protecting forests, species and the climate. In addition, in 2020 Kering continued working with CanopyStyle's Forest Mapper, a Kering-funded initiative to create the first interactive map tracking ancient and endangered forests, thereby providing businesses with tangible decision-making support for their purchases of paper, packaging, wood and cellulosic textiles, with a view on the whole supply chain up to the forest, beyond solely first-tier suppliers.</p> <p>As an example of integration of sustainable cellulosic material suppliers' production into Kering's products, Alexander McQueen has continued to increase the share of sustainable cellulosic textiles in its collections: today, approximately 20% of products contain more than 50% of cellulose fibers produced in accordance with the Kering Standards. Meanwhile, at Bottega Veneta, certified viscose was used in the Pre-Spring 2020 collection (developed and launched in 2019), as well as a new sustainable material composed of a mixture of cork and fennel waste from the agri - food sector, produced entirely in Europe. Moreover, for one brand, Kering Eyewear produces a range using bio - acetate M49, an innovative phthalate -</p>
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				free material derived from cottonseed fibers and wood pulp, whose supply is certified by the Forest Stewardship Council (FSC), the Programme for the Endorsement of Forest Certification (PEFC) and the Sustainable Forestry Initiative (SFI).
Cattle products	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Disseminating technical materials Participating in workshops Investing in pilot projects	<p>Kering is closely working with its suppliers, including tanneries, to drastically improve the level of traceability of the hides up to the farming country. In parallel, Kering is defining List of Preferred Sourcing Countries for leather or from specific sources that are verified as sustainable. By 2025, all suppliers will be required to only source leather/hides for Kering:</p> <ul style="list-style-type: none"> <li>• Either from a preferred country as listed in Kering Standards.</li> <li>• And/or from any country as long as the source of the hides/leather (i.e. the farm and slaughterhouse) are verified as sustainable, meaning that it has one of the certifications listed in Kering standards, or other certification that is approved by Kering and that meets Kering's Standards of land management, working/social conditions and animal welfare.</li> </ul> <p>The suppliers are also required to ensure beyond their own first tier that leather does not come from farms involved in any form of deforestation in the Amazon biome Kering brands will not work with suppliers that source leather from farms involved in any form of deforestation in the Amazon biome since July 2006, or farms included in IBAMA's embargo list. Leather suppliers must: (1) investigate with their sub-suppliers as to where the hides come from, (2) actively check in detail for the sources of leather coming from South America and (3) terminate relations with any sub-supplier that is not compliant on these points.</p> <p>These sourcing requirement are reducing</p>

				<p>the risks linked to the use of leather, both direct impacts of farm production systems—such as conversion of natural habitat to pasture—in addition to “indirect impacts” such as feedstocks from unsustainable agricultural production. To support the implementation of the above mentioned standards, suppliers have access to an online training on the Kering standards for raw materials and manufacturing processes.</p> <p>On an annual basis, Kering organizes a physical conference/event with the suppliers (tanneries) in its leather supply chain, with each time a specific topic to address. In 2019, the conference was organized in Italy and was focused on the topic of metal-free tanning. Additionally, Kering also engages with suppliers in the cattle leather supply chain based on individual projects and pilots to improve their sustainability performance from farming practices upstream to tanning processes downstream</p>
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## F6.10

**(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?**

### Forest risk commodity

Timber products

### Do you participate in activities/initiatives?

Yes

### Activities

Involved in multi-partnership or stakeholder initiatives

### Initiatives

UN Global Compact

Natural Capital Coalition

Forest Stewardship Council (FSC)

Programme for the Endorsement of Forest Certification (PEFC)

Other, please specify

Canopy, Sustainable Apparel Coalition

## Jurisdictional approaches

### Please explain

- Kering is committed to reach 100% of paper and packaging sourced from certified sustainably managed forests with a minimum of 50% recycled content by 2025. Kering is focusing regularly engaging with FSC and PEFC systems.
- Since 2008, Kering is a member of the UN global compact and regularly publicly reports on the Group's progress towards the implementation of the Ten Principles of the Global Compact which environmental commitments fully align with Kering's sustainability strategy and goals.
- In 2012, Kering became a member of the Sustainable Apparel Coalition, which brings together more than 80 major players (brands, retailers, suppliers, NGOs, etc.) in the textile, footwear and accessories sector, who work together to reduce the negative environmental and social impacts caused by the industry worldwide. The Group and its brands made a substantial contribution to the creation and implementation of the HIGG Index, a tool that tracks the environmental and social impacts of the textile, footwear and accessories sector, notably at the supply chain level.
- There are sustainable forestry standards like FSC that guarantee sustainable harvesting of trees, but as of right now there is no FSC certified cellulose pulp available on the market. One Kering brand, with the support of Kering joined forces with H&M, Zara and Canopy to remove endangered and ancient forests from their dissolvable pulp supply chain for their viscose and rayon fabrics. This initiative aim to work with dissolving pulp supply chain to increase the volume of certified and traceable viscose, deforestation free available on the market.
- Kering actively contributed to drafting the Natural Capital Coalition protocol, a common framework for measuring and accounting for natural capital, by sharing its EP&L methodology and by extending the protocol to the Textile and Apparel sector. In the last years, Kering presented its EP&L approach at the launch of the Natural Capital Protocol in China, providing a Mandarin version of its EP&L methodology, organized an event with more than 200 participants from NGOs during Natural Capital Week. and took part in 3-year campaign coordinated by the Natural Capital Coalition with European Commission backing to step up the adoption of natural capital accounting by private- and public- sector players and investors.

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### Forest risk commodity

Cattle products

### Do you participate in activities/initiatives?

Yes

### Activities

Involved in multi-partnership or stakeholder initiatives

### Initiatives

UN Global Compact  
 Natural Capital Coalition



Sustainable Apparel Coalition (SAC)  
Other, please specify  
Leather Working Group, RLI, BSR

## **Jurisdictional approaches**

### **Please explain**

Beyond working on its own value chains, Kering is committed to encouraging the adoption of more sustainable practices industry-wide.

-Kering supports the Responsible Leather Initiative (RLI), a multi-party project created following the international workshop organised by Kering in 2016 to highlight the challenges and possible solutions in the development of traceable and sustainable cowhide supply chains such as sector-specific initiatives to improve traceability, certification and consideration of animal welfare into textile brands' value chains. Kering was highly active in sharing its practices and results with the other members of the group.

- Kering maintained its commitment with the Nicolas Hulot Foundation and various meat industry stakeholders to ensure its brands purchased skins through specific supply chains, to help the leather industry improve traceability and implement best practices in animal welfare.

- Kering is a member of the UN global compact and regularly publicly reports on the Group's progress towards the implementation of the Ten Principles of the Global Compact which environmental commitments fully align with Kering's sustainability strategy and goals.

-Kering is a member of the Sustainable Apparel Coalition, which brings together more than 80 major players (brands, retailers, suppliers, NGOs, etc.) in the textile, footwear and accessories sector, who work together to reduce the negative environmental and social impacts caused by the industry worldwide. The Group and the brands made a substantial contribution to the creation and implementation of the HIGG Index, a tool that tracks the environmental and social impacts of the textile, footwear and accessories sector, notably at the supply chain level.

- Kering joined the Leather Working Group organisation in 2014 to speed up the work related to leather traceability and improve the environmental footprint of its tanneries.

- Kering is a member of BSR's Sustainable Luxury working group which unites more than 300 companies to promote transparency and cooperation between Luxury Goods companies, particularly with regard to supply chains.

- Kering actively contributed to drafting the Natural Capital Coalition protocol, a common framework for measuring and accounting for natural capital, by sharing its EP&L methodology and by extending the protocol to the Textile and Apparel sector.

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## **Forest risk commodity**

Timber products

## **Do you participate in activities/initiatives?**

Yes

## Activities

Involved in industry platforms

## Initiatives

## Jurisdictional approaches

### Please explain

Kering is a founding member of the Fashion Pact, a coalition of fashion and textile players formed under the leadership of François-Henri Pinault with the aim of setting practical objectives for reducing the environmental impact of their industry. In preparation for the G7 meeting held in Biarritz, France, in August 2019, French president Emmanuel Macron tasked François-Henri Pinault, Chairman and Chief Executive Officer of Kering, with bringing together fashion and textile companies to set practical objectives for reducing their industry's environmental impact. In a historic move, given the scale and importance of the coalition that has been created, 63 companies representing more than 250 brands have now signed up to the Fashion Pact, thereby pledging to take action in three fundamental areas for safeguarding the planet:

- halting climate change, with the goal of achieving zero greenhouse gas emissions by 2050 in order to keep global warming below a 1.5°C pathway between now and 2100;
- restoring biodiversity, by achieving objectives that use Science Based Targets to restore natural ecosystems and protect species;
- and protecting the oceans, by reducing the fashion industry's negative impact through practical initiatives such as phasing out single - use plastics

Specifically concerning the Fashion Pact's Climate commitment, Kering committed to implementing Science-Based Targets (SBTs) on climate and drive corporate actions that are consistent with a 1.5-degree pathway through a 'just transition' to achieve net-zero by 2050. This may include specific targets/actions around:

1. Support of the UNFCCC Fashion Industry Charter with the ambition to implement SBTs.
2. After taking all measures possible to reduce and avoid carbon emission, committing to offset through verifiable programs such as REDD+ to achieve 'net-zero' by 2050.
3. Supporting climate adaptation and resilience through sustainable sourcing of key raw materials.

Relative to the latter point, Kering is especially committed to ensuring sustainable sourcing of its key raw materials, with 94% of its timber-related products being fully traceable, and 96% of its timber-related products being in alignment with the Kering Standards, which include commitments on deforestation.

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## Forest risk commodity

Cattle products

## Do you participate in activities/initiatives?

Yes

### Activities

Involved in industry platforms

### Initiatives

## Jurisdictional approaches

### Please explain

Kering is a founding member of the Fashion Pact, a coalition of fashion and textile players formed under the leadership of François-Henri Pinault with the aim of setting practical objectives for reducing the environmental impact of their industry. In preparation for the G7 meeting held in Biarritz, France, in August 2019, French president Emmanuel Macron tasked François-Henri Pinault, Chairman and Chief Executive Officer of Kering, with bringing together fashion and textile companies to set practical objectives for reducing their industry's environmental impact. In a historic move, given the scale and importance of the coalition that has been created, 63 companies representing more than 250 brands have now signed up to the Fashion Pact, thereby pledging to take action in three fundamental areas for safeguarding the planet:

- halting climate change, with the goal of achieving zero greenhouse gas emissions by 2050 in order to keep global warming below a 1.5°C pathway between now and 2100;
- restoring biodiversity, by achieving objectives that use Science Based Targets to restore natural ecosystems and protect species;
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Specifically concerning the Fashion Pact's Climate commitment, Kering committed to implementing Science-Based Targets (SBTs) on climate and drive corporate actions that are consistent with a 1.5-degree pathway through a 'just transition' to achieve net-zero by 2050. This may include specific targets/actions around:

2. Support of the UNFCCC Fashion Industry Charter with the ambition to implement SBTs.
2. After taking all measures possible to reduce and avoid carbon emission, committing to offset through verifiable programs such as REDD+ to achieve 'net-zero' by 2050.
3. Supporting climate adaptation and resilience through sustainable sourcing of key raw materials.

Relative to the latter point, Kering is especially committed to ensuring sustainable sourcing of its key raw materials, with in 2020: 92% of its leather products being fully traceable, and 62% of its leather products being in alignment with the Kering Standards, which include commitments on deforestation.

## F6.11

**(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?**

Yes

### F6.11a

**(F6.11a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).**

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#### Project reference

Project 1

#### Project type

Forest ecosystem restoration

#### Primary motivation

Voluntary

#### Description of project

Kering helps address the impacts of climate change in multiple ways and notably by offsetting the emissions generated by all of the Group's activities (Scopes 1 and 2) and its supply chain (Scope 3) via REDD+ projects that help protect critical forests and safeguard biodiversity. In 2020, Kering continued to fulfill its commitments in this area, building on the program launched in 2011, which initially focused on Scopes 1 and 2 of the GHG Protocol. In 2019, the Group's conservation projects focused primarily on farming practices that support wildlife and forest conservation through its REDD+ carbon offset projects. In fact, carbon credits have been obtained through the provision of support for several REDD+ (Reducing Emissions from Deforestation and Forest Degradation) programs, with VCS (Verified Carbon Standard) verification. All projects supported by Kering are certified by the Climate, Community and Biodiversity Alliance (CCBA), which recognizes the positive contribution of REDD+ projects for the conservation of biodiversity and ecosystems, but also for the living conditions of local populations

In 2019, based on the emissions reported in the Group's EP&L results, Kering thus offset 2.4 million metric tons of GHG. In 2020 Kering offset 1.418 million metric tons of GHG. Kering selected carbon offset programs through verified REDD+ projects\*, which not only conserve critical forests and biodiversity, but also support the livelihoods of local populations. Offsetting implemented for 2018 represents nearly 2 million hectares of vital forests around the world.

Moreover, in keeping with its long-term sustainability strategy to reduce environmental impacts and drive progressive change, in September Gucci announced its commitment to offset all remaining greenhouse gas (GHG) emissions annually from its own

operations and the entire supply chain through four critical REDD+ projects supporting forest conservation and biodiversity around the world. In an unprecedented commitment to sustainability leadership in luxury and fashion, Gucci's supply chain has therefore become carbon neutral.

\*Kindly note our REDD+ projects take place in multiple countries all over the world, which is why no specific country/area and latitude/longitude were filled below. Please look at the projects listed below for detailed examples.

**Start year**

2011

**Target year**

2046-2050

**Project area to date (Hectares)**

5,610,000

**Project area in the target year (Hectares)**
**Country/Area**
**Latitude**
**Longitude**
**Monitoring frequency**

Annually

**Measured outcomes to date**

Biodiversity

Carbon sequestration

**Please explain**

In 2020, and as published in the EP&L results, Kering offset 1.418 million metric tons of GHG. Kering selected carbon offset programs through verified REDD+ projects. Offsetting will continue to be accomplished through verified best-in-class REDD+ projects that conserve critical forests and biodiversity, and support the livelihoods of local communities.

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**Project reference**

Project 2

**Project type**

Other ecosystem restoration

**Primary motivation**

Voluntary

**Description of project**

In 2015, Kering and the Wildlife Conservation Society, an international NGO, launched the Gobi Desert Cashmere program in the Gobi region of southern Mongolia to promote sustainable and traditional production of high-quality cashmere in partnership with two cooperatives of nomadic herders representing 160 families and 150,000 hectares of pasture in Ömnögovi province.

**Start year**

2015

**Target year**

Indefinitely

**Project area to date (Hectares)**

150,000

**Project area in the target year (Hectares)**

150,000

**Country/Area**

Mongolia

**Latitude**

43.5

**Longitude**

104.2861

**Monitoring frequency**

Annually

**Measured outcomes to date**

Biodiversity

Soil

**Please explain**

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**Project reference**

Project 3

**Project type**

Reforestation

**Primary motivation**

Voluntary

**Description of project**

In French Guiana, Kering is taking part in the first full reforestation program for mining sites in the Amazon rainforest. This pilot project covers 34 hectares located on alluvial gold mines in the process of closing, bringing together Kering with Solicaz (reforestation experts) and Forest Finance France (experts in the development and management of reforestation initiatives), and resulting in the reforestation of all former alluvial mining sites.

**Start year**

2020

**Target year**

Indefinitely

**Project area to date (Hectares)**

34

**Project area in the target year (Hectares)**

34

**Country/Area**

French Guiana

**Latitude****Longitude****Monitoring frequency**

Annually

**Measured outcomes to date**

Biodiversity

Carbon sequestration

**Please explain**

In 2020, the Kering Gold Fund provided support for the following project in partnership with mines. In French Guiana, Kering is taking part in the first full reforestation program for mining sites in the Amazon rainforest. This pilot project covers 34 hectares located on alluvial gold mines in the process of closing, bringing together Kering with Solicaz (reforestation experts) and Forest Finance France (experts in the development and management of reforestation initiatives), and resulting in the reforestation of all former alluvial mining sites. This innovative partnership goes beyond regulatory requirements, under which only 30% of the mined surface must be restored – not enough to allow the reforestation of the Amazon. For the first time, ecological aspects are taken into full account with 100% reforestation. In all, more than 90,000 trees prepared in nurseries with ecological engineering based on biomimicry have been

planted on degraded sites. In addition, gold from these responsible alluvial mines has been purchased by Kering brands for use in their products since 2019.

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**Project reference**

Project 4

**Project type**

Natural regeneration

**Primary motivation**

Voluntary

**Description of project**

Restore and protect mangroves: Gucci has invested in the Muskitia Blue Carbon REDD+ project in Honduras with its South Pole partner. The project will protect nearly 5,000 hectares of mangroves and over 285,000 hectares of forest from deforestation. Mangroves store up to ten times more carbon than mature terrestrial forests, however, 30-50% of the world's mangroves are already lost and they continue to disappear at a rate of 2% each year. When these ecosystems are damaged or destroyed, an enormous amount of carbon dioxide is emitted back into the atmosphere, which contributes to climate change.

[https://equilibrium.gucci.com/wp-content/uploads/2021/01/Gucci\\_Natural-Climate-Solutions-Portfolio\\_ProjectsOnepagers\\_FINALembargoed-2.pdf](https://equilibrium.gucci.com/wp-content/uploads/2021/01/Gucci_Natural-Climate-Solutions-Portfolio_ProjectsOnepagers_FINALembargoed-2.pdf)

**Start year**

2019

**Target year**

Indefinitely

**Project area to date (Hectares)**

290,000

**Project area in the target year (Hectares)**

290,000

**Country/Area**

Honduras

**Latitude****Longitude****Monitoring frequency**

Annually



**Measured outcomes to date**

Biodiversity  
Carbon sequestration

**Please explain**

Project verification and criteria

- VCS + CCB Gold Level
- Majority of proceeds remain in community
- Significant contribution to UN SDGs
- Key wildlife species conservation

**Project reference**

Project 5

**Project type**

Natural regeneration

**Primary motivation**

Voluntary

**Description of project**

Improve land management through regenerative agriculture: As the first step in a broader, long-term strategy for regenerative agriculture, Gucci is working on feasibility studies with Conservation International, South Pole and Native to identify and scale up regenerative agriculture projects within its sourcing regions, with the aim to source regenerative raw materials for its products. Going beyond its own supply chain, Gucci is also incentivizing farmers to switch to regenerative agriculture through 'carbon farming'. As such, Gucci has directly funded Native's newest regenerative projects for wool and leather globally covering 3,075 hectares, allowing for the capture of approximately 25,000 tons of CO<sub>2</sub> over the next five years. These activities will consequently catalyze over 32,000 hectares of land managed with regenerative practices and bring about an additional 200,000 tons of CO<sub>2</sub> sequestered over the projects' life. As an example, Gucci has funded woolgrowers in Patagonia to enable them to convert to regenerative grazing on 1,800 hectares of grasslands, which will promote soil health, water quality, increased biodiversity, animal welfare best practices and carbon sequestration for the long-term. Overall, Gucci is championing a shift from the chemically intensive farming that traditionally produces fashion's raw materials to agricultural systems that actually replenish and strengthen nature rather than depleting it.

[https://equilibrium.gucci.com/wp-content/uploads/2021/01/Gucci\\_Natural-Climate-Solutions-Portfolio\\_ProjectsOnepagers\\_FINALembargoed-2.pdf](https://equilibrium.gucci.com/wp-content/uploads/2021/01/Gucci_Natural-Climate-Solutions-Portfolio_ProjectsOnepagers_FINALembargoed-2.pdf)

**Start year**

2019

**Target year**

Indefinitely

**Project area to date (Hectares)**

1,800

**Project area in the target year (Hectares)**

1,800

**Country/Area**

Argentina

**Latitude**

41.8101

**Longitude**

68.9063

**Monitoring frequency**

Annually

**Measured outcomes to date**

Carbon sequestration

**Please explain**

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**Project reference**

Project 6

**Project type**

Other ecosystem restoration

**Primary motivation**

**Description of project**

Chyulu Hills REDD+ Project (Developer: Conservation International) : The Chyulu Hills are a volcanic mountain range in south-eastern Kenya and represent a critical ecosystem in a largely water deficient arid and semi-arid landscape. They are part of the greater Tsavo Conservation Area (TCA), and form a critical wildlife corridor between Tsavo and Amboseli National Parks. The area is home both to Maasai pastoralists and Kamba agriculturalists, who have utilized the land for decades. The cloud forest on top of the hills is a unique feature and the landscape provides important ecosystem services to the communities, including water provision, carbon sequestration and storage, ethno-medicinal plants, cultural heritage and biodiversity, as well as climate regulation.

The project will generate 18.5m tons of Verified Emissions Reductions (VERs) over 30 years. Proceeds from the sale of Voluntary Emission Reductions will have a far-reaching positive impact on the local communities and their economic well-being.

**Forest :** The Chyulu Hills REDD+ project protects approximately 410k ha. The Project area is made up of a heterogeneous landscape that features a transition from lowland dry savannah grassland and Acacia-Commiphora forest, through a volcanic gradient, to an area dominated by a moist, dense cloud forest.

**Community:** The Project helps to protect a very high value wildlife and biodiversity area while supporting the development needs of indigenous and other local communities. Around 140k people benefit from the Project including the Maasai indigenous community.

**Wildlife:** A large variety of wildlife roams these landscapes, including populations of the increasingly threatened African Elephant and the critically endangered Black Rhino. This wildlife has been living alongside traditional communities for generations.

[https://equilibrium.gucci.com/wp-content/uploads/2021/01/Gucci\\_Natural-Climate-Solutions-Portfolio\\_ProjectsOnepagers\\_FINALembargoed-2.pdf](https://equilibrium.gucci.com/wp-content/uploads/2021/01/Gucci_Natural-Climate-Solutions-Portfolio_ProjectsOnepagers_FINALembargoed-2.pdf)

**Start year**

2019

**Target year**

Indefinitely

**Project area to date (Hectares)**

410,000

**Project area in the target year (Hectares)**

410,000

**Country/Area**

Kenya

**Latitude**

2.4287

**Longitude**

37.7312

**Monitoring frequency**

Annually

**Measured outcomes to date**

Biodiversity  
Carbon sequestration

**Please explain**

- Project verification and criteria
- VCS + CCB Gold Level
  - Majority of proceeds remain in community
  - Significant contribution to UN SDGs

- Key wildlife species conservation

VCS and CCB documentation: [https://www.vcsprojectdatabase.org/ - /projects/st\\_Chylulu\\_Hills/so\\_/di\\_/np\\_](https://www.vcsprojectdatabase.org/-/projects/st_Chylulu_Hills/so_/di_/np_)

## **Project reference**

Project 7

## **Project type**

Other ecosystem restoration

## **Primary motivation**

## **Description of project**

Kariba REDD+ project (Developer: South Pole) : The Kariba Project protects almost 785,000 hectares of forests and wildlife on the southern shores of Lake Kariba, near the Zimbabwe-Zambia border. This forest protection project prevents more than 3.5 million tons of carbon dioxide from being released into the atmosphere every year. It is a community-based project, administered by the four local Rural District Councils (RDCs) of Binga, Nyaminyami, Hurungwe and Mbire. As such, the project supports a range of activities to facilitate environmental protection and promote the independence and wellbeing of these communities. Over 82,000 people living in the Kariba project are working together to protect this rich habitat.

Forest : The Project protects the Miombo forest. Previously covering a vast swathe of the continent, this threatened subtropical ecosystem includes grasslands, savannah and shrublands and is known for its recognisable flora and fauna: you can spot hippos bathing in the rivers, see birds of prey soaring over dramatic escarpments or wrap your arms round the trunk of a giant baobab tree.

Community: The Project helps provide better healthcare, builds infrastructure including new roads and boreholes to ease daily life, and school subsidies are offered to the poorest quartile of the population. The Project activities in conservation agriculture, community gardens, beekeeping training, fire management, and ecotourism create jobs and facilitate climate-friendly incomes, benefiting the entire region. As an example, to date the project has trained over 5,000 local people who now generate profits from sustainable beekeeping.

Wildlife: Habitat fragmentation threatens Africa's most iconic wildlife; this Project, as one of the largest registered REDD+ projects by area, connects four national parks and eight safari reserves to form a giant biodiversity corridor. This means numerous vulnerable and endangered species – including the African elephant, lion, hippo, lappet-faced vulture and southern ground hornbill – can continue to roam. Local wildlife patrols monitor for snares and poachers; work in close collaboration with the surrounding Park and Safari rangers where necessary; and help

avoid any human-wildlife conflict.

[https://equilibrium.gucci.com/wp-content/uploads/2021/01/Gucci\\_Natural-Climate-Solutions-Portfolio\\_ProjectsOnepagers\\_FINALembargoed-2.pdf](https://equilibrium.gucci.com/wp-content/uploads/2021/01/Gucci_Natural-Climate-Solutions-Portfolio_ProjectsOnepagers_FINALembargoed-2.pdf)

**Start year**

2019

**Target year**

Indefinitely

**Project area to date (Hectares)**

785,000

**Project area in the target year (Hectares)**

785,000

**Country/Area**

Zimbabwe

**Latitude**

16.9557

**Longitude**

27.9718

**Monitoring frequency**

Annually

**Measured outcomes to date**

Biodiversity

Carbon sequestration

**Please explain**

Project verification and criteria

- VCS + CCB Gold Level + CCB Biodiversity Gold + CCB Climate Gold
- Majority of proceeds remain in community
- Significant contribution to UN SDGs
- Key wildlife species conservation

VCS and CCB documentation:

<https://registry.terra.org/app/projectDetail/VCS/902>

Sharing of proceeds

The proceeds to the Kariba REDD+ project are directed to 1) the Kariba REDD Trust, which is directly managed by the 4 Rural District Councils within the Kariba REDD+ project communities and to 2) the local project implementation partner, Carbon Green Africa, who can finance the actual implementation of the project activities (honey workshops, fire management, conservation farming – all supporting the creation of sustainable livelihoods for local communities).

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**Project reference**

Project 8

**Project type**

Other ecosystem restoration

**Primary motivation****Description of project**

Located in the Greater Yellowstone region of the state of Montana, USA, the Montana Improved Grazing Project restores the grassland ecosystems vital to wildlife and livelihoods in nearby communities by providing upfront financing to ranchers to adopt holistic, rotational grazing and improved grazing management plans they will employ over decades. As a pioneering carbon farming project and one of the first of its kind, the Project leverages Native's HelpBuild™ carbon model to bring the upfront investment necessary for cattle ranchers to take the necessary steps to accelerate and improve their soil's health. In addition, the investment bridges the financial gap between the capital cost of making the changes and the time when the ranch productivity and profitability benefits of regenerative practices are realised. As an example, funds from the pre-purchase of carbon credits are used by ranchers for fencing, water infrastructure or other necessities to increase the number of pastures, decrease the size of pastures and increase speed and number of livestock rotations, thus prolonging rest and recovery on more hectares of grassland and increasing the amount of carbon that is drawn down into the soil.

Grasslands : This project accelerates adoption of holistic or Adaptive Multi Paddock grazing, improving soil health and ecosystem resilience across an initial 13,300 hectares of grasslands, and emulating the patterns of the region's migratory herbivores, such as bison, of centuries past.

Wildlife: The project region, as a part of the greater Yellowstone ecosystem, is home to a diversity of plant and wildlife species that serve vital ecological functions. Healthier soils in grassland ecosystems that border Yellowstone National Park will help improve the Park's natural buffer and critical wildlife corridors which are part of the greater Yellowstone ecosystem. Reducing the selectivity of grazing and relieving pressure from waterways are vital components of allowing perennial grasses, native species, and riparian zones to regenerate.

[https://equilibrium.gucci.com/wp-content/uploads/2021/01/Gucci\\_Natural-Climate-Solutions-Portfolio\\_ProjectsOnepagers\\_FINALembargoed-2.pdf](https://equilibrium.gucci.com/wp-content/uploads/2021/01/Gucci_Natural-Climate-Solutions-Portfolio_ProjectsOnepagers_FINALembargoed-2.pdf)

**Start year**

2019

**Target year**

Indefinitely

**Project area to date (Hectares)**

13,300

**Project area in the target year (Hectares)**

13,300

**Country/Area**

United States of America

**Latitude**

44.423691

**Longitude**

-110.588516

**Monitoring frequency**

Annually

**Measured outcomes to date**

Biodiversity

Carbon sequestration

**Please explain**

Project verification and criteria

- The Project is undergoing validation to the Verified Carbon Standard of Verra using the VCS Methodology VM0026.
- Majority of proceeds remain in the community
- Soil carbon accruals are measured via regular soil sampling and laboratory analysis and carbon credits will be third party verified annually

## F7. Verification

### F7.1

**(F7.1) Do you verify any forests information reported in your CDP disclosure?**

Yes

### F7.1a

**(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?**

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**Disclosure module**

F3. Risks and opportunities

**Data points verified**

Kering verifies two sets of environmental data points related to forests:

- related to timber commodity: Tons of CO2 offset through REDD+ programs, which are published at page 144 of the Sustainability Chapter of Kering's 2020 URD
- related to cattle commodity: Responsible purchasing of leather, which are published at page 184-186 of the Sustainability Chapter of Kering's 2020 URD

This data is verified annually by Kering's statutory auditors appointed as independent third party, on the consolidated human resources, environmental and social information included in the Reference Document. This verification is performed with limited assurance

#### **Verification standard**

ISAE3000

#### **Please explain**

Tons of CO2 offset through REDD+ programs are published at page 144 of the Sustainability Chapter of Kering's 2020 URD. Responsible purchasing of leather is published at pages 184-186. The Statutory auditor's assurance statement (English version) is found at p. 225-227. This verification statement specifically mentions these two types of data under "Indicators and quantitative results selected" (p. 227).

## **F8. Barriers and challenges**

### **F8.1**

**(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.**

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#### **Forest risk commodity**

Timber products

#### **Coverage**

Supply chain

#### **Primary barrier/challenge type**

Limited availability of certified materials

#### **Comment**

Within Kering's forest risk management, cellulosic fibres such as viscose are the subject of great attention, because they are made from wood pulp and as such carry significant risks in terms of deforestation. Cellulosic fabrics, like rayon, viscose, lyocell and other trade-marked fabrics are a direct product of trees cut down exclusively to feed dissolving pulp mills. Forest ecosystems logged for fabric include the northern Boreal Forests of Canada and Russia, Coastal Temperate Rainforests of western North America, and the Tropical Rainforests of Indonesia, South East Asia and Brazil. A recent report by the



London Zoological Society highlights the escalating decline in species populations, noting that actual numbers of mammals, birds, reptiles, and amphibians have declined by, on average, 52 % over the last 40 years. Loss of habitat and deforestation are significant contributors to this downturn. The main challenge faced by Kering is the fact that as of now there is very limited fully traceable or sustainable viscose available on the market. This is why, back in 2017, one of Kering brands alongside the NGO Canopy managed to commit and achieve the use of 100% traceable and sustainably sourced viscose, made with cellulose pulp from sustainably managed Swedish forests, and transformed into yarn in Germany for weaving in Italy. This ensured that their production was not the cause of deforestation in areas with high ecosystem value such as Indonesia and Brazil.

In 2019, standards for viscose and cellulosic fibers derived from wood pulp were updated. These standards have been peer reviewed, and are very closely aligned with the approach and requirements advocated by Canopy, an environmental NGO dedicated to protecting forests, species and the climate. In addition, in November 2018, CanopyStyle launched Forest Mapper, a Kering- funded initiative to create the first interactive map tracking ancient and endangered forests, thereby providing businesses with tangible decision- making support for their purchases of paper, packaging, wood and cellulosic textiles. Alexander McQueen continued to increase the share of sustainable cellulosic textiles in its collections: indeed, approximately 20% of products contain more than 50% of cellulose fibers produced in accordance with the Kering Standards.

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### **Forest risk commodity**

Cattle products

### **Coverage**

Supply chain

### **Primary barrier/challenge type**

Supply chain complexity

### **Comment**

Building sustainable leather supply chains presents significant challenges, especially in regards to traceability. Upstream in the supply chain where livestock ranching and farming occurs, and where our EP&L analysis has shown us that the largest impact occur, suppliers can be shared by hundreds, if not thousands, of companies. Any traceability of leather and hides back to the farm is often lost at the processing facilities, and confounding this is the massive global movement of hides and leather products. This complexity, in addition to the relatively small value that leather represents in the meat supply chains, means that it is difficult to track leather back to farm but also it is challenging to influence ranching and rearing practices. However, there are important initiatives underway to remedy this. A further challenge occurs whereby the environmental impacts of livestock production in Europe are linked to types of animal

feed from other regions, a notable example being soya from South America. As such, efforts to promote local livestock feed production and to only source certified sustainable soya is critical. Meeting our ambitious Leather Target has progressed however it is challenging since end-users of leather, such as Kering, have limited leverage to change farming practices. There are initiatives underway to explore possibilities and a greater collaboration across sectors and industries is needed to build traceability in leather supply chains and also to promote more sustainable agricultural production.

## F8.2

**(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.**

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### Forest risk commodity

Cattle products

### Coverage

Supply chain

### Main measure

Greater stakeholder engagement and collaboration

### Comment

Kering has recently organised a round table with representatives of various sectors of the leather ecosystem (furniture, automotive, milk and dairy, beef industry...) in order to discuss the key sustainability challenges of this supply chain. Improving sustainable practices needs transversal industry collaboration as a lot of the impacts are linked to agricultural practices (feeding, manure management, ecosystem restoration...).

Kering also stepped up its collaborations with players in the food industry – and especially the meat industry – in 2020. As supply chains are shared, this will make for faster verification procedures and, where necessary, improved practices. Kering is jointly steering a working group on animal welfare alongside the National Leather Council, as part of the collective Paris Good Fashion initiative. Leather and collaboration with the food industry are central aspects of the issue, and the working group therefore includes representatives from the meat sector.

As well as working on its own supply chains, Kering aims to encourage and promote the emergence of more responsible practices in the industry, particularly through the development of certification for leather. Kering is a member of Textile Exchange, and sits on its Board of Directors. This organization is committed to promoting the production and use of more sustainable textiles throughout the clothing industry. It is also particularly active in several working groups including the Responsible Leather Roundtable. Since 2017, Kering has been involved in developing a benchmark for certifications in leather supply chains and implementing a mechanism for rewarding the

most virtuous players in terms of animal welfare and respect for the environment. Metal-free tanning techniques

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**Forest risk commodity**

Timber products

**Coverage**

Supply chain

**Main measure**

Greater stakeholder engagement and collaboration

**Comment**

Within Kering's forest risk management, cellulosic fibres such as viscose are the subject of great attention, because they are made from wood pulp and as such carry significant risks in terms of deforestation. Cellulosic fabrics, like rayon, viscose, lyocell and other trade-marked fabrics are a direct product of trees cut down exclusively to feed dissolving pulp mills. Forest ecosystems logged for fabric include the northern Boreal Forests of Canada and Russia, Coastal Temperate Rainforests of western North America, and the Tropical Rainforests of Indonesia, South East Asia and Brazil. A recent report by the London Zoological Society highlights the escalating decline in species populations, noting that actual numbers of mammals, birds, reptiles, and amphibians have declined by, on average, 52 % over the last 40 years. Loss of habitat and deforestation are significant contributors to this downturn. The main challenge faced by Kering is the fact that as of now there is very limited fully traceable or sustainable viscose available on the market. This is why, back in 2017, one of Kering brands alongside the NGO Canopy managed to commit and achieve the use of 100% traceable and sustainably sourced viscose, made with cellulose pulp from sustainably managed Swedish forests, and transformed into yarn in Germany for weaving in Italy. This ensured that their production was not the cause of deforestation in areas with high ecosystem value such as Indonesia and Brazil.

In 2019, standards for viscose and cellulosic fibers derived from wood pulp were updated. These standards have been peer reviewed, and are very closely aligned with the approach and requirements advocated by Canopy, an environmental NGO dedicated to protecting forests, species and the climate. In addition, in November 2018, CanopyStyle launched Forest Mapper, a Kering- funded initiative to create the first interactive map tracking ancient and endangered forests, thereby providing businesses with tangible decision-making support for their purchases of paper, packaging, wood and cellulosic textiles. In 2020, Alexander McQueen continued to increase the share of sustainable cellulosic textiles, with approximately 20% of its products containing more than 50% of cellulose fibers produced in accordance with the Kering Standards, and Bottega Veneta used certified viscose for the Pre-Spring 2020 collection.

## F17 Signoff

### F-FI

**(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

### F17.1

**(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.**

	Job Title	Corresponding job category
Row 1	Chief Sustainability Officer, member of the executive committee appointed by Kering's Chairman of the Board & CEO, has direct responsibility for forest strategy.	Board/Executive board

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

**Please confirm below**

I have read and accept the applicable Terms