



His Excellency Mr. Ban Ki-moon, UN Secretary General
United Nations Organization, Global Compact Office
First Avenue & 46th Street
New York, NY 10017, USA

Subject : PPR Group COP 2011

22 December, 2011

Dear Mr. Secretary General,

As signatory to the UN Global Compact, it is my pleasure to share with you our new "Communication On Progress", thereby reasserting the PPR Group's continued support for the Global Compact and our ongoing commitment to the Ten Principles with respect to human rights, labour, environment and anti-corruption.

PPR has been engaged for over 15 years in favour of the sustainability of our business activities and has had a successful Corporate Social Responsibility programme in place. We are committed to sustainability and responsible business practices for the long run and view sustainable growth as a value-creating component for all our brands: creating shareholder and societal value while simultaneously reducing our footprint throughout our value chain.

Since our "Communication on Progress" in 2010, the PPR Group has taken its sustainability efforts to the next level whereby the core values and principles advocated by the UN Global Compact are further championed. In this COP, I wish to highlight two key initiatives of the past year: the launch of PPR HOME and our announcement of the first-ever Environmental Profit & Loss Account (E P&L) and subsequent commitment to a Group E P&L.

In March 2011, PPR moved beyond the traditional Corporate Social Responsibility model and launched PPR HOME - an ambitious and multi-tiered new sustainability initiative. PPR HOME provides sustainability support to the entire Group through expertise, sustainability tools and methodologies and funding and has an international



team of experts in Sustainable Product Development; Sustainability Performance Management; Supply Chain Management; Energy Emission Reductions; Biodiversity Conservation and Ecosystem Services; Human and Community Development; and Women's Dignity and Rights. To define its activities, PPR HOME centers on 4 interconnected programs: Leadership (leading a corporate paradigm shift both externally + internally); Humanity (enhancing the social, economic + environmental wellbeing of communities in our spheres of operation); Ecology (mitigating our footprint via reduction, offsets + investing in the environment); and Creativity (creating sustainable solutions to support global sustainability).

I am pleased to report that one of PPR HOME's first initiatives was to offset the 2010 global CO₂ emissions from PPR's Luxury Group, PUMA and PPR's headquarters. For some time, the Group has been effectively reducing CO₂ emissions from transport and has been committed to reducing CO₂ emissions related to infrastructure. As I have noted in the past, PPR has published precise and measurable targets in sustainability for each of its branches and part of the variable compensation of CEO's is linked to the achievement of these targets. Our goal going forward is to work to reduce and mitigate our environmental impacts but also to develop initiatives and businesses that will have a positive impact environmentally and socially. For now, what cannot be reduced must be offset – and in arranging for our 2010 offsets we chose to partner with the world's first Voluntary Carbon Standard (VCS) validated and verified REDD program in Kenya; an initiative that tangibly benefits the needs of the local communities and the conservation of biodiversity.

The second highlight of the past year I wish to mention is PPR's announcement, via PPR HOME, of the first-ever Environmental Profit & Loss Account. With the support of PPR HOME, one of PPR's brands, PUMA, developed this pioneering sustainable approach to business. An E P&L is a means of placing a monetary value on the environmental impact along the entire value chain of a given business. This enables businesses to have a better conceptual grasp over the implications of decision-making on the environment than they would otherwise have, while simultaneously taking Nature into account.

For PPR, true transparency along our entire supply chain is the next logical step in meeting our goals of being more environmentally responsible and becoming more sustainable as a Group. I am pleased to share with you that PPR committed to



implement a Group E P&L across all our Luxury and Sport & Lifestyle brands by 2015. It will help us pinpoint our issues whereby we can set clear targets against them to operate on a more sustainable level; provide us with a risk management tool to be proactive in the future; and give us the ability to identify new opportunities to enhance the sustainability of our products.

We have had positive responses and enthusiasm about the Environmental Profit & Loss Accounting approach from our industry peers, by sustainability experts, from international organizations and at the governmental level. PPR HOME will take a leadership role in building understanding and support for this corporate shift of accounting for Natural Capital, encouraging others to adopt an E P&L.

I have chosen to highlight these two initiatives in our 2011 "Communication On Progress" because they are perfect illustrations of how the PPR Group has placed sustainability at the center of our DNA. By forming PPR HOME, the PPR Group is lessening our impact on the environment, taking responsibility and proactive steps to implement best business practices and promoting a collective commitment to a more holistic and all encompassing view of managing our businesses more sustainably.

In closing, PPR is committed to the Ten Principles of the Global Compact and I personally look forward to the next year as PPR HOME continues to work closely with all of our brands to ascertain their key issues in order to define and announce core Group targets with a view to reducing our footprint and finding solutions to further our sustainable development from an economic, social and environmental point of view.

Respectfully yours,

A handwritten signature in black ink, appearing to read 'Pinault', is written over the 'Respectfully yours,' text.

François-Henri Pinault
PPR Chairman & CEO