



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 2012

12 January, 2013

Dear Mr. Secretary General,

As a signatory to the UN Global Compact, I am pleased to share PPR's 2012 "Communication On Progress" with you. The Ten Principles outlined in the Global Compact continue to be embedded in PPR's policies and standards and our overall approach to sustainable development.

PPR upholds the Global Compact's set of core values in the areas of human rights, labour standards, environmental practice and anti corruption as communicated in our Code of Conduct. To this end we support the United Nations' Universal Declaration of Human Rights and respect human rights in conducting our operations around the world. In fact, our Code of Conduct was first established in 2005 and is based on international reference texts such as the Universal Declaration of Human Rights as well as the European Convention on Human Rights, the OECD Guidelines for Multinational Enterprises, the United Nations Convention on the Rights of the Child and the core conventions of the International Labour Organization, particularly those relating to fundamental rights at work. I would also like to note that we are currently updating our Code of Business Practice and will be publishing the new version in 2013, as well as developing a new Ethics Compliance Training program for all our employees across the Group.

Since our last "Communication on Progress" we have made significant progress and enhanced our commitment to environmental and social sustainability. I am pleased to report we

subsequently garnered a number of positive endorsements regarding our work in this area including GRI A + recognition for our comprehensive and transparent social and environmental reporting. Numerous stakeholders also praised the PUMA Environmental Profit & Loss (E P&L) approach we pioneered which values and monetizes the environmental impacts of a business across its operations and entire supply chain. We are currently rolling out our E P&L analysis' in our other Luxury and Sport & Lifestyle brands to assemble the Group E P&L by 2015 and for publication in 2016.

After the first year of purchasing VCS-verified, REDD carbon credits from Wildlife Works to offset the remaining CO₂ from our Luxury division and Sport & Lifestyle division and our corporate headquarters we continued to do so, but we took a step further in 2012 and acquired a 5% stake in Wildlife Works Carbon, LLC. One of our long-term sustainability strategies is to invest in for-profit businesses that incorporate biodiversity conservation and social concerns into their business model, resulting in net positive social and environmental impacts in the areas of our operations. Wildlife Works Carbon, LLC is an exemplary example of this model, and their REDD + offsetting project in Kenya directly reduces greenhouse gas emissions by protecting threatened forests that are essential in mitigating climate change, improves the quality of life for local communities, and conserves endangered wildlife.

For PPR, engaging with our stakeholders and being transparent is an essential part of how we operate. As such I would also like to bring to your attention our Group Sustainability Target announcement we made last April during our Annual General Meeting. By continuing to enhance our commitment to pursue best practices in sustainability, we determined a set of core targets we will reach as a Group through 2016. We are focussing on key areas including: reduction of CO₂, waste and water by 25%; sourcing of raw materials; hazardous chemicals and materials; paper and packaging; and our supply chain. You will find the Group Sustainability Target announcement press release attached. Within the pursuit of these 2016 targets, we have also refined our guidelines on sustainable sourcing, supplier standards, production processes and water, waste and energy management.

Overall, we have a framework in place and a multi-tiered action plan for the coming years, which will leverage the benefits gained from implementing our Group Environmental Profit & Loss Account, while reducing PPR's environmental footprint, and offsetting our remaining greenhouse gas emissions. For us at PPR, sustainability is integral to how we conduct our

business and the next few years will be pivotal to becoming more environmentally and socially sustainable.

In particular, labour standards and ensuring our suppliers follow best practices is a priority for us. Aside from our 2016 target to evaluate all our key suppliers a minimum of every two years and help guide them to adhere to internationally recognized standards as well as our code of conduct, our brands each have specific requirements regarding supplier obligations towards its workforce. Both our Luxury division and Sport & Lifestyle division employ comprehensive social audit programs and, as an example, both Gucci and Bottega Veneta have obtained SA8000 certification. PUMA has had its own Code of Business Practices since 1993 and from 2004, PUMA has also been working with the Fair Labor Association (FLA) and has been FLA-certified since 2007. Every year as a Group we run over two thousand audits and, as an example, in 2011 we had more than 2800 audits in total. In all cases, supplier monitoring goes beyond the audits themselves and is rounded out by training programmes and the sharing of best practices. We are committed to continue to build a safe and socially responsible environment for all the employees within the Group and in our supply chain.

At PPR our Human Resources procedures continued to be implemented in 2012 based on our principles. We have a commitment to diversity and guarantee equal opportunities throughout the HR process and continue to follow the charters we negotiated jointly with the members of the PPR European Works Councils in 2008 and 2010. These three Charters intended to step up the Group's commitments on Disabled Employment, Seniors Employment and Quality of Life at Works & Prevention of Work-related Stress within PPR companies and brands in Europe. This past year, as an example, we wanted to take our longstanding commitment even further with PPR's Mission Disability campaign which we launched in Europe, the United States, Asia, and beyond.

PPR's Leadership and Gender Diversity programme continued to be another top priority in 2012 and we have been working hard to achieve a better balance between women and men at all hierarchical levels. In this regard, we have four main priorities and are focused on: guaranteeing transparency and equal opportunities throughout the career path, developing diversified leadership programmes and providing specific support to female talents, implementing practices fostering a work/life balance, and assessing and implementing the policy. To ensure we were on the right path, in 2010 we launched a strategic project entitled

“Gender Equality in Leadership” and consequently we defined 5-year quantifiable objectives for women to represent 50% of senior executives, 40% of the Management Committees and 40% of the Board of Directors. In 2011, 33% of members of PPR’s Board of Directors were women, making it one of the boards with the highest level of women among CAC 40 companies.

Additionally we are dedicated to fighting violence against women and helping to empower them to contribute to the development of their family and community. In 2012, the PPR Corporate Foundation for Women’s Dignity and Rights supported 17 NGOs fighting violence against women, by healing and rehabilitating female victims as well as by implementing preventative actions. For instance, through its third year partnership with Médecins du Monde in Pakistan, the Foundation helped the NGO bolster assistance, provide shelter and training to women suffering from domestic violence. Besides, the Foundation rewarded three social entrepreneurs engaged to address women’s issues and they benefitted from a grant and 1-year mentoring by PPR employees. The PPR Foundation also supported actions to raise awareness on violence against women, for example through three Spotlighting Women Documentary Awards in partnership with the Gucci Tribeca Fund and also the White Ribbon For Women campaign on 25 November, the International Day for the Elimination of Violence Against Women. This campaign reached approximately 15 million people on social media via a digital badge designed by Stella McCartney.

In accordance with the Global Compact and our Code of Business Practices, where anti-corruption is concerned, PPR has a strict policy and prohibits any political, syndical, cultural or charitable financing from being carried out with a view to obtaining direct or indirect material, commercial or international regulations relating to the fight against direct or indirect corruption. Since 2005 we have had an Ethics and Corporate Social Responsibility Committee (ECSRC) in place and the committee reports to the Executive Committee. It is comprised by company managers of the major brands as well as a business ethics specialist outside of the Group. The ECSRC has three key missions:

- Monitoring the proper distribution and application of the Code of Business Practices and the principles that it defends;
- Answering questions from Group employees, whether they relate to simple day-to-day requests for clarification on the interpretation of the Code and its usage, or to claims

sent to the Committee for suspected non-compliance with any of the Group's business ethics principles;

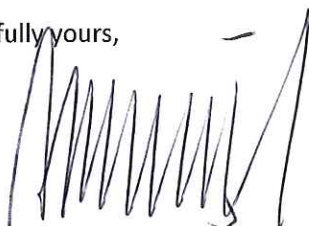
- And initiating and promoting proposals for the development of Group policies and actions relating to corporate social responsibility.

Our corporate governance around sustainability has also stepped up in 2012. We now have a Sustainable Development Committee at board-level in place and chaired by one of PPR's board of directors, as well as a Sustainable Technical Advisory Group consisting of external as well as internal members. This new set up compliments the structure we put in place in 2011 whereby our Chief Sustainability Officer is also a member of our Executive Committee. Sustainability is now represented at every level throughout our company and truly reflects our commitment to place sustainability at the center of our Group.

Overall, we view our drive towards more sustainable practices as not only necessary, but that a more sustainable approach is value-creating and enhances shareholder and societal value while simultaneously taking into account the impact on the environment a business can have in the long run. And to ultimately help ensure the health and longevity of our businesses.

We continue to be committed to championing the Ten Principles of the Global Compact within our approach and I look forward to updating you on our progress in the years to come.

Respectfully yours,

A handwritten signature in black ink, appearing to read 'F. Pinault', with a stylized flourish at the end.

François-Henri Pinault

CEO and Chairman of the board of directors, PPR