



Le Président Directeur Général

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

November 25, 2010

Subject: PPR Group COP 2010

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 PPR Group's support to the Ten Principles of the Global Compact.

As you know, PPR has been engaged for now over 15 years in favour of the sustainability of our business activities. Since 2007, our commitments have been consolidated, in particular via a dedicated CSR (Corporate Social Responsibility) department reporting directly to me and with the definition of our 7 key strategic priorities shaping a common framework of action for all Group branches (Gucci Group, Puma, Fnac, Conforama and Redcats). Our support and involvement in the production of the film "HOME" in 2009 also attest to the extensive mobilisation of our 73,000 employees on key issues of sustainable development.

Since our prior "Communication on Progress" in November 2009, the PPR Group has continued to strengthen its commitments, in line with the values advocated by the UN Global Compact. In this COP, I wish to highlight more specifically two key milestones of the past year: the publication of measurable targets within each of our branches as related to the 7 strategic priorities defined at corporate level, and the launch of the first edition of the PPR Innovation & Sustainable Development Awards.

While formalising our 7 CSR key strategic priorities was a major milestone in the Group's sustainable development strategy, the definition and publication of measurable targets in each branch, linked to each of our 7 priorities, proved to be a genuine booster for our process. All 5 Group branches are now assigned quantified targets and have defined related action plans. Similarly to their financial and business goals, the branches have built their own CSR targets based on the operational reality of their respective brands, yet all targets share a common aim

of high performance. Each company CEO has validated the targets specific to his or her brand, and I have instructed them to present a detailed report of their performance to the Group's Executive Committee.

In a concern for sharing information with all of PPR's stakeholders, we published these targets in our second *CSR Update* in May 2010, along with a review of the latest CSR initiatives launched in the various PPR brands. You will find this document attached hereto, and the file is also downloadable from the PPR Internet site at the following URL link:

<http://www.ppr.com/fr/engagements/coin-des-experts/pacte-mondial>

The second highlight of the past year I wish to mention, was the first edition of the PPR Innovation & Sustainable Development Awards in 2010. We regard these Awards as a flagship event for our Group, in the continuum of the release of the film HOME, as a unique instrument to promote and raise our staff's awareness to issues of sustainability. In the context of the PPR Innovation & Sustainable Development Awards, we thus provided the 73,000 Group employees with the opportunity to express their creativity and entrepreneurship in a responsible and sustainable way, by submitting their innovative sustainable development projects to a jury of experts.

The PPR Innovation & Sustainable Development Awards process was launched in January 2010. Over the next three months, PPR employees everywhere, single-handedly or in teams, had a chance to develop an innovative project blending economic performance with social equity or environmental concerns. A total of 56 projects submitted by 160 employees from the five PPR branches and 15 different countries were reviewed and four projects were ultimately rewarded by the jury.

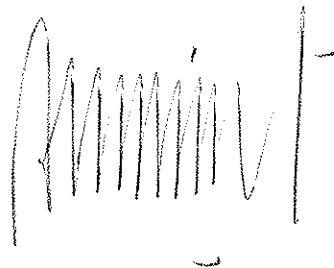
- The first prize was awarded to a PUMA team for a project on a store fully eco-designed locally in India, entitled "Carbon Neutral PUMA Store in India". A €25,000 budget was allocated to the winning project to facilitate its implementation.
- The second prize, along with a €10,000 budget, was awarded to La Redoute for a project of public information and web site posting on the "Social and environmental performance of a line of household linen", reasserting the need to help consumers take into account sustainability criteria when choosing their purchases.
- The third prize rewarded Fnac Portugal with a €5,000 budget, for a project proposing to create "Mini-Fnac Stores in Hospitals". The idea is to set up play areas for children hospitalised close to Fnac stores in Portugal, with workshops coordinated by volunteer Fnac employees.
- Last but not least, a Jury's Special Prize was awarded to a team from PUMA Hong-Kong for their project involving the creation of clothing collections made of organic materials, entirely designed, manufactured and sold in China to foster local economic development.

I have chosen to highlight these two initiatives in this second PPR “Communication On Progress” because they are perfect illustrations of how PPR Group intends to expand its CSR activities. Compliance with high-level ethical, social and environmental standards constitutes a key component of PPR’s development strategy, as attested by the numerous initiatives implemented on the subject.

I also wish to take this opportunity to announce that 2011 will be the occasion for yet another milestone in PPR’s engagement: the Group will be launching an ambitious initiative designed to truly transform our corporate business paradigm, mainstreaming sustainable development as a value-creating component. This new step will be reflected in the Group’s collective commitment to support and promote both internal and external initiatives in economic, social and environmental areas, conducive to develop and consolidate the sustainability of the Planet and of our activities for the long run.

In closing, allow me, Mr. Secretary General, to reiterate my deep commitment to respect, implement and defend the Ten Principles of the UN Global Compact.

Respectfully yours,

A handwritten signature in black ink, consisting of a series of stylized, overlapping loops and a final vertical stroke on the right.

François-Henri PINAULT

Encl.: 2009 Reference Document, CSR Chapter (EN) - 2009 CSR Update