

2010 EDITION

Corporate Social Responsibility 2009 Elements



An adventure of enterprise

PPR



Summary



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Introduction

CSR at PPR

BACKGROUND

A long-standing commitment to CSR

1996 ♦ Group's first Ethics Charter

2001 ♦ Creation of the SolidarCité association, promoting solidarity-based initiatives among employees
♦ First employee opinion survey

2003 ♦ Creation of a Group Sustainable Development Department
♦ Establishment of an environmental reporting platform

2004 ♦ Signature of the Diversity Charter by PPR's Chairman, and creation of the Diversity Committee and the Mission Handicap working group

2005 ♦ Signature of a partnership agreement with Agefiph, a French association promoting job placement and vocational training for the disabled
♦ Deployment of the Code of Business Practices and creation of the Ethics and Corporate Social Responsibility Committee (ECSRC)
♦ Creation of the Télémaque Foundation

2006 ♦ Structuring of the Group's CSR commitments

2007 ♦ Creation of a Group Corporate Social Responsibility Department, represented on the Executive Committee and reporting directly to the Chairman
♦ Definition of seven key strategic priorities for the Group with respect to CSR, to be rolled out between 2008 and 2010. Creation of a CSR Committee responsible for setting and implementing ambitious targets with regard to these seven priorities, and for the results obtained
♦ Signature of a second agreement with Agefiph to support the employment of disabled people

2008 ♦ Membership of the Global Compact
♦ Creation of the PPR Foundation for Women's Dignity and Rights





The highlight of 2009 was the worldwide release of Yann Arthus-Bertrand's documentary HOME, co-produced by EuropaCorp and Elzévir Films and financed primarily by PPR. The film features exquisite images of more than 50 countries, taken from the sky, and conveys its message in a deliberately novel manner – both educational and easily understandable. In an unprecedented break with tradition, the film was released on the same day (June 5, 2009) around the world and free of charge, simultaneously across all media (Internet, DVD, television and cinema), to coincide with World Environment Day. To date, it has been seen by more than 150 million people worldwide. PPR's brands and employees rallied around the

promotion of the film, and each of the Group's 88,000 employees received a copy of the DVD from François-Henri Pinault and was able to take part in a special HOME competition organised within the Company. The film also sped up the adoption of sustainable development goals by PPR's brands and Subsidiaries and sparked a series of related actions and projects.

PPR is convinced that the best way to enhance the Group's CSR commitment is through the talent and entrepreneurial spirit of its employees. With this in mind and as a natural follow on from HOME, in 2010 PPR will launch the Innovation and Sustainable Development awards.

A DEDICATED AND WELL-ASSIMILATED CSR STRUCTURE

CSR is addressed at the highest level of PPR's organisation, notably through a dedicated Group CSR Department, which reports directly to the Chairman and is represented on the Executive Committee. To turn the CSR strategy into concrete initiatives and keep pace with actual events on the ground, PPR also has a dedicated CSR network, active in each of its Subsidiaries.

- ♦ **A common point of reference for all Subsidiaries.** The CSR Committee, made up of members of the Group's Executive Committee, defines and monitors the implementation of formal objectives for each of the five Subsidiaries and for PPR headquarters, within the scope of the seven key strategic priorities. These priorities, which constitute a common point of reference for all of the Group's Subsidiaries, are:

- Priority 1.** Develop employability through skills management and training;
- Priority 2.** Train each manager on diversity issues;
- Priority 3.** Integrate CSR criteria into the supplier selection process;
- Priority 4.** Monitor and limit transport-related CO₂ emissions;
- Priority 5.** Reduce the environmental impact of stores and infrastructures;
- Priority 6.** Promote responsible products and usages;
- Priority 7.** Implement solidarity programmes related to companies' business activities.

A portion of the variable remuneration of members of the Subsidiaries' management is directly based on the achievement of CSR objectives.

- ♦ **A CSR Department for the PPR Group.** The Group-wide CSR department was created in 2007 and has eight members. It reports directly to the Group Chairman and CEO and is represented on the Executive Committee. The Group CSR Department is tasked with defining the Group's corporate social responsibility policy, assisting the Subsidiaries to implement the key strategic priorities, ensuring compliance with the related legal obligations, anticipating and preparing the Group for future obligations that may be introduced, and setting up Group-wide projects. The CSR Department works closely with Group Human Resources on employee-related CSR issues.

- ♦ **A CSR or Sustainable Development Department in each Subsidiary.** Each of the five Subsidiaries has a Head of CSR or Sustainable Development responsible for implementing the Group's CSR policy at his or her Subsidiary, as well as for instigating specific action plans consistent with the common point of reference, namely the seven key strategic priorities. In 2009, 21 employees were working directly on CSR issues in the Group's five Subsidiaries, in addition to the eight people employed at PPR Group level. Certain Subsidiaries also have CSR Committees comprised of representatives from the company's main departments and attached to the CSR or Sustainable Development Department.

PPR and its Subsidiaries have also set up two major networks of global contributors within the framework of social and environmental reporting.



2009 HIGHLIGHTS

Launch and first full year of operation of the PPR Foundation for Women's Dignity and Rights

The PPR Foundation for Women's Dignity and Rights, which was created in late 2008, held its first Board of Directors' meeting on January 29, 2009, and since then has been focusing its efforts on two strategic objectives: combating violence against women and aiding development initiatives in favour of women. It backs projects in partnership with local and international non-governmental organisations (NGOs) and actively encourages the involvement of Group employees in its work. It also conducts initiatives to promote awareness of women's rights, organising exhibitions and debates around the topic. In 2009, the Foundation entered into 17 partnerships with associations chosen at its Board of Directors' meeting and at two Selection Committee meetings held in March and July 2009.

Dissemination of an updated version of the Code of Business Practices

The Code of Business Practices was updated by the ECSRC (Ethics and Corporate Social Responsibility Committee – see page 325) in 2008 and disseminated to all employees in 2009, in the 14 languages most widely spoken within the Group. To increase employees' awareness of the Code and encourage them to take on board the ethical principles that it espouses, a Group-wide communication campaign was carried out in conjunction with this initiative.

Seven key strategic priorities: an abundance of initiatives

The Group's seven key strategic priorities gave rise to an abundance of initiatives and projects in 2009 and enabled the Subsidiaries to intensify their commitment. One example was the "Green Toolbox", a good practices guide prepared and published by the Subsidiaries' sustainable development and real estate/property teams in 2009 under the auspices of PPR and distributed to the Group's 2,300 stores

worldwide. This guide, which is intended as an environmental management operating tool, should enable the sites to reduce their ecological footprint and encourage them to strive for both economic and environmental efficiency.

October 1, 2009: Signature of a third agreement with Agefiph for the employment of disabled people

Following on from the 2005 and 2007 agreements, on October 1, 2009, PPR entered into a third agreement with Agefiph, a French association promoting job placements and vocational training for the disabled. The very promising results of the 2007 agreement – which saw 126 hires over two years as opposed to the 75 initially targeted – gave rise to this third agreement which is set to run for 15 months and encompasses Fnac, Redcats, PPR Holding & Shared Services and the four Gucci Group brands in France. Conforama is continuing its pro-disabled people endeavours under a company agreement entered into in 2007 with the retail chain's employee representatives.

Fifth edition of the in-house opinion survey "What's the weather like where you are?"

The in-house opinion survey, carried out on a bi-yearly basis since 2001, is designed to gauge employees' perceptions of issues affecting their life within the Company. The Group can then define and implement action plans on the basis of the results and monitor their effectiveness over time. The fifth edition was rolled out in PPR Holding & Shared Services, Fnac, Conforama, Redcats Group and, for the first time, Puma. Over 55,000 employees took part, in 12 languages and 55 countries. The participation rate was the highest ever, at 77%, demonstrating employees' commitment to the initiative. The results will be available in early 2010 and the first half of the year will be dedicated to providing feedback to employees and drafting appropriate action plans.





2009 KEY FIGURES

- 73,245 Group employees at December 31, 2009, 56.8% of whom are women;
- 1,193 disabled workers;
- 90.7% of employees on permanent contracts;
- 50.5% of managers are women;
- 60.1% of new recruits are women;
- 12,171 permanent employees work part time, 81.7% full time;
- 81.6% of part-time employees are women and 96.7% are non-managers;
- 77.1% of non-management permanent employees work full time;
- 36.6 is the average age of permanent employees in 2009;
- 8.5 years is the average length of service of permanent employees;
- 662,802 hours of training;
- 57,902 employees trained;
- 17 partnerships signed by the PPR Foundation for Women's Dignity and Rights;

- 25 employees granted solidarity leave;
- 3,493 social accountability audits carried out among Group suppliers, some within the context of steps taken to achieve SA 8000 certification;
- 56% of the Group's waste is recycled;
- 65% of paper purchased directly by the Group is from sustainably managed woodland;
- 100% of the Group's paper suppliers are ISO 14001 certified.

Every year PPR publishes a report on the progress of each of the Subsidiaries with respect to the seven key strategic priorities. In 2010, the Group will publish the 2009 highlights of each Subsidiary, as well as the main measurable objectives achieved with respect to each of the priorities.

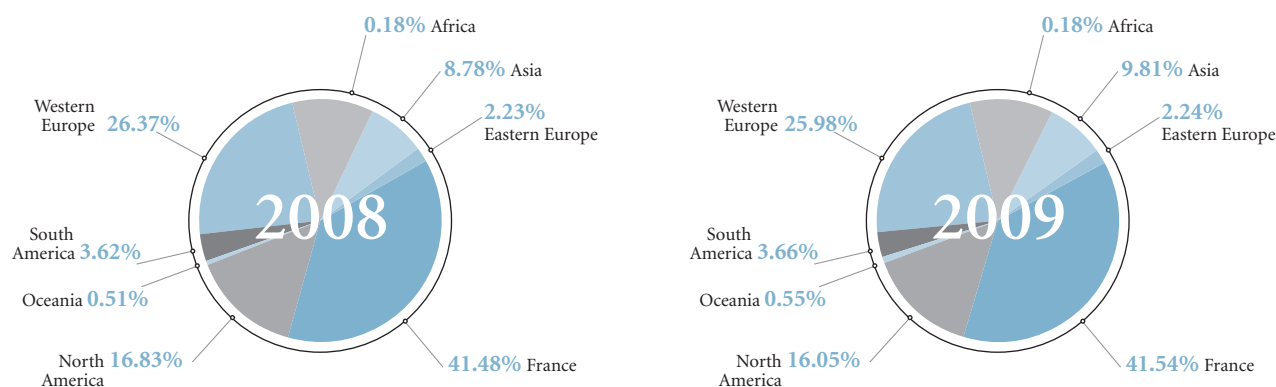
The social and environmental indicators verified by the Statutory Auditors within the scope of their audit of the 2009 financial statements are indicated below by the symbol ✓. When the verified scope does not cover the entire consolidated group, the verified scope is specified in a footnote.



THE GROUP'S HUMAN RESOURCES PROFILE ⁽¹⁾

Number of employees

BREAKDOWN OF EMPLOYEES AT DECEMBER 31 BY GEOGRAPHIC AREA ⁽²⁾ (%)



(Rate of coverage: 100%)

BREAKDOWN OF EMPLOYEES AT DECEMBER 31: MEN MANAGERS/WOMEN MANAGERS/NON-MANAGER MEN/NON-MANAGER WOMEN BY GEOGRAPHIC AREA (NUMBER)

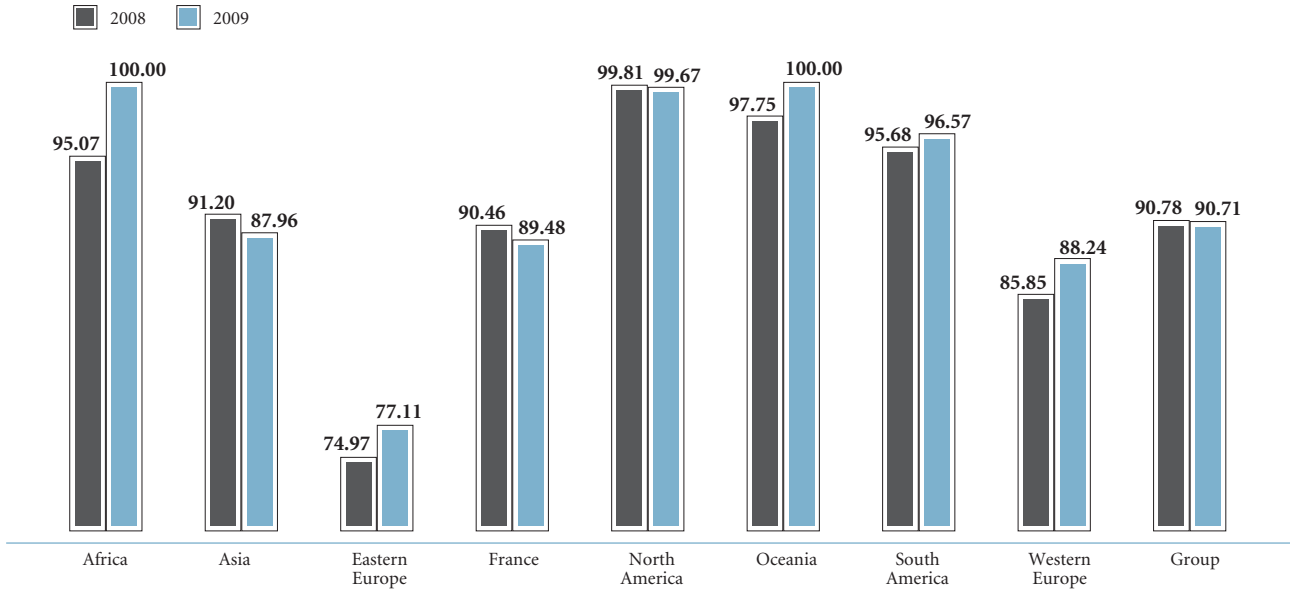
	Managers				Non-managers			
	Women		Men		Women		Men	
	2009	2008	2009	2008	2009	2008	2009	2008
Africa	14	10	25	21	54	67	39	44
Asia	549	515	488	545	4,427	4,054	1,719	1,636
Eastern Europe	147	135	89	102	911	965	491	512
France	3,442	3,515	3,458	3,550	12,000	12,815	11,525	12,002
North America	1,327	1,266	754	716	7,034	8,139	2,643	2,812
Oceania	25	26	31	33	208	205	137	129
South America	102	99	193	201	867	933	1,517	1,546
Western Europe	1,016	1,061	1,455	1,513	9,440	10,261	7,118	7,436
TOTAL	6,622	6,627	6,493	6,681	34,941	37,439	25,189	26,117

(Rate of coverage: 100%)

(1) For each social indicator, the 2008 data has been adjusted on a pro forma basis to take account of the changes in Group structure in 2009. The rate of coverage is calculated as a % of Group employees as at December 31, 2009.

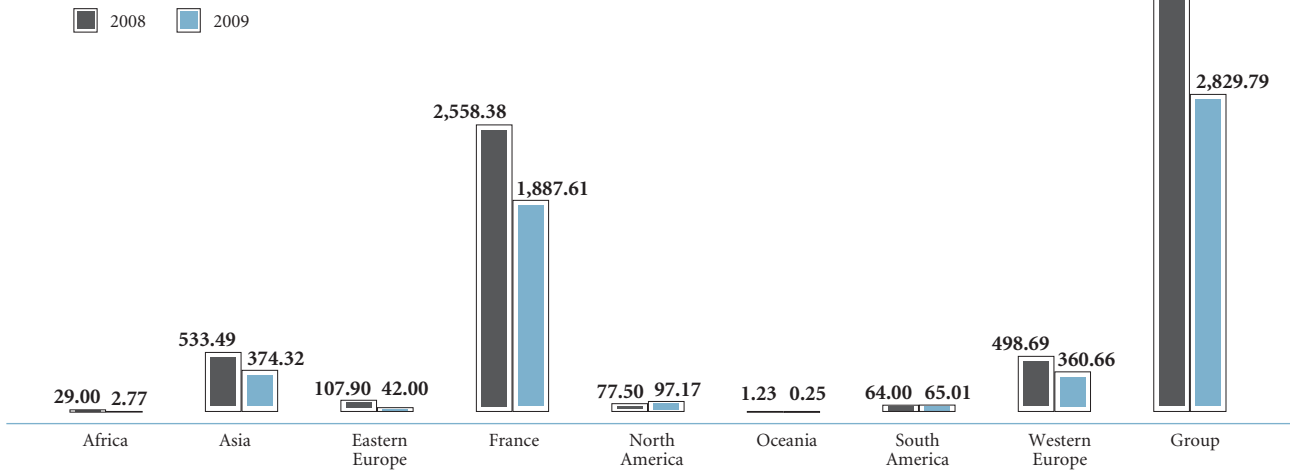
(2) All charts showing the Group's different geographic areas include the following countries and territories: **Africa**: South Africa; **Asia**: Bangladesh, China, Guam, Hong Kong, India, Japan, Korea, Macao, Malaysia, Pakistan, Singapore, Turkey, Taiwan, United Arab Emirates, Vietnam; **Eastern Europe**: Bulgaria, Czech Republic, Croatia, Estonia, Hungary, Lithuania, Poland, Romania, Russia, Slovakia, Slovenia, Ukraine; **France**; **North America**: Canada, USA; **Oceania**: Australia, New Zealand; **South America**: Aruba, Argentina, Brazil, Chile, Mexico, Peru, Uruguay; **Western Europe**: Austria, Belgium, Denmark, Finland, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Monaco, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK.

BREAKDOWN OF PERMANENT EMPLOYEES BY GEOGRAPHIC AREA (%)



(Rate of coverage: 100%)

NUMBER OF FTE ⁽¹⁾ TEMPORARY EMPLOYEES BY GEOGRAPHIC AREA

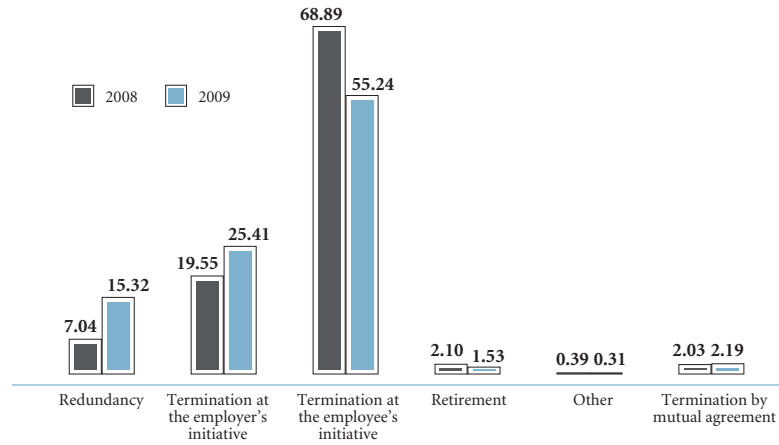


(Rate of coverage: 100%)

(1) FTE: Full-time equivalent.

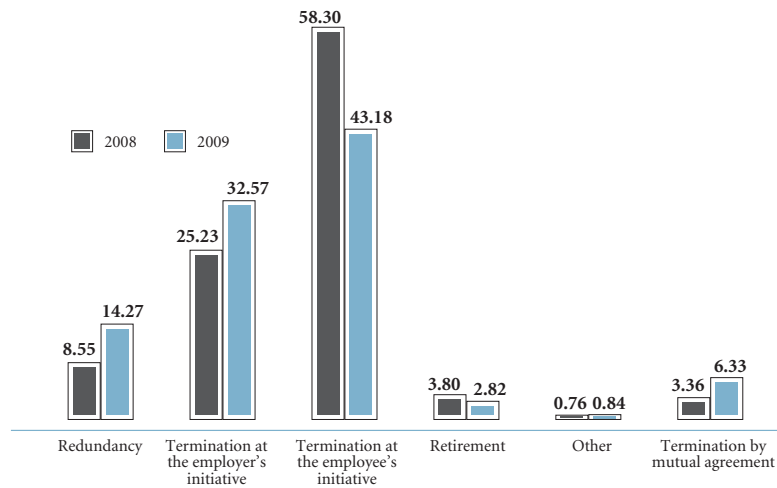


BREAKDOWN OF PERMANENT EMPLOYEE DEPARTURES BY REASON (%)



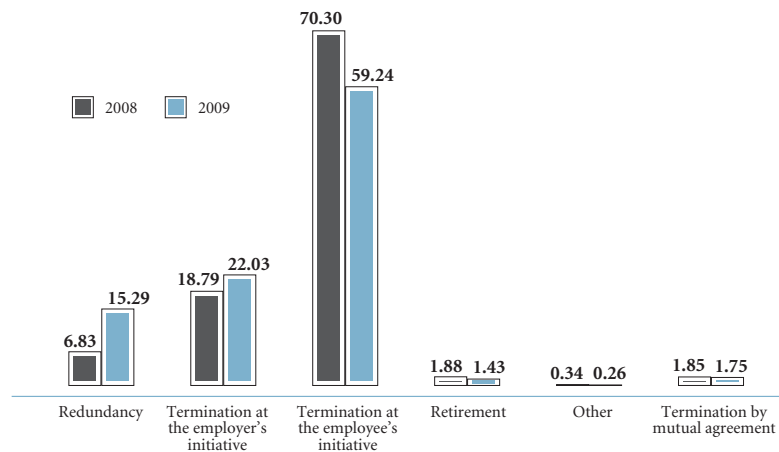
(Rate of coverage: 100%)

BREAKDOWN OF MANAGER DEPARTURES BY REASON (AS A % OF PERMANENT EMPLOYEE DEPARTURES)



(Rate of coverage: 100%)

BREAKDOWN OF NON-MANAGER DEPARTURES BY REASON (AS A % OF PERMANENT EMPLOYEE DEPARTURES)



(Rate of coverage: 100%)





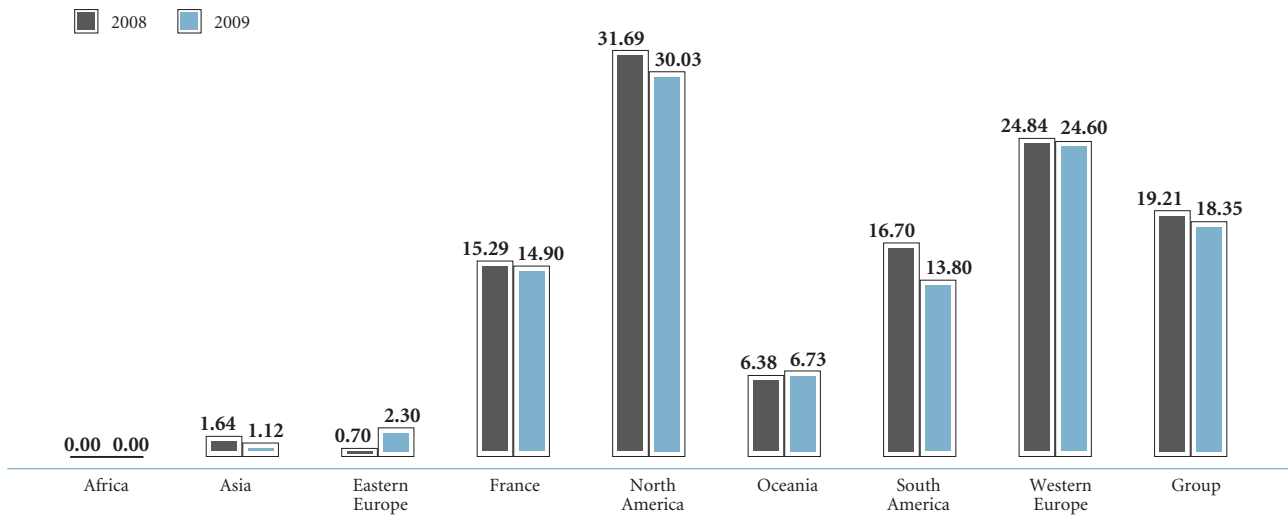
Working time

The average weekly working hours for Group full-time employees was 36.3 hours in 2009 (rate of coverage: 100%). The organisation of work time in the Group's Subsidiaries varies according to the sites and populations concerned. In France, work is most commonly organised on the basis of a fixed number of hours or days, with annualised

working time and the possibility of flexitime. In certain cases, shift work (days and sometimes nights) or occasional on-call arrangements may apply.

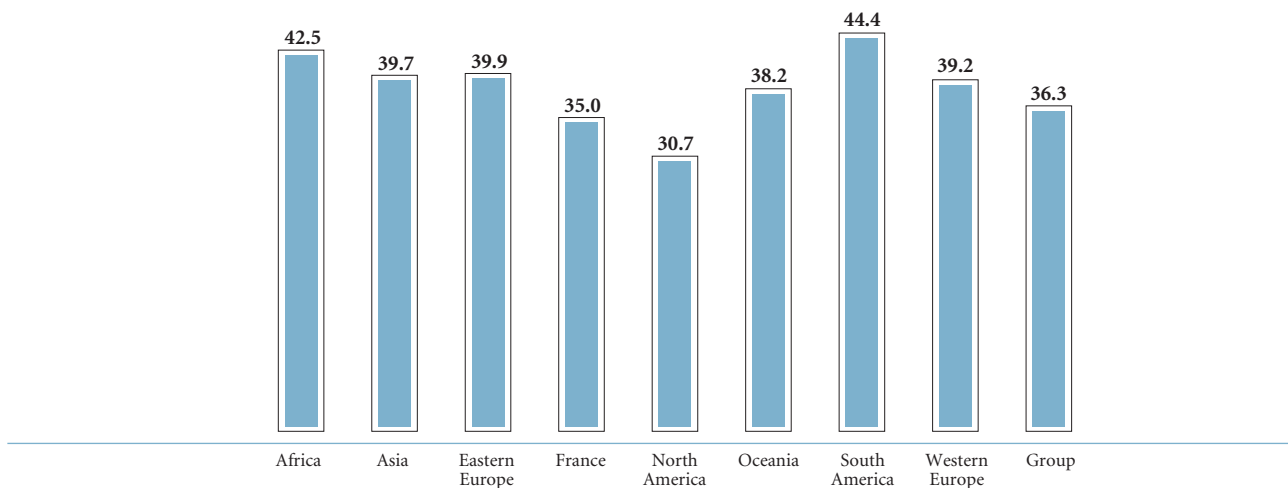
In 2009, 260,368 overtime hours were recorded in France (rate of coverage: 100% of France Group scope).

BREAKDOWN OF PERMANENT EMPLOYEES WORKING ON A PART-TIME BASIS BY GEOGRAPHIC AREA (%)



(Rate of coverage: 100%)

AVERAGE WORKING WEEK BY GEOGRAPHIC AREA IN 2009 (IN HOURS)



(Rate of coverage: 100%)



OVERALL ABSENTEEISM AND ILLNESS ⁽¹⁾ (%)

	2009	2008
Overall absenteeism rate	5.50	5.18
Rate of absenteeism due to illness	3.57	3.42

(Rate of coverage: 100%)

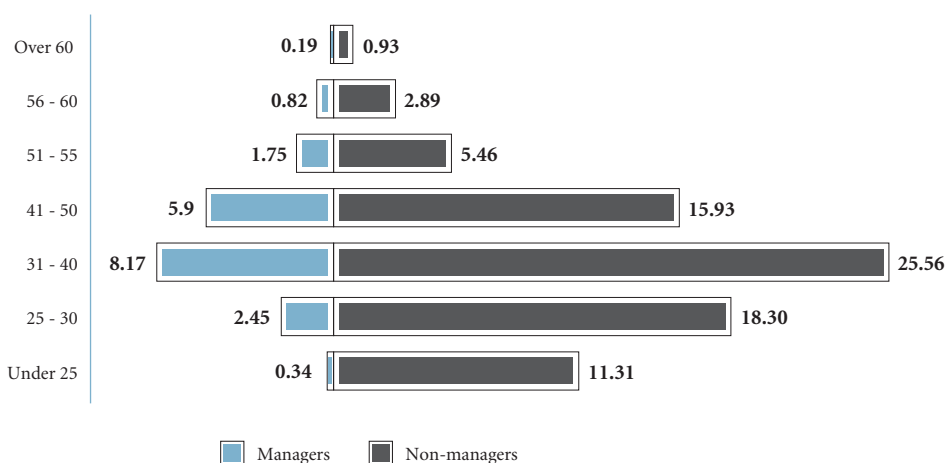
Profile

AVERAGE AGE AND LENGTH OF SERVICE OF PERMANENT EMPLOYEES BY GEOGRAPHIC AREA (IN YEARS)

	Average age		Average length of service	
	2009	2008	2009	2008
Africa	30.19	28.56	2.3	1.86
Asia	28.45	31.86	3.37	3.18
Eastern Europe	30.16	34.12	4.36	3.72
France	39.86	39.11	12.69	12.03
North America	36.18	36.12	4.47	3.78
Oceania	28.7	28.99	3.97	3.77
South America	31.6	30.56	4.17	4.09
Western Europe	36.18	36.05	7.26	6.91
GROUP	36.61	36.67	8.52	8.04

(Rate of coverage: 99.96%)

BREAKDOWN OF EMPLOYEES BY AGE IN 2009 (%)



(Rate of coverage: 99.96%)

(1) The total figure for absenteeism due to illness only includes sick-leave days. The overall absenteeism rate includes absenteeism due to illness, but also includes every other kind of absence (work-related accidents, unjustified absences, etc.) and is calculated from the first day of absence.

Health and safety

PPR and its Subsidiaries consider that protecting the health and safety of their employees is a fundamental duty. With this in mind, the Subsidiaries have put in place procedures and programmes to identify, assess and reduce the main risks arising from their activities.

In 2009, PPR set up a prevention programme in its Subsidiaries in response to the risk of the H1N1 swine flu pandemic. This

programme, led by the Group Human Resources and Health & Safety Departments, aimed to raise awareness of prevention measures by means of guidelines displayed in each of the Group's companies. Masks were purchased, distribution rules were drafted and a business continuity plan was put forward in August 2009.

In 2009, a total of 1,766 work-related accidents resulting in leave occurred in the workplace or during a business trip, as against 1,834 in 2008. There were no fatal accidents in 2009.

NUMBER OF WORK-RELATED ACCIDENTS BY GEOGRAPHIC AREA

	2009	2008
Africa	0	0
Asia	46	26
Eastern Europe	18	21
France	1,237	1,225
North America	58	76
Oceania	2	2
South America	61	64
Western Europe	344	420
TOTAL	1,766	1,834

(Rate of coverage: 99.99%)

NUMBER OF EMPLOYEES WHO RECEIVED SAFETY TRAINING BY GEOGRAPHIC AREA

	2009	2008
Africa	2	0
Asia	564	743
Eastern Europe	722	744
France	5,569	4,511
North America	3,744	3,723
Oceania	59	12
South America	185	235
Western Europe	5,620	6,021
TOTAL	16,465	15,989

(Rate of coverage: 93.46%)

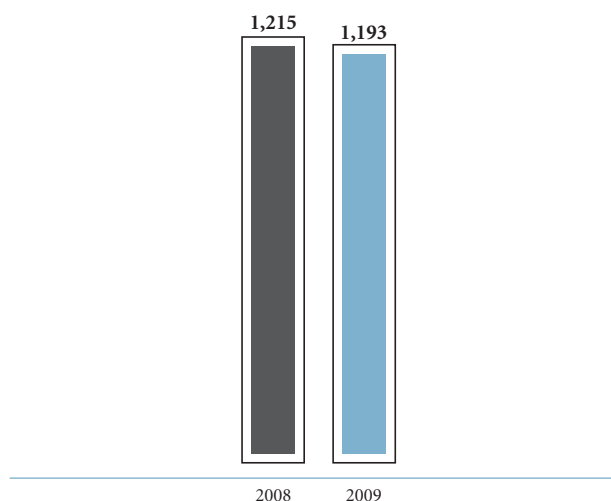
SAFETY TRAINING HOURS BY GEOGRAPHIC AREA

	2009	2008
Africa	152	0
Asia	7,376	7,061
Eastern Europe	4,807	5,343
France	36,815	31,144
North America	16,960	13,279
Oceania	308	65
South America	2,384	2,430
Western Europe	20,032	21,878
TOTAL	88,834	81,200

(Rate of coverage: 93.46%)

Employment and integration of disabled workers

TOTAL NUMBER OF DISABLED WORKERS ⁽¹⁾



(Rate of coverage: 81.98% - excl. UK and US)

At December 31, 2009 the PPR Group employed 1,193 disabled workers, of which 72% (859 persons) in France ✓ within the scope of the "employment obligation" laid down by the French law of

February 11, 2005 on equal rights and opportunities, participation and citizenship of people with disabilities.

(1) Employed as at December 31, 2009, within the scope of the "employment obligation" laid down by the French law of February 11, 2005 on equal rights and opportunities, participation and citizenship of disabled people.

✓ Verified by the Statutory Auditors.



Priority 1: develop employability through skills management and training

Progress in the Group's organisational structures and businesses is gathering pace, resulting in new responses and improved action plans that emphasise the development of employees' skills and employability.

In terms of recruitment, induction and loyalty-building, the PPR Group strives to offer all of its employees training that is thorough and specific to their field, and that enables ongoing development throughout their lives.

For each brand and Subsidiary, this means ensuring the continuous enhancement of business and behavioural skills among employees. By sustaining performance and skills development at individual level, each employee can guarantee his or her employment prospects within or outside the Group.

The Group and its Subsidiaries have implemented ambitious training programmes designed to serve both short- and medium-term needs. These programmes give all staff the opportunity to improve their employability and maintain their eagerness to learn and take on new challenges. They further nurture involvement and motivation across the workforce.

Emphasis is also placed on the identification of in-house talent, based on a thorough knowledge of the Company's internal resources, with the aim of encouraging loyalty and retaining staff. To this end, PPR and its Subsidiaries use employee evaluation, monitoring and mobility tools that are pragmatic, flexible and consistent with the Group's decentralised structure.

ENHANCE EMPLOYEE SKILLS AND TALENTS

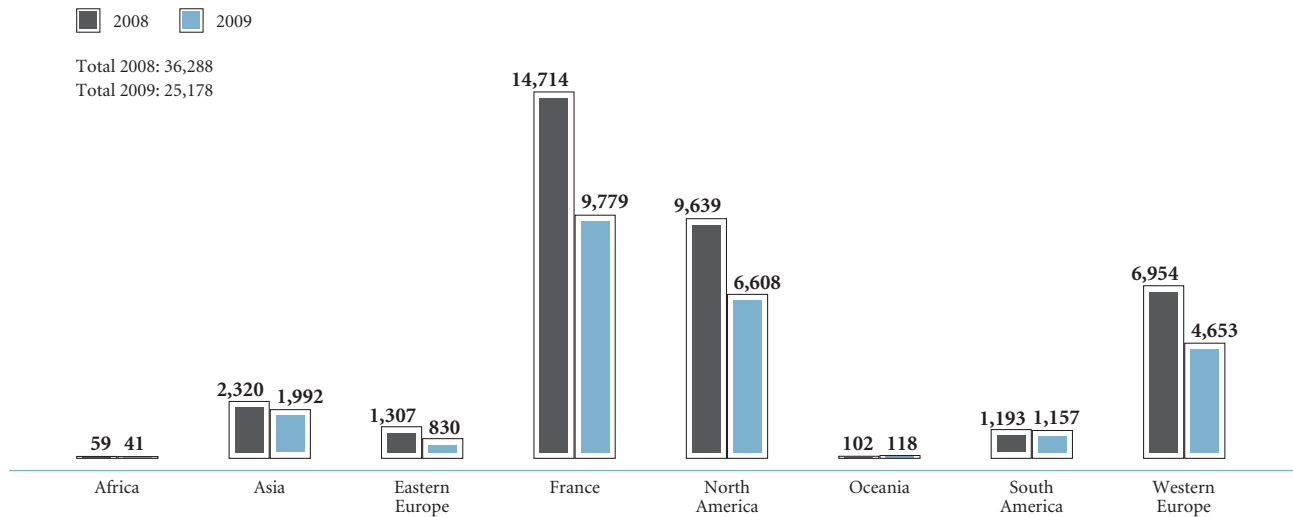
In 2009, the Group's Human Resources Development Department continued to focus on the implementation of employee-development tools and projects that address PPR's strategic imperatives of performance, internationalisation, entrepreneurship and innovation. The professional enhancement of the workforce was pursued with an unerring focus on closeness to employees, synergies and cross-functionality.

Attract and integrate

In 2009, PPR recruited 12,821 employees on permanent contracts, 12,357 on fixed-term contracts and 2,829.8 full-time equivalent (FTE) temporary workers in the 59 countries and territories where the Group operates. Of the employees recruited, 60.1% were women and 94.4% were non-managers.



NUMBER OF RECRUITS BY GEOGRAPHIC AREA

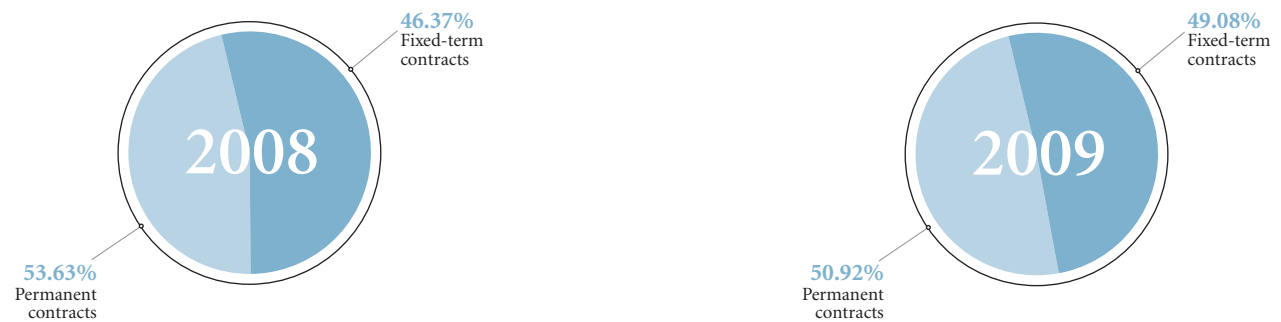


(Rate of coverage: 100%)

In 2009, the labour market remained tight. PPR nevertheless continued its efforts to attract new talent and adapted its recruitment focus in line with the Group's trading conditions and diverse business base.

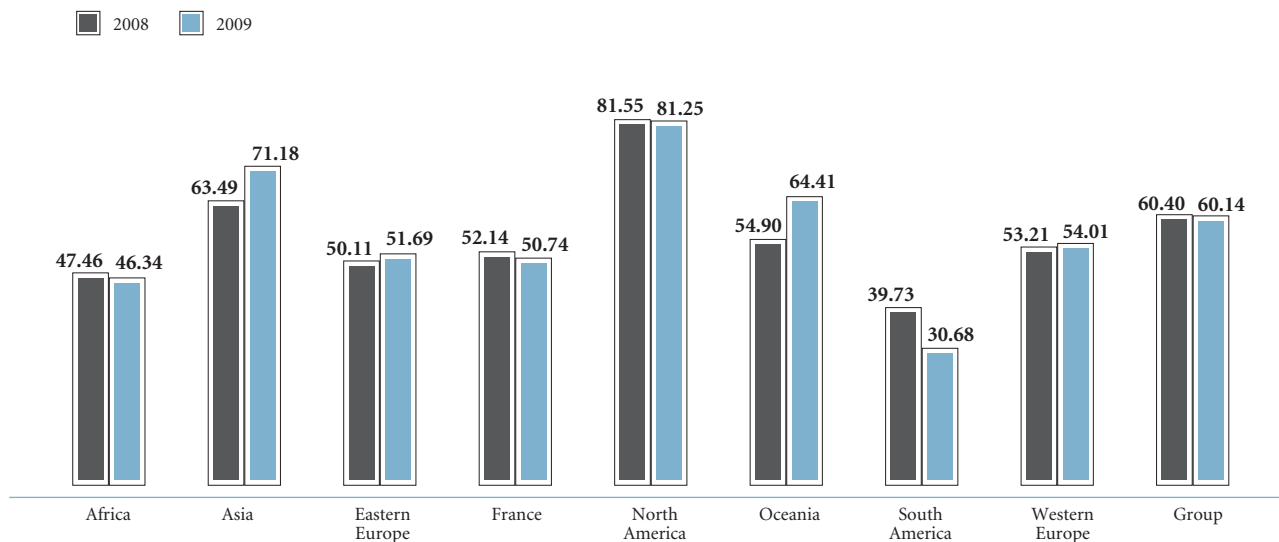
The economic and financial crisis prompted a review of organisational structures based on the close matching of needs and skills.

BREAKDOWN OF FIXED-TERM AND PERMANENT CONTRACTS (%)



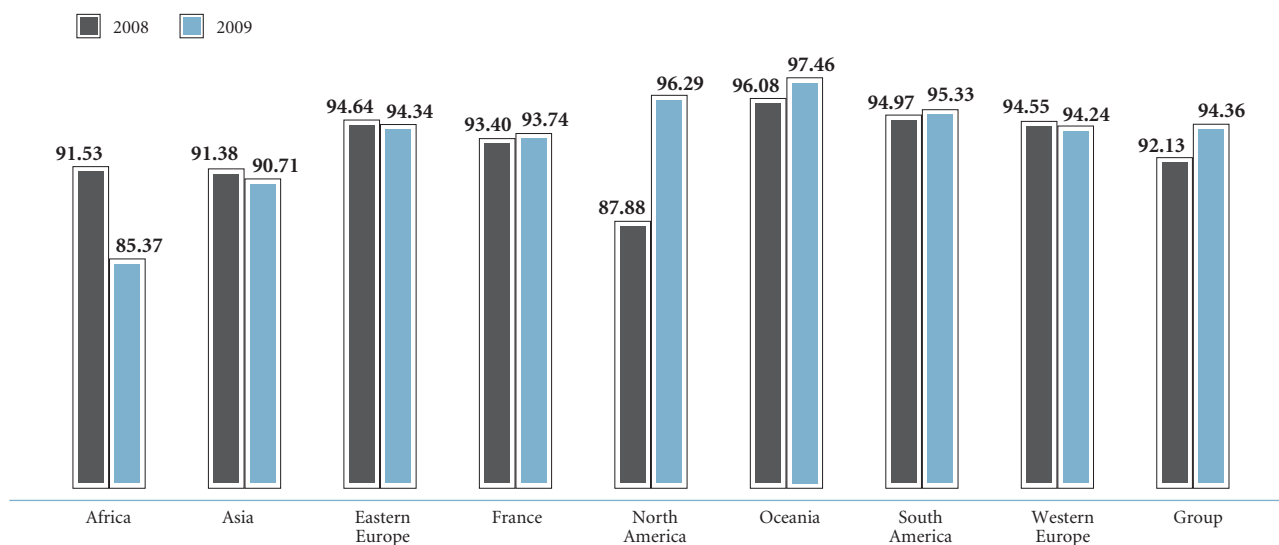
(Rate of coverage: 100%)

SHARE OF WOMEN AMONG RECRUITS BY GEOGRAPHIC AREA (%)



(Rate of coverage: 100%)

SHARE OF NON-MANAGERS AMONG RECRUITS BY GEOGRAPHIC AREA (%)



(Rate of coverage: 100%)

PPR's relations with learning institutions are guided primarily by a desire to attract new talent consistent with the economic climate and with the diversity of the Group's business base.

To cultivate the Group's image as a desirable employer, PPR and its Subsidiaries have drawn up a list of institutions (business schools, universities, etc.) with which specific initiatives and partnerships have been prepared. Actions include participation in forums, talks on the Group and the Subsidiaries' flagship businesses, and the organisation of CV workshops to help students find traineeships or jobs.

Furthermore, for the fifth consecutive year, PPR and its Subsidiaries sponsored 20 teams of students in France to take part in the Global Management Challenge, a business simulation game in which contestants manage a virtual company. The aim is to facilitate exchanges with students from the selected schools and universities and to observe them in a real work situation in order to create a recruitment pool.

In addition, PPR has for several years now been a partner to the ESSEC business school in connection with the "Une Grande École, pour quoi



pas moi ?" ("Why shouldn't I go to business school?") programme. The programme aims to give bright youngsters from modest backgrounds access to top-level higher education by developing their social and cultural capital and their self-confidence. In 2009, a number of Group sites (headquarters and stores) welcomed secondary-school pupils enrolled in the programme to their premises in order to familiarise them with their work environments and businesses and to provide career guidance.

At the individual Subsidiary level, new employees undergo induction programmes covering organisational and strategic issues. Redcats Group organises a "Newcomers" session lasting one and a half days for all Redcats France executives and "talents" (new employees, experts and future leaders), as well as for senior management team members posted abroad, during the first six months of their arrival. The session gives participants the opportunity to interact with Management Committee members and meet employees from other Redcats Group banners. At the same time, each Redcats Group banner or division organises induction training at local level. La Redoute, for example, organises a week-long induction training course for all supervisory and managerial staff to explain the company's strategy, operations and general business environment (presentation of sectors and departments, tours of industrial facilities and call centres, introduction to businesses and so forth).

Boucheron has created a one day-long induction programme for all new employees (non-management staff, trainees, etc.) to familiarise

them with the brand's history, Gucci Group, the PPR Group and the product range. The day ends with field visits to workshops and boutiques.

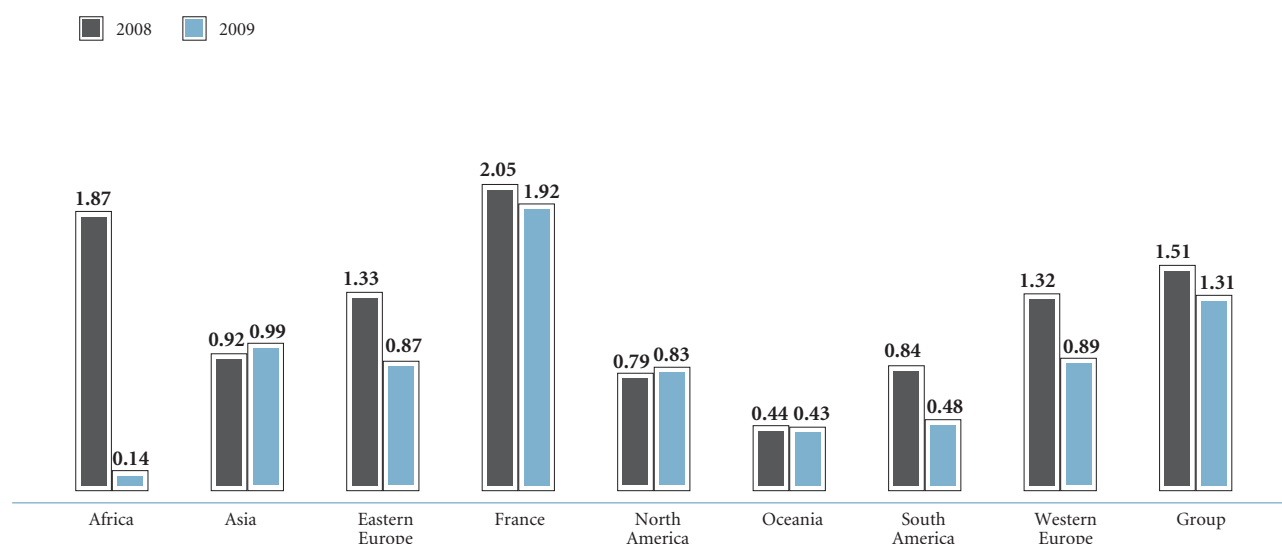
In February 2009, as part of its "Cap Confo" project, Conforama launched its "Cap Confo Attitudes" (I put customers first, I embrace performance targets, My behaviour is responsible and exemplary). The attitudes describe the behaviour expected of employees, both individually and collectively, in the interests of the success of the project. They have been rolled out to every level of the Company and recognise each employee's central role in business development and in sustaining corporate performance. They are likewise ingrained in all of the Company's HR processes – recruitment, induction, performance evaluations and training. The Attitudes are more than a reference framework for Conforama; they embody a mindset, brand image and identity that set the company apart from competitors.

Enhance employee skills

In 2009, the Subsidiaries provided 662,802 hours of training (excluding safety training). In all, 57,902 employees followed at least one session (all training programmes combined). Women represented 56.9% of staff trained in 2009 (excluding the US and safety training).

The Group's training budget was €24.8 million (rate of coverage: 99.99%), corresponding to 1.31% of total Group payroll.

SHARE OF TOTAL PAYROLL ALLOCATED TO TRAINING BY GEOGRAPHIC AREA (%)



(Rate of coverage: 99.90%)

NUMBER OF TRAINING HOURS (EXCLUDING SAFETY TRAINING) BY GEOGRAPHIC AREA ⁽¹⁾

	2009	2008
Africa	1,096	348
Asia	98,594	78,348
Eastern Europe	20,665	41,890
France	212,605 ✓	249,145
North America	114,083	150,269
Oceania	6,090	4,550
South America	30,428	31,682
Western Europe	179,240	241,829
Total	662,802	798,061

(Rate of coverage: 99.90%)

NUMBER OF EMPLOYEES TRAINED (EXCLUDING SAFETY TRAINING) BY GEOGRAPHIC AREA

	2009	2008
Africa	78	58
Asia	6,045	3,626
Eastern Europe	674	1,050
France	11,842	15,449
North America	9,446	5,712
Oceania	172	143
South America	1,527	826
Western Europe	11,653	12,757
Total	41,437	39,621

(Rate of coverage: 99.90%)

BREAKDOWN OF TRAINING (EXCLUDING SAFETY TRAINING) BETWEEN MANAGEMENT AND NON-MANAGEMENT (%)

	2009	2008
% of managers	19.7	21.57
% of non-managers	80.3	78.43

(Rate of coverage: 99.90%)

BREAKDOWN OF EMPLOYEES TRAINED (EXCLUDING SAFETY TRAINING) BY GENDER (%)

	2009	2008
% of women	56.9	54.85
% of men	43.1	45.15

(Rate of coverage: 84.10%, excluding US)

The Group's employee skills development is based on PPR UniverCité's programmes and on in-house training at each Subsidiary.

(1) Training hours provided in France represented 32% of the aggregate amount across all banners. They qualify for inclusion in tax return no. 2483 (compulsory training levy on French employers).

✓ Verified by the Statutory Auditors.

PPR UniverCité

PPR UniverCité caters to the Group's and banners' leaders, senior management and key staff members. Its training programmes complement those provided by the Subsidiaries to develop employees' key skills and overall strategic vision.

In 2009, PPR UniverCité added a Leadership seminar to its offering. The seminar aims to strengthen participants' leadership skills and team mobilisation capacity through a more effective understanding and assertion of their personal style. More than 30 employees took the seminar during the year.

Senior managers also received training in motivational, entertaining speaking skills through a new seminar on interpersonal communication.

During 2009, PPR UniverCité took action to realign its offering with the Group's strategic positioning and prevailing economic conditions.

This included the expansion of the offering on individual and collective development themes, with due attention paid to the constraints upon line staff at the various banners. Existing seminars (concerning, for example, leadership, change management and assertiveness) were redesigned to fit into two days.

Commercial imperatives (for example, negotiating skills, innovation/creativity and adapting to new buying behaviour) were addressed through new, theme-based courses lasting one evening/one day or one day.

In addition, efforts were maintained to develop the budding potential identified each year at the Subsidiaries. The employees concerned were enrolled in an 18-month programme encompassing kick-off/learning expeditions, training seminars and the collective management of a project dealing with an aspect of corporate social responsibility.

In June 2009, for example, PPR UniverCité sent about ten employees to provide support for an NGO initiative in Burkina Faso. Participants came together to carry out a concrete, solidarity project in the form of an audit for the *La Voûte Nubienne* association (www.lavoutenoubienne.org), with a view to developing the association's operations in the Sahel region. Thanks to a combination of vigorous preparation and on-site efforts, PPR's employees were able to place their collective know-how at the service of a sustainable development and social entrepreneurship initiative.

In September 2009, about 10 employees took part in a Learning Expedition (immersion trip) in Scandinavia to study the business models of global competitors from Sweden and Denmark.

PPR UniverCité further offers a new "Resources and Development" seminar for high-flying employees, which was attended by 47 participants in 2009. The three-day seminar boosts employees' self-knowledge through 360° feedback and personal profiling, following which each participant is able to draw up a personal development plan. The various stages of the seminar enable high-fliers to consolidate their strengths and develop their skills through role-playing exercises and self-analysis.

About ten HR employees from the various banners underwent specific certification processes (360° and Insight) to help them engage more effectively with the banners' high-potential employees. In 2009, more than 200 persons took part in the training programmes developed by PPR UniverCité.

All of these measures are coordinated in close cooperation with the banners' Training Departments and the HR Development Committees. The overriding goal is to combine resources as effectively as possible and thereby create skills development synergies within the Group.

Training by the Subsidiaries

To meet their specific needs, the Subsidiaries each introduced new training and development measures in 2009 alongside the core programmes initiated in prior years. The numerous training courses designed in 2009 reflect the emphasis on programmes related to the first of the key strategic priorities – Develop employability through skills management and training.

Fnac was among the first European companies to launch a professional experience validation programme and in 2009 remained true to its policy of optimising employees' professional experience in France and abroad. The policy encourages employees to obtain recognition of their professional experience, with the banner preparing and supporting candidates in the achievement of qualifications (the *Bac professionnel* and *Brevet de technicien supérieur standard* and advanced vocational diplomas or, since 2007, Bachelor's and Master's degrees). This commitment to assisting professional experience validation candidates has resulted in a success rate for Fnac's employees above the national average. Since 2004, more than 350 Fnac employees have earned qualifications under this programme, including nearly 30 directors and managers.

Fnac has also instituted a mid-career interview system, which will be rolled out during 2010. The interviews will be routine for all employees aged 45 years and over or with 20 years' of service and are intended to enable those concerned to contemplate their future within the banner with serenity.

Redcats Group is also continuing to promote its image as an employer in all countries in which it operates. Employee development measures were kept up during the year through the SPEED programmes run by Redcats Group's in-house university, with seminars attended by more than 200 participants in 2009. The new "Managing performance" training course introduced in 2009 for all Redcats France companies is designed to teach managers a professional approach to monitoring employees' performance.

Considerable emphasis was placed on the employability of the non-management workforce in 2009. "Inter-industry professional qualification certificates" were awarded to about 20 logistics employees at La Redoute and Movitex. These certificates are designed and issued by employer and employee representatives in the leather/skins, apparel, textile and footwear sectors. They certify that the employees concerned have the necessary skills to engage in cross-functional





activities serving several industrial spheres (textile, metallurgy, medicine, paper/cardboard, home shopping, etc.). La Redoute also has a professional experience validation programme.

Redcats Group also provided basic knowledge training to ensure the employability of its least qualified workers. This basic training encompasses French and Mathematics (with employees who took Level 1 in 2008 admitted to Level 2 in 2009), business knowledge (focusing on the home shopping and retail businesses, web culture and basic economics), change-related assistance in the spirit of "Take charge of your professional goals", office automation and foreign languages. Nearly 300 employees across Redcats Group brands have benefited from such training.

At Conforama, changes in cash desk-related work have prompted the formation of a think tank composed of cash desk managers, Administrative Managers, a representative of the training function and cashiers. The think tank's work on good practices and the role of cashiers within the Subsidiary has resulted in a set of organisational and procedural good-practice guidelines and a training handbook accompanied by e-learning modules to help new employees settle into their positions and understand what is expected of them, and to develop teams' skills. Another outcome was the production of an employee booklet ("*Le Fil Rouge*"), which serves as a ready source of essential information concerning the cash register-reception-financing function at Conforama. The dual aims are to enhance customer-service quality and to recognise and develop the skills inherent in what is a little-known occupation.

Gucci Group has launched its second international leadership development programme for its top staff. The programme follows on from the 2008 "Journey" aimed at allowing each employee to identify his or her managerial style and to reflect upon his or her impact on team motivation. The new programme, called "Quest", brought together 79 international senior managers in 2009. The brands within Gucci Group have also introduced a wide range of training programmes.

Boucheron offers learning sessions covering different aspects of its business – manufacturing workshop, draughtsmanship (range of certificate courses in gemmology with the French National Gemmology Institute, etc.), sales, finance and accounting, foreign languages, office automation, products and personal development, among others. In terms of design, the brand has introduced internally-developed training modules covering the styles of various periods of the 20th century as reflected in artwork and luxury goods. The modules are intended primarily for sales and marketing/design staff, but all employees may take part. It is noteworthy that Boucheron's investment in the acquisition of new skills and professional qualifications in relation to existing jobs exceeds the legal requirement.

In order to enhance and professionalise the sales function in boutiques, Gucci has set up a number of sales training programmes (selling, customer focus) for store directors, managers and sales staff, together with leadership (coaching) courses. In Italy, 1,400 Gucci employees took a one-day training session in skills evaluation and development taught by in-house instructors from the human resources function.

EVALUATE

Annual performance evaluations

The annual performance evaluation process at PPR and its Subsidiaries provides an opportunity for managers and employees to exchange views on the past year's results, as well as on objectives for the coming year.

For the second year running, Balenciaga trained all managers in its recommended evaluation techniques in a bid to foster unity across teams. To date, 82% of employees have been evaluated on this basis. The next step will be to gather employee feedback with a view to career management. In the case of Boucheron, individual annual performance evaluations are conducted on a business-by-business basis. The rate of feedback to the Human Resources Department was 90% in 2009.

At Fnac, annual performance evaluations are treated as an extension of career interviews, with employees given the opportunity to

discuss their professional goals. This enables the creation of a tailored development plan for each employee covering, for example, managerial back-up, training and assignments.

People reviews

Every year, at each Subsidiary, the key issues arising from executive evaluation and development interviews (for example, potential mobility) are aggregated and analysed by Human Resources staff at the Subsidiary and Group levels and by senior managers during Career Committee meetings, also known as "people reviews". 2009 saw the introduction of a new tool providing a finer analysis of aggregate information by Subsidiary. The Subsidiary-level information is summarised and discussed at Group level.



This monitoring process has engendered training and development programmes tailored to the needs of the Company and its employees, in addition to facilitating internal mobility and identifying Group employees with high potential.

In 2009, Redcats Group extended its people review process to its entire talent body (new employees, experts and future leaders, in addition to the Senior Management Team). A survey of 100 high-potential

employees was carried out during the year to gather more in-depth related information and ensure that processes and tools are aligned with the needs of the employees concerned.

Gucci Group holds an annual "Talent Review" for the teams of the brand CEOs. In 2009, the performances and career development of 110 Gucci Group leaders were reviewed.

DEVELOP

Every year, the Subsidiaries' performance evaluations and the Group-level people reviews identify potential candidates for internal mobility within a Subsidiary or the wider Group. Cases are reviewed by an inter-Subsidiary Committee, which matches candidates to the various posts available within the Subsidiaries. About 50 people pass through this process annually. This approach is also used for the provision of assistance to and redeployment of employees whose jobs are at risk.

Help with redeployment

Since 1999, PPR has been committed to promoting the internal redeployment of employees and to expanding the Group's contribution to solidarity at work.

Across the PPR Group in France, Subsidiaries may be called upon to redeploy some of their employees as a result of restructuring measures, site relocations, site closures or cases of physical unfitness for a particular position. To limit the individual impact of these situations to the extent possible and to ensure the successful internal redeployment of all those who wish to continue to work for the Group, PPR has adopted a redeployment policy in France and has set up a Steering Committee under the name of Job Coordination.

Job Coordination, set up in 1999, is an internal network of Subsidiary representatives who are in ongoing contact to identify and propose redeployment solutions. Its role is founded on the principle reaffirmed in 2005 by the PPR Group's Executive Committee concerning a temporary freeze on external recruitment in certain geographic areas until the applications of all existing employees in a redeployment situation in the catchment area concerned and with a suitable profile for the positions on offer have been considered. Over the ten years of the Job Coordination network's existence, members have shared an unrelenting commitment to maintaining common rules for the redeployment of Group employees.

Puma France joined this network in January 2008.

In 2009, the work of PPR's Job Coordination network took on an added importance as the extremely adverse economic conditions resulted in cost reduction plans and restructuring programmes which affected employment. The social and economic context triggered a reaffirmation of the Group's social responsibility as reflected in the employment solidarity spearheaded by the Job Coordination network. Examples of the Subsidiaries' commitments in the sphere of employment solidarity are as follows:

- maintaining the freeze on vacant positions until the completion of employee redeployment within the Subsidiaries, with adherence to this principle overseen by the Group's Job Coordination network;
- defining and implementing priority rules for employee redeployment in the event of the concurrence of staff reductions and competition for available redeployment opportunities.

To this end, the updating and sharing of vacant positions have been optimised. Job Coordination meetings are now held more frequently and the network's rules of operation have been adapted in line with requirements.

In addition, the "Assisted Mobility Guide" used by the Group in France has been revised, re-published and distributed throughout all banners in France. The Guide constitutes the foundation of concerted redeployment action for the benefit of employees affected by economic changes.

In 2009, in order to comply with its announced cost-saving plan and to limit the impact on its employees, Conforama implemented career development steps to assist employees wishing to continue their career within the banner. A hotline service was provided from July 15 to September 15, 2009 to respond to employees' inquiries. Thirty mobility spaces were opened throughout France to help employees formalise their employment aspirations and provide related support. Nearly 550 interviews were held and more than 300 employees were received.





Thanks to internal reorientation training programmes covering both theory and practice, 50 employees changed role within Conforama during the year, with total internal transfers reaching 87. This initiative provides an ongoing response to adjustment processes at Conforama, limiting the staff reductions resulting from the decline of certain activities by channelling employees towards emerging businesses.

Redcats Group systematically reserves vacant positions for suitable existing employees in a redeployment situation. The banner has sought the help of a specialist firm for the purposes of its job protection plan and the La Redoute voluntary redundancy plan, while also working closely with the PPR Group and its Subsidiaries on the redeployment front.

In 2009, Fnac pressed ahead with its ambitious and pro-active programme for the management of jobs and skills in line with changes in its organisation and markets. The aim is to offer employees whose jobs are at risk the opportunity to move to high-growth business segments at Fnac with the benefit of accredited training. Training courses can cover as much as 110 hours, excluding the time allotted for induction into the new business segment. The banner is supportive of part-time working for employees aged 57 and over and tops up pension contributions (employee's and employer's share) in such cases, in accordance with the brand's Seniors Agreement. Fnac's commitment to cultivating the employability of its workforce and the abilities of each employee is thus undiminished.

All of the redeployment and mobility-assistance measures taken by the Subsidiaries and the Group to limit the impact of restructuring on employment testify to PPR's sense of responsibility and social investment.

Preventive management and continued employment of workers who have become incapacitated

Keeping disabled employees in their jobs and the preventive management of worker incapacity are key aspects of PPR's policy in favour of the employment of disabled persons. La Redoute has launched a huge corporate project, "Cap Progrès", which combines ergonomic measures with the pursuit of industrial excellence, with the aim of ensuring that workstations are more comfortable to use and thereby preventing occupational incapacity. After pilot-testing, the project was rolled out more widely within La Redoute and within the Children-Family division through the "LEO (*Logistique Excellence Opérationnelle* – Logistics & Operational Excellence)" project for the continuous improvement of processes and workstations. "Cap Progrès" measures have also been deployed within SOGEP through the organisation of a "safety challenge" at 26 outlets and the installation of new sorting equipment to improve working conditions.

REMUNERATION AND EMPLOYEE BENEFITS

- ♦ Total Group payroll in 2009: €1.9 billion (rate of coverage: 100%).
- ♦ Employer social security contributions for the brands and banners in mainland France in 2009: €338.6 million (rate of coverage: 100% of the France Group structure).

Remuneration policy

Owing to the specificity of the Group's businesses and the decentralised operational structure, remuneration policy is set at individual Subsidiary and brand levels in accordance with the principles of internal fairness and external competitiveness defined by PPR.

Each Subsidiary regularly analyses its remuneration against market data supplied by specialist firms. This market analysis is then used to define overall remuneration policies adapted to each Subsidiary and to the different business segments.

In 2009, Fnac made changes to the variable remuneration paid to non-management employees and supervisory staff at its stores in France. These changes came one and a half years after the introduction of a new employee evaluation system that gives weight to both individual-

employee performance and team performance. The principal aim of the changes made in 2009 is to increase salary prospects for high-performing employees.

In 2009, variable remuneration schemes similar to those in place in France were introduced in Spain and Belgium and are under consideration in other countries.

Executive pay

The remuneration of the Group's key executives is monitored by the Group Human Resources Department to ensure consistency and fairness within the Group.

Furthermore, the Board of Director's Remuneration Committee examines remuneration terms and conditions for corporate officers and makes related proposals to the Board. The Remuneration Committee is informed by executive management of the remuneration granted to PPR Group Executive Committee members and of the principal criteria underpinning the remuneration policy applied within the Group.



For the past two years, a portion of the variable remuneration paid to Group Subsidiaries' CEOs has been conditional upon the attainment of precise objectives in the sphere of corporate social responsibility. The objectives in question are determined annually.

The PPR Group's Board of Directors has opted to align the Group's corporate governance with the principles of the AFEP-MEDEF Code and, therefore, complies with the AFEP-MEDEF recommendations of October 6, 2008 on the remuneration of the corporate officers of listed companies. The Board considers that the recommendations are all addressed by the corporate governance approach already implemented by the Group and presented in this Reference Document.

Supplementary health, death and disability and pension coverage

In 2009, more than 80% of employees in France benefited from supplementary insurance coverage through the various Group schemes. Most of the other employees likewise had additional coverage in keeping with the legal requirements in their countries of employment. In the case of expatriate employees, special coverage is provided by the Group.

In 2009, in order to improve its employees' understanding of the supplementary health, death and disability and pension coverage available to them, Fnac organised forums and information sessions by the relevant providers. These meetings were used to sum up prior changes, notably the introduction of the scheme with Santéclair, a company specialising in health risk management. Fnac's objective is to adapt the health insurance provided more closely to insureds' medical needs. For example, the results of the scheme provided by the PPR holding company have improved substantially and a number of Subsidiaries are contemplating similar adjustments.

In addition, Group Subsidiaries have expanded their defined-contribution schemes (as per Article 83 of the French Tax Code) and have taken steps to raise employees' awareness of such solutions.

Profit-sharing and incentive agreements

In accordance with legal provisions in France, nearly 100% of the French employees at the PPR holding company, Boucheron, Fnac, Conforama, Redcats Group and Puma benefit from the redistribution of company profits in the form of profit-sharing and over three-

quarters benefit through incentive schemes. These mechanisms are governed by agreements specific to each legal entity.

In 2009, amid difficult economic conditions and after negotiations between management and employee representatives, Conforama France put in place an incentive agreement that entitles the employees of each establishment to share in the results of the establishment concerned. Where incentive payments are awarded, the agreement provides for the payment of an identical lump-sum amount to all employees, irrespective of position or remuneration level.

Employee savings

Nearly all of the Group's companies in France have Employee Saving Plans, which are designed to invest profit-sharing payments and, depending on the Subsidiary, incentive payments, voluntary contributions from employees and any matching contributions made by the employer. These plans offer tax and benefit-related exemptions, provided that they comply with the lock-in period.

Individual communication of remuneration terms

The PPR Group wants its employees to enjoy better information and transparency concerning the remuneration rules resulting from the remuneration policies that it sets. To this end, some Subsidiaries have introduced an individual wage assessment.

2009 saw Conforama's first individual wage assessment providing employees with complete details on the remuneration structure and employee benefits applicable in the company.

The PPR holding company again produced an individual wage assessment, adding information on estimated staff replacement rates across employee categories.

Fnac likewise provided an individual wage assessment, for the fourth year running. Fnac Italy distributed a specimen pay slip to its workforce to clarify the components of remuneration for employees.

Employee card

The employee card entitles those working for Consumer activities (except Puma) to discounts on purchases made at the Subsidiaries concerned in France and a number of other European countries (the Benelux countries, Spain and Switzerland).

LISTEN TO AND ENGAGE WITH EMPLOYEES

By promoting freedom of expression within the Group and social dialogue with employee representatives, PPR has clearly demonstrated its determination to forge lasting, constructive relationships with its employees. This commitment is evidenced by the in-house employee

opinion survey and the quality of social dialogue within the two Group-level employee representative bodies (the Group Works Council and the European Works Council).

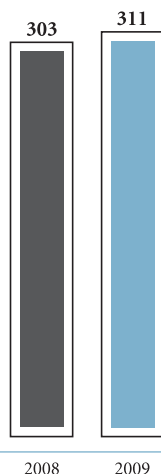




The commitment has also been adopted within each company. In 2009, 311 collective agreements were entered into by Group companies, notably in Western Europe, Asia and France, compared with 303 in 2008. The agreements mainly concerned remuneration and employee benefits (wages and salaries, variable remuneration, incentive payments and profit-sharing), employee representation, and the number and structure of working hours. In France, a body of agreements was signed concerning the retention of senior employees at Conforama, Fnac, Redcats Group and Gucci Group. In Italy and Spain, agreements were reached in respect of restructuring operations.

In 2009, despite an unpropitious economic and social climate, the number of hours spent on strike, mainly in France, fell sharply from 60,642 in 2008 to 27,154 or 0.022% of theoretical working hours (rate of coverage: 100%). Strikes outside France mainly concerned other Western European countries. The main trigger points for industrial action were restructuring measures, employee pay and benefits, and sympathy with national issues.

NUMBER OF COLLECTIVE AGREEMENTS SIGNED BY
GEOGRAPHIC AREA



(Rate of coverage: 100%)

In-house opinion survey: "What's the weather like where you are?"

In 2001, PPR introduced a bi-yearly in-house opinion survey, "What's the weather like where you are?", on an international scale. The survey is intended to gather employees' perceptions of workplace issues (working relationships, training and personal development, organisation and operational efficiency, management and so forth). The survey findings are used to determine and implement action plans and to measure their effectiveness over time.

For the purposes of the survey, PPR guarantees that responses will remain confidential, feedback will be provided to all teams and action plans consistent with survey outcomes will be implemented.

2009 marked the fifth survey, which covered PPR Holding & Shared Services, the Fnac brands and banners, Conforama, Redcats Group and, for the first time, Puma. The survey was produced in 12 languages in 55 countries and the number of employees surveyed exceeded 55,000 (including the workforce of Cfao, which was still in the PPR Group's scope of consolidation at the time). The response rate was a record high of 77%, compared with 73% in 2007, reflecting the high level of employee engagement.

The findings of the 2009 survey will be available in early 2010. During the following six months, they will be communicated to Group employees and will be used to formulate action plans by Subsidiary, entity and site.

The next survey will be held in 2011.

The Group's forums for dialogue

The PPR Group Works Council

Created in 1993 and renewed in 2007, the PPR Group Works Council represents workers in France and operates under French law. Its 24 members, who meet in plenary session twice a year, are kept informed of the Group's strategies, economic and financial imperatives, and human resources management initiatives. The senior management teams of the Group and Subsidiaries (Chairman and Chief Executive Officer, Chief Financial Officer, Human Resources Directors, etc.) work directly with the Group Works Council on an as-needed basis. Each plenary session is preceded by two preparatory meetings of members, one of which is held on the eve of the plenary session.

In 2009, the Group Works Council met in plenary session on May 12 and October 22. The main points discussed by members were the 2008 results, the Group's level of activity and economic and financial situation during the first half of 2009, the latest news concerning the Subsidiaries, the "What's the weather like where you are?" survey, preventive measures in respect of the H1N1 swine flu pandemic, and the Group's strategy and outlook.

The PPR European Works Council (EWC)

Created pursuant to the agreement of September 27, 2000, the PPR European Works Council (EWC) provides a Europe-wide forum for information, consultation, the exchange of views and dialogue. The EWC is a true cross-border institution and operates alongside existing national employee representative bodies in accordance with specific prerogatives.

The PPR European Works Council was renewed in September 2009 and its scope of influence has been extended following Puma's integration into the Group.

The EWC ordinarily holds two three-day plenary sessions per year, at which it is informed and – where applicable – consulted about cross-border issues affecting Group employees, in accordance



with the precise terms set out in the new agreement governing its functioning, signed on September 3, 2008. The new agreement was signed by the PPR Group's Management and the members of the EWC and is broadly similar to the previous one. It has expanded the functioning of the EWC by developing and specifying prerogatives and the various associated conditions. The EWC also has a select Committee composed of four members, elected by their peers, who meet at least five times a year to prepare and analyse the two annual plenary meetings and to discuss certain issues with executive management.

An addendum to the agreement governing the EWC's functioning dated September 3, 2008 was signed on June 25, 2009. The addendum makes the right of each country to have at least one permanent member on the European Works Council conditional upon a workforce of at least 50 employees in the country concerned.

In 2009, the EWC addressed topics related to the Group's economic and financial situation, activities, outlook and strategy, as well as

European social indicators. On March 31, 2009, the EWC was informed and consulted at an extraordinary plenary meeting with regard to the cost-saving plans put forward in France by Fnac and Conforama, and to the competitiveness-restoration and reorganisational measures planned by the Group's various banners (La Redoute, Conforama Iberian Peninsula and Conforama Italy).

During 2009, the charters in support of the employment of disabled persons and seniors negotiated with the European Works Council in 2008 were distributed throughout the Group and a progress report on their implementation was provided to the EWC.

At the plenary meeting of November 24, 2009, it was agreed that the new Select Committee of the European Works Council should be consulted on the subject of psycho-social risks. The consultation process got under way in December 2009 and will continue throughout 2010.



Priority 2: train each manager on diversity issues

PPR has long been committed to diversity and was among the first to sign the Diversity Charter in 2004.

This commitment goes beyond social responsibility compliance. The Group is convinced that companies whose teams reflect all of the diversity of the surrounding society (in terms of gender, age, origin or disability) enjoy a real economic and competitive advantage. Diversity is further conducive to social cohesion and internal dialogue.

Managers play a crucial role in the recruitment and career development of their team members and are therefore crucial to the policy of promoting diversity within the Group. With this in mind they must be trained to ensure that adherence to diversity principles is firmly anchored in their managerial practices.

A COMMITMENT UNDERTAKEN AT THE HIGHEST LEVEL

By making diversity training for managers one of its seven key strategic priorities, the PPR Group has clearly demonstrated its ambition to make diversity part of everyday life at its Subsidiaries.

This ambition was formalised by the signature of the Diversity Charter by François-Henri Pinault in May 2005 (subsequent to signature by PPR in 2004) and by the signature of the Charter of Corporate Commitment to Equal Opportunities in Education in December 2006. The PPR Code of Business Practices, available to employees since 2005, is further evidence of this commitment and was redistributed to the entire workforce in 2009.

At end-2009, the PPR holding company signed the Parenthood Charter, signalling its desire to provide employees who are parents with a working environment conducive to a healthy work/family life balance.

The Group's endeavours in favour of the employment of disabled persons are undiminished. A third partnership agreement between PPR and Agefiph (a French association promoting job placements and vocational training for the disabled) came into effect on October 1, 2009 and will cover a period of 15 months. This new agreement includes Fnac, Redcats Group, PPR Headquarters & Shared Services and the four Gucci Group brands in France. Conforama, which continues to participate in PPR Mission Handicap, is continuing its pro-disabled people endeavours under a company agreement entered into in 2007 with the chain's management and employees. Negotiations concerning the renewal of the agreement were in progress at the end of 2009.

In 2008, two other charters were negotiated with the members of the European Works Council, one promoting the employment of seniors and the other the employment of disabled persons. These charters have reinforced the Group's commitment to diversity across Europe.

INTER-COMPANY MANAGEMENT

Decentralised management is one of PPR's defining characteristics. The Group's role is to establish and communicate a common framework for all of the Subsidiaries, encourage the sharing of good practices between them and provide support with the implementation of company-specific action plans.

The PPR Human Resources Department, through the Diversity Committee, coordinates the Group's pro-diversity policy with the

help of a network of contacts at each Subsidiary. This approach results in a more tailored response to each Subsidiary's situation in terms of culture, history and employment catchment areas. It also facilitates ownership of diversity issues by each Group entity.

The Diversity Committee comprises up to two representatives from each Subsidiary and two representatives of PPR's CSR Department, and is coordinated by the PPR Human Resources Department.



Mission Handicap fits naturally into its operations. The Committee has met every three months since November 2004 to report on and monitor progress at the banners on action plans and targets, share good practices and launch new initiatives.

The commitment to train all managers on diversity issues is one of the matters closely monitored by the Diversity Committee. The Committee gives Subsidiaries the opportunity to share their views and exchange experiences with the aim of implementing measures more effectively.

AN APPROACH BASED ON ANALYSIS AND PERFORMANCE MONITORING

In order to craft a pro-diversity policy and action plans adapted to its characteristics and circumstances, the PPR Group initiated three analyses at Fnac, Conforama and Redcats Group in 2004. The analyses were performed by external, independent consulting firms.

Priority tasks in France were identified thanks to subsequent targeted assessments performed by external providers in 2008 – a situation report on the employment of disabled persons by the four Gucci Group brands (Yves Saint Laurent, Gucci France, Balenciaga and Boucheron) at the beginning of 2008 and a quantitative assessment of gender equality in the workplace at nine PPR Group brands/entities.

Every year, the Subsidiaries also carry out quantitative and qualitative self-assessments of their commitments and initiatives concerning equal opportunities and diversity. This allows monitoring of progress over time and helps identify areas of emphasis for maximum effectiveness. Practices applied outside the Group are also looked at.

PPR's partnership with Agefiph requires the Group to prepare a full audit of progress at each anniversary of the date of signature of the related agreement. In June 2009, the reporting process conducted at

the end of the two-year term of the second PPR/Agefiph agreement yielded very positive results, especially on the recruitment front: PPR had initially planned to hire 75 disabled persons, but ended up recruiting 126 in total (on permanent contracts, vocational contracts, fixed-term contracts and temporary assignments lasting six months or more) at the entities included in the scope of the agreement (Fnac, Redcats Group, PPR Headquarters & Shared Services and the four Gucci Group brands in France). The audit also highlighted 181 additional initiatives to encourage inclusion (assignments of less than six months and traineeships). In 2009, thanks to its vocational contract programme for the disabled, Fnac was able to take on 14 disabled persons (who received 455 hours of training) to work in Customer Services.

Since 2005, the in-house opinion survey has recorded employees' views on equal treatment regardless of gender, origin, age, and health/disability. The 2007 version provided the first insight into the trend in employees' perceptions of these issues: favourable scores for these four issues ranged from 68% to 79%, a considerable advance on 2005. The results of the 2009 survey are expected at the beginning of 2010.

AWARENESS-RAISING AND TRAINING

The PPR Group is convinced that awareness-raising among employees is a pre-requisite to the deployment of a proactive policy in the sphere of diversity. Accordingly, the Group and its Subsidiaries have developed a range of routine exercises on the theme of diversity that include dedicated meetings, diversity-related articles in internal communication media and awareness-raising/training modules.

As part of its commitment to train all of the Group's managers on diversity issues and in keeping with PPR's decentralised approach to management, each Subsidiary prepares its own programmes, resources and specific modules. PPR monitors progress regularly.

By end-2009, all of Fnac France's managers and Human Resources staff had received diversity training based on modules targeted at different audiences (Human Resources functions, Store and Regional

Directors, and customer-facing managers). This training includes alerting employees to stereotypes and their influence on behaviour, an overview of the legal context, a focus on various diversity issues, a situation report on diversity within Fnac, sharing commitments, managerial practices in real-life situations, detailed information concerning the nationwide action plan and examples of measures to be taken at individual level. The modules will be deployed internationally during 2010.

Conforama likewise trained all Human Resources staff during the year, thanks to a one-day course organised in partnership with an independent firm of specialists. The course covered two principal themes (equal opportunities and diversity management) and used both theoretical and cultural approaches, backed by exercises



focusing on stereotypes and prejudices. This training is a precursor to that designed for managers, which will be integrated into existing managerial modules. In addition, Conforama's Chairman and CEO decided to sign the Diversity Charter afresh as a testimony to his commitment at the head of the chain.

Redcats Group's training programme reflects the ideas brought to the table by managers during earlier meetings of dedicated focus groups. Role-playing and real-life situation exercises are a salient feature of the programme, the aim being to prepare managers to deal concretely with operational diversity management in a team context. At the end of the training session, participants are given a practical booklet providing guidelines and highlighting points to watch.

The Gucci Group brands in France have adopted the same operational approach, supported by a uniform, one-day training module centred on recruitment. All Gucci Group managers have now received diversity awareness training through an e-learning module covering the PPR Code of Business Practices.

For the fourth year in a row, PPR Mission Handicap unveiled a nationwide, in-house awareness-raising campaign to coincide with France's National Week for the Employment of the Disabled.

A poster campaign using two illustrations was used to celebrate the fifth anniversary of PPR Mission Handicap and achievements over that time in terms of the integration of disabled persons into PPR teams or initiatives put in place in favour of the disabled. The posters also urged Group employees to remain committed to the cause using the rallying cry "Let's keep going together!"

All Group Subsidiaries in France were drawn into the process. In all, 3,000 posters were printed and dispatched to sites by employees of ESAT (*Établissements et Services d'Aide par le Travail*) sheltered employment programmes.

Concurrent actions during the week-long mobilisation included the welcoming of disabled jobseekers under Agefiph's "One day, one business in action" scheme, Conforama's participation in Handichat (online video chats bringing companies and disabled jobseekers together), participation in specialist recruitment forums, French Sign Language workshops, exchanges with disabled artists and/or disability associations, presentations by Paralympic athletes, short plays, demonstrations featuring guide dogs for the blind and buffets/cocktails catered by ESAT sheltered-workshop employees.

In addition, all Conforama employees were shown the last two films covering the banner's awareness-raising campaign (six short films in total, shown from end-2008 and throughout 2009). The quality of Conforama's campaign has already won two awards for the banner (the "Grand Prize for HR Creativity" from the ACCE ⁽¹⁾ and the "Corporate Internal Event Prize" from the UJJEF – *Communication et Entreprise*, a professional association of corporate communicators in France). Conforama also involved customers in its mobilisation campaign for the very first time in 2009. A themed comic strip was distributed to the banner's employees and concurrently offered for sale to customers in stores at the symbolic price of €2, with proceeds going to the A.I.M.E 77 (*Autisme Intégration par Méthodes Éducatives 77*) association. This association promotes the schooling and personal development of children who are autistic or have invasive development disorders. Conforama wanted to support this public initiative, which aims to provide autistic children with an adapted, enriching education alongside other children.

Awareness-raising action outside the National Week for the Employment of the Disabled included the distribution to all employees of the "Conforama Practical Guide on Disability", which contains details of the various types of aid provided by the company and the state, together with tax assistance for the disabled.

EQUAL OPPORTUNITIES IN THE HUMAN RESOURCES PROCESS: FROM RECRUITMENT TO CAREER MANAGEMENT

Encouraging diversity within the workforce implies diversifying recruitment sources. Accordingly, PPR and its Subsidiaries advertise job offers on generalist and specialist websites like Hanploi ⁽¹⁾ and forge partnerships with organisations that promote the employment of disabled persons, for example, Cap Emploi ⁽²⁾.

The many other initiatives carried out by the Subsidiaries include participation in forums (AFIJ, Alliance, Adapt, etc.), cooperation with dedicated bodies (Ettique, Hors les Murs, etc.) and the promotion of vocational contracts for the disabled.

(1) Agence Conseil en Communication pour l'Emploi, employment communication advisory agency.

(2) Website dedicated to disabled jobseekers.

(3) Agefiph partner-associations that assist companies with the recruitment of disabled people and give disabled jobseekers help and advice during induction.



Furthermore, equal treatment is assured by the Group's performance evaluation and career development processes (for example, annual performance evaluations, joint decisions by Employment or Career

Committee members, Validation Committee for salary reviews, and communication and computerisation of procedures concerning access to training).

INVOLVEMENT OF MANAGEMENT AND EMPLOYEES

In 2007, Conforama entered into a three-year agreement related to the employment of disabled persons in France. The agreement was signed by all of the trade unions concerned. A joint Steering Committee monitors compliance with the terms of the agreement and reports annually to the European Works Council. In September 2009, negotiations were initiated for the renewal of the agreement, which was nearing completion towards the end of December.

In 2008, the PPR Group's management and the members of the European Works Council successfully negotiated two charters designed to strengthen the Group's undertakings in the sphere of the employment of disabled people and seniors within PPR's European companies and banners. The charters are intended to

guide Subsidiaries' related initiatives and change employee attitudes. Each Group company determines its own actions based on the guidelines laid down in the two charters, sets targets and marshals the resources required to achieve them. The charters have been presented to the employee representative bodies of each entity. They can be downloaded from PPR's website (under Commitments).

A progress report is compiled once a year and submitted to the members of the European Works Council. At end-2009, discussions got under way with the new Select Committee of the European Works Council on the subject of psycho-social risks. The consultation process will continue throughout 2010.





Priority 3: integrate CSR criteria into the supplier selection process

In a globalised economy, with consumers demanding ever-greater transparency on the products they buy and companies increasingly committed to ethical principles in the conduct of business, the management of supplier relationships has become a key issue. The many measures taken in this respect include supplier compliance audits, the de-listing of suppliers whose social responsibility performance is deemed inadequate or even in breach of the basic principles of human rights and the cultivation of local partnerships.

The PPR Group is keen to maintain lasting relationships with its service providers and business partners. Accordingly, the Group has established a framework defining the reciprocal commitments between PPR and its partners. The approach taken is based on the promotion of respect for human, social and environmental rights and on doing business with partners from the social economy.

THE CORNERSTONES OF PPR'S COMMITMENT TO ITS BUSINESS PARTNERS

The Group emphasises long-term partnerships that guarantee continuity and reliability. These long-term partnerships are founded on a set of strict rules, which are cited in the PPR Code of Business Practices, inter alia. All of the related documents are based in turn on the core conventions of the International Labour Organization (ILO) and internationally recognised human rights standards.

In keeping with the Group's decentralised approach, each Subsidiary commits to the approach best suited to its businesses and operational methods. Puma, for example, works with the Fair Labor Association (FLA) and was accredited by that organisation in 2007. Redcats Group, Conforama and PPR Purchasing (PPR-P, the direct purchasing hub for white, brown and grey goods, household appliances, and own-brand audiovisual and computer equipment) follow the methodology prescribed by the Social Clause Initiative (SCI). Note that in 2008, Redcats Group agreed a more specific methodology for measuring working hours with the SCI. Gucci Group is pursuing SA 8000 (Social Accountability 8000) certification for its brands.

Whatever the method, system and tools deployed, the objective is always that of helping the Group's suppliers meet minimum corporate social responsibility standards and develop their own CSR approach, with a view to establishing stable, lasting relationships.

PPR's decision to join the Global Compact in 2008 has strengthened the Group's commitment to the defence and promotion of the United Nations' ten principles in the fields of human rights, labour, the environment and anti-corruption. The Group's first COP

(Communication on Progress) in relation to this commitment, submitted in 2009, is available on PPR websites and the Global Compact website (www.unglobalcompact.org).

The PPR Code of Business Practices

The Code of Business Practices was formulated by PPR and has been shared by the banners since 2005. It is founded on internationally recognised standards, namely:

- the United Nations Universal Declaration of Human Rights and 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.

In 2008, the Code was updated by the members of the Ethics and Corporate Social Responsibility Committee and the revised version was provided to all employees during 2009. The Code has been translated into the 14 languages most widely spoken within the Group and delivered to employees' fingertips. Some Subsidiaries opted to attach a copy of the Code to employees' pay slips and others preferred e-mailing coupled with online communication campaigns. The Code can be downloaded from PPR's website.



The PPR Group Supplier Charter: in place since 2002

The PPR Group Supplier Charter outlines all the rules with which the Group's suppliers must comply. It conforms to the ethical principles laid down in the PPR Code of Business Practices and is likewise based on the core conventions of the International Labour Organization and compliance with labour and environmental laws and regulations that guarantee:

- prohibition of the employment of children under the age of 15 and of forced labour (Conventions 29, 105, 138 and 182);
- compliance with occupational health and safety regulations (Convention 155);
- equal remuneration (Convention 100);
- the right to organise and engage in collective bargaining (Conventions 87 and 98);
- prohibition of any form of discrimination (Convention 111); and
- compliance with social and environmental laws and regulations.

The Group's direct suppliers are also encouraged to ensure that their own suppliers comply with the principles set forth in the PPR Group Supplier Charter. To facilitate comprehension and application by suppliers, some brands have translated the charter into the local languages of the regions in which they operate (Bengali, Kannada, Tamil, etc.).

Sector commitments undertaken by the Group

In 2004, PPR's Indirect Purchasing Department produced an Ethics Charter specifically for logistics and transport as a complement to the Supplier Charter. Sent to carriers under contract with PPR since 2005, the Ethics Charter stipulates limits on drivers' working hours and environmental criteria with which contracting companies and their sub-contractors are invited to comply. In addition, some calls for tender by PPR include corporate social responsibility requirements.

In parallel, the Code of Ethics specific to online negotiations prescribes buyer and supplier commitments at each stage of the negotiation process in order to ensure a spirit of mutual trust in this new form of conducting business.

The document was updated in 2005 to include the provisions of the Dutreil law on the modernisation of business relations.

For indirect purchasing purposes and given equal service levels, the Group gives preference to socially responsible suppliers whose commitment to CSR is reliably documented. The Group is, therefore, attentive to the CSR processes implemented by its suppliers.

An analysis of PPR's Indirect Purchasing Department's supplier list shows that in 2009:

- **in express transport**, 100% of suppliers had ISO 9001 certification and 80% had ISO 14001 certification;
- **in air freight**, 59% of suppliers had ISO 9001 certification and 26% had ISO 14001 certification;
- **in marine transport**, 81% of the Group's suppliers had an ISO certification, with 85% of them ISO 9001-certified and 92% ISO 14001-certified.

BUSINESS-SPECIFIC APPROACHES

In keeping with the Group's policy of decentralisation and to ensure that each Subsidiary can address its specific needs with maximum effectiveness, the Subsidiaries are free to define and implement

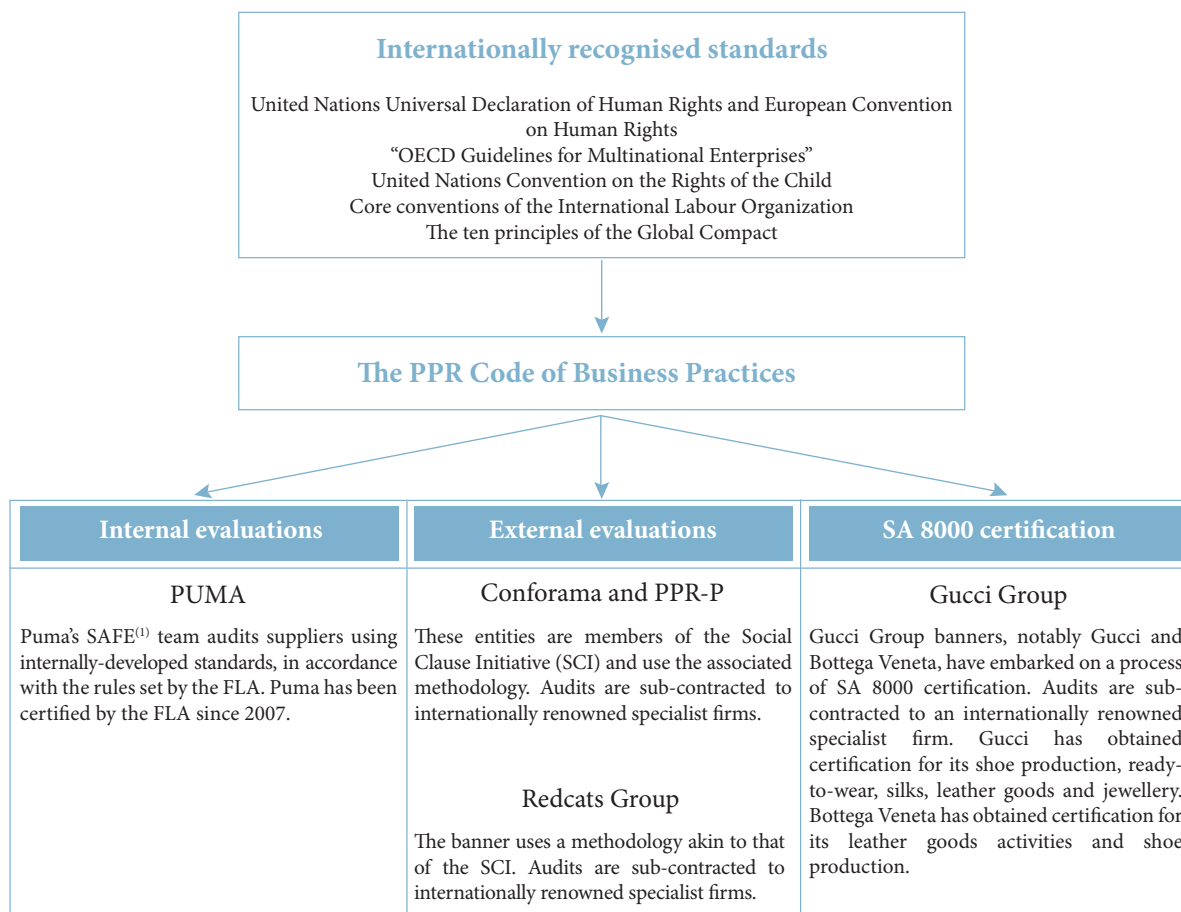
social compliance criteria for their supply chains, subject to strict adherence to the ethical principles contained in the PPR Code of Business Practices.





Three approaches are used within the Group, as follows:

MONITORING OF SOCIAL COMPLIANCE IN THE SUPPLY CHAIN WITHIN THE PPR GROUP



Internal evaluations

Within the PPR Group, only Puma currently has a full-time, in-house team dedicated to supplier compliance with the brand's ethical principles. The team has 13 members.

Puma's SAFE (Social And Fundamental Environmental standards) concept ensures that Puma's social and environmental standards are applied within the company and at its suppliers. The concept was initiated in 1993 when the Puma Code of Conduct was first published and sent to Puma's suppliers in Asia. Full details of the SAFE standards are available on the brand's website.

Puma's SAFE programme has been fully certified by the Fair Labor Association (FLA) since 2007.

The FLA is an external association dedicated to monitoring and implementing the required standards of working conditions at suppliers. As a member of the FLA, Puma must regularly send updated lists of its suppliers to the association, which selects up to 5% of the supplier facilities for external, independent and unscheduled audits, performed by FLA-accredited auditors. In accordance with Puma's commitments with regard to the FLA, the brand's supplier list has been available to the public since 2005.

In addition to evaluations and partnerships with suppliers for development and training, Puma organises an annual conference with its stakeholders, "Talks at Banz", in cooperation with the German Network of Business Ethics. During these conferences, university representatives, suppliers, employees, non-governmental organisations and other Corporate Social Responsibility experts meet

(1) Team in charge of CSR at the brand (see <http://safe.puma.com>).

with the Puma teams concerned to discuss CSR issues, as well as the brand's social and environmental strategy.

In keeping with its unwavering commitment to transparency, Puma regularly publishes sustainable development reports, which include the progress made in relation to set objectives. In 2009, Puma again met the Global Reporting Initiative requirements for an A+ rating. The last report, published in 2009, also contained a notice of verification and certification from the German certification body TÜV-Rheinland.

External evaluations

Recognising the need for policies to evolve through knowledge-sharing, the Group's banners joined the Social Clause Initiative (SCI) in 2002. The SCI is a body composed of 13 of France's largest retailers and two European retailers, which have undertaken to encourage their suppliers to comply with Human Rights and local employment legislation at their production units. One related requirement is the on-site verification of actual working conditions at supplier sites. On-site inspections are carried out by external, independent specialist audit firms accredited by the SCI.

In order to address the operational realities faced by its brands and banners as effectively as possible, the Group amended its SCI membership in 2007 to allow brands that so wished to continue their cooperation with the Initiative. PPR is active in very diverse markets and operational performance is its primary concern. The Group considers that this cause is best served by allowing its brands and banners to participate in sector initiatives clearly linked to their core businesses.

In conjunction with SCI-approved audit firms, the member-banners have developed a set of common reference tools (SCI Code of Ethics, audit manual, factory profile, audit questionnaire, audit execution guidelines, corrective action plan and alert notification). During 2009, the SCI Code of Conduct was revised in line with that of the Global Social Compliance Programme (GSCP), an international initiative for the worldwide harmonisation of standards and tools used in the management of social compliance in the supply chain.

The audit questionnaire is used by the SCI member-banners as a common framework for conducting social audits. The questionnaire incorporates the core ILO conventions and recommendations and local regulations in each country. It is divided into eight sections: child labour, forced labour, discrimination, disciplinary practices/harassment or ill-treatment, freedom of association, working hours, wages and benefits, and health and safety.

In the event of major non-compliance, a warning system guarantees that the manager in charge of social compliance audits at each banner is alerted no later than 48 hours after discovery. Examples of major cases of non-compliance that warrant an alert notification are the physical presence of children in the plant, confirmed cases of forced labour, confirmed cases of unpaid work, evidence of ill-treatment or excessive disciplinary practices and the existence of a working environment presenting an immediate risk to the health and/or safety of workers.

PPR and its brands reserve the right to implement a procedure for the removal of suppliers from the accredited list when Group commitments with regard to corporate social responsibility in the Code of Business Practices and the Supplier Charter are not observed. In the case of Redcats Group, the standards applied are very similar to those used by the SCI, with different weightings ascribed to non-compliance cases deemed serious.

SA 8000 certification at Gucci Group

Gucci Group recognises the value of its suppliers' know-how and is keen to ensure social compliance throughout its supply chain operations. To this end, the company has embarked upon a demanding social accountability certification process.

SA 8000 is an international social accountability certification standard used to assess a company's facilities and supply-chain relationships. The standard is based primarily on the principles of the International Labour Organization and measures the performance of companies in nine areas: child labour, forced labour, health and safety, freedom of association and collective bargaining, discrimination, disciplinary practices, working hours, remuneration and management systems. The standard also provides for a social accountability management system to demonstrate commitment to the continuous improvement of working conditions. The accreditation body for the certification process is the non-governmental organisation Social Accountability International (SAI). The Gucci brand has been a member of SAI's Consultative Committee since 2009.

Gucci obtained SA 8000 certification for its leather goods activities and jewellery supply chains in 2007. SA 8000 certification was subsequently obtained for the brand's shoe production facilities in March 2009 and for the ready-to-wear and silk businesses in November 2009. Gucci Group's main logistics platform, LGI (Luxury Goods International), also successfully completed the certification process, in December 2009. Gucci Group is now working towards SA 8000 certification for its Italian boutiques. The Bottega Veneta brand, too, is seeking certification for its operations and was awarded SA 8000 certification for its footwear production and leather goods activities.





DEPLOYMENT OF POLICIES THROUGH WIDE-RANGING ACTION PLANS

The PPR banners and brands use differing supplier evaluation systems and the presentation of audit findings below reflects this. Results are provided first for Puma, whose audits are performed by its SAFE team, then for the banners that have opted to evaluate suppliers using SCI tools and, lastly, for Gucci Group, which uses the SA 8000 approach. In the interests of transparency in relation to areas representing a major risk, outcomes are also analysed by geographic area.

The breakdown of audits reflects the Group's geographic sourcing regions for its banners and its practice of focusing audits on countries where the risk of non-compliance with its Code of Business Practices is greatest.

The Group also relies on the expertise of its 29 purchasing agencies, whose employees are for the most part recruited locally.

In 2009, PPR carried out 3,493 audits, all approaches combined (in-house evaluations, SCI methodology and SA 8000 certification).

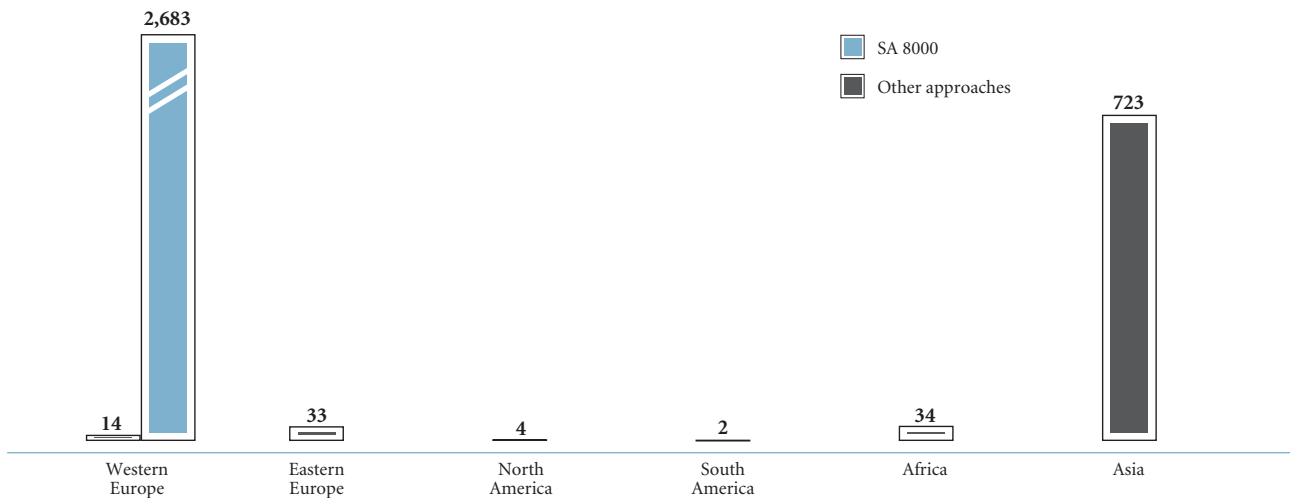
NUMBER OF AUDITS PERFORMED BY PPR IN 2009 AND 2008

Total number of audits in 2009	Total number of audits, excluding SA 8000	
	2009	2008
3,493	810	934

The data show a 13% decline in the number of audits carried out by the banners (excluding SA 8000 certification), mainly in response to the Group's action to pare the supplier base.

In 2009, PPR's audits covered 41 countries, 14 less than in 2008, reflecting the banners' focus on high-risk regions. Of the 3,493 audits carried out, 77% concerned Europe (chiefly Gucci Group) and 21% concerned Asia (with 11% in China).

BREAKDOWN OF AUDITS PERFORMED BY PPR IN 2009 BY GEOGRAPHIC AREA



Puma

Internal evaluation and monitoring system

Puma has conducted more than 2,500 audits since 2002 and has developed an internal database to ensure total transparency and accountability with regard to supplier inspection.

During each audit, plants are assessed and rated (A, B+, B-, C, D) based on Puma's formalised internal evaluation system. New plants must satisfy audit requirements before being accredited as Puma factories. New factories that fail the audit are automatically disqualified, but may apply for a re-audit once the requested improvements have been made.

Upon completion of the audits, follow-up reports are drafted by the brand's in-house teams who conducted the audits in order to verify progress in the implementation of corrective action plans. The factories report on the measures implemented. Written proof is initially accepted as evidence of corrective action, but does not remove the need for a follow-up audit to ascertain that remedial measures have been properly implemented.

Information and complaints procedures

In 2005, Puma published its first SAFE pocket guide for employees of factories that work for the brand. The pocket guide was first published in English and Chinese, and subsequently also in Vietnamese,



Thai, Bangla, Urdu, Malay (Bahasa Malaysia), Indonesian (Bahasa Indonesia), Turkish, Spanish and Arabic.

The pocket guide is an abridged version of the SAFE handbook providing essential information on Puma's social, environmental and health and safety standards, together with full contact details to enable factory employees to reach the SAFE team directly in case of breaches of the Puma Code of Conduct. Puma auditors also distribute copies of the pocket guide to employees selected for interview during audits. The pocket guide thus serves as both an information and communication tool for employees. Contact details for SAFE team members are also displayed on Puma Code of Conduct posters in facilities, in the language of the country concerned. Puma has thus maintained a confidential channel of communication with its indirect employees around the world since 2005.

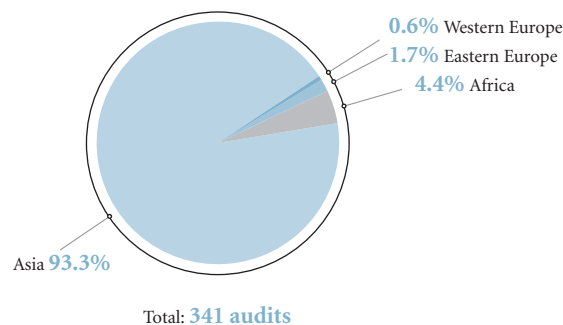
This direct communication link has already been used by employees working in separate factories. In addition, Puma's membership of the FLA means that third parties are entitled to file an official complaint with the FLA if they feel that there has been a breach of the Code.

Evaluation of Puma suppliers in 2009

Puma distinguishes between two main supplier categories: direct suppliers and indirect suppliers (sub-contractors used by direct suppliers). The brand focuses principally on direct suppliers, but is also committed to monitoring the social performance of its suppliers' suppliers by means of audits.

In 2009, Puma carried out 341 audits, including 294 at direct suppliers (called Tier 1 suppliers) and 47 at indirect suppliers.

BREAKDOWN OF AUDITS PERFORMED BY PUMA IN 2009 BY GEOGRAPHIC AREA (%)



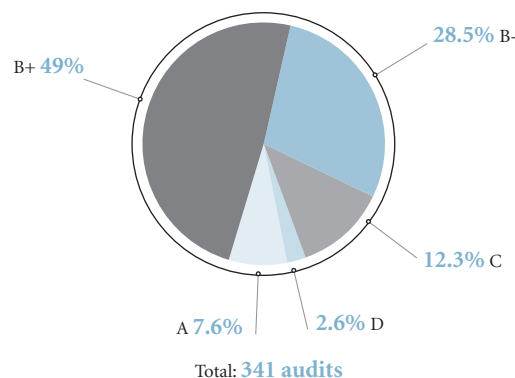
Of the 336 direct suppliers, 281 were audited in 2009 in the course of 294 audits. All told, 84% of Puma's direct suppliers were audited during the year.

In 2009, Puma also continued to develop its process for indirect suppliers, which are ranked in tiers:

Tier 2 suppliers are sub-contractors of Puma's direct suppliers and Tier 3 suppliers provide components like zips, laces and buttons to Tier 1 suppliers.

Puma's teams audited 39 indirect suppliers in the course of 47 audits in 2009.

BREAKDOWN OF THE RESULTS OF AUDITS PERFORMED BY PUMA IN 2009 (%) ✓



✓ Verified by the Statutory Auditors.



Beyond social auditing: development of supplier skills (capacity-building programmes)

Puma's development and training programme is anchored in the belief that evaluation goes hand in hand with the fostering of skills and enduring systems within the factories.

This reasoning underpinned Puma's decision to join forces with Adidas and TÜV Rheinland to develop a training programme in human resources management, which was introduced in China in 2006 and 2007. Given the programme's success in China, Puma launched a similar programme for Vietnamese suppliers at end-2008. The first phase of this project, in which three other international sportswear companies are involved, got under way at end-2008 and continued in 2009. During 2009, human resources managers from 13 Vietnamese suppliers, mainly footwear manufacturers, took all of the training modules. This initiative was backed by Vietnam's Chamber of Commerce and Industry. 2010 will mark the second phase of the project, during which training will be provided to "social compliance officers" employed primarily by manufacturers of accessories. Suppliers trained in 2009 will assist the new course participants in a tutoring role.

Puma is also keen to acquaint as many suppliers as possible with tools, best practices and action plans to enable them to pursue their own sustainable development policies in a spirit of pragmatism and efficiency. The company has organised talks on sustainable development policies for the benefit of its suppliers. The talks were held on three continents and dealt with issues such as certification systems (for example, ISO 14001, OSHAS 18001, GOTS and Oeko-

Tex 100), the operational management of environmental performance indicators and energy-efficient production technologies.

These talks have proved popular and constructive. Some suppliers have gone on to obtain environmental certification and put excellent labour-related performances, and are now able to supply organic cotton products. As a follow-on from the project, ten suppliers have received assistance with drafting sustainable development reports. One of Puma's main South African suppliers produced its second sustainable development report in 2009 and has become the African continent's first carbon-neutral textile supplier.

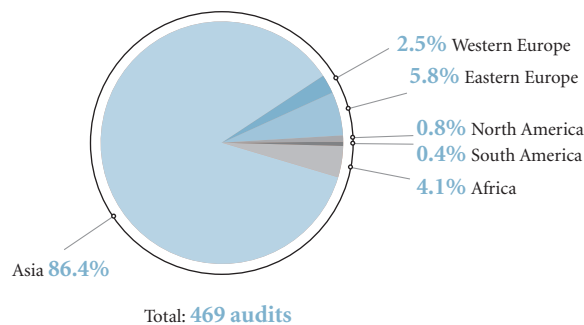
Puma and its partners are looking to foster healthy rivalry between suppliers and thereby drive the spread of good sustainable development practices throughout the industrial sector in countries where they source supplies.

PPR-P, Conforama and Redcats Group

External evaluations

Group banners also commission independent firms to conduct compliance audits of PPR's suppliers. Audits are performed using the SCI methodology in the case of Conforama and PPR-P. They serve as measurement tools and help identify areas for improvement. The approach applied by Redcats Group is based largely on SCI standards and methodology, but provides closer targeting of the most critical cases of non-compliance, for example, excessive working hours during peak periods.

BREAKDOWN OF AUDITS PERFORMED BY PPR-P, CONFORAMA AND REDCATS GROUP IN 2009 BY GEOGRAPHIC AREA (%)



In 2009, 469 audits were carried out for PPR-P, Conforama and Redcats Group, compared with 539 in 2008. In keeping with the Group's policy of focusing on high-risk regions, 86.4% of audits were performed in Asia.

Results of social audits

The SCI methodology is used to rate audited suppliers from A (excellent) to D (unacceptable).

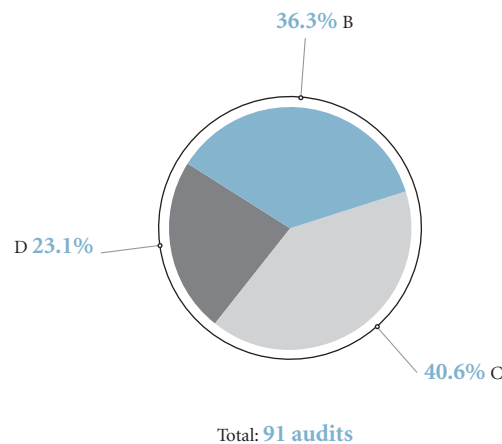
The eight sections of the audit questionnaire comprise a list of questions. Responses to the questions are graded and weighted to give a final rating allowing the auditor to classify the site as A, B, C or D.



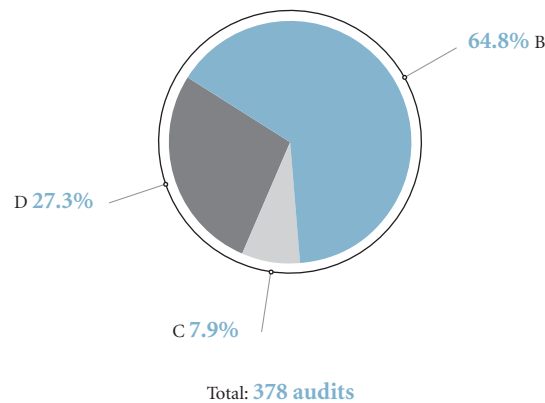
Each section contains a so-called "critical" question, for which a positive response results in a D grade from the auditor. The supplier's overall rating reflects the average outcome of the ratings obtained by questionnaire, weighted by the D ratings across all questionnaires. Given Redcats' use of a different methodology during the year and the differing activities of the Group's banners, comparisons are not possible.

As in 2007 and 2008, none of Redcats Group's, Conforama's and PPR-P's suppliers was rated excellent (A) in 2009. However, 37% of the audits performed by Conforama rated sites as acceptable (B), 43% as in need of improvement (C) and 20% as unacceptable (D).

BREAKDOWN OF AUDITS PERFORMED BY CONFORAMA AND PPR-P IN 2009 BY RATING (%) ✓



BREAKDOWN OF AUDITS PERFORMED BY REDCATS GROUP IN 2009 BY RATING (%) ✓



In the case of Redcats Group, 65% of audits performed rated sites as acceptable (B), 8% as in need of improvement (C) and 27% as unacceptable (D).

Corrective action plans have been implemented for areas requiring improvement.

To foster continuous improvement, banners like Redcats Group and Conforama emphasise the monitoring of compliance with the Group's commitments, particularly in the case of supplier facilities in need of improvement (C and D ratings). A fresh audit is scheduled

and conducted within three months at any supplier not meeting expectations and commitments in the case of Redcats Group and within six months in the case of Conforama. In 2009, the re-audit rate for Conforama, Redcats Group and PPR-P was 28%, reflecting Group banners' emphasis on ongoing collaboration with suppliers.

This process has produced concrete results. In 2009, 71% of Redcats' suppliers which had previously been rated C or D showed a level of social performance consistent with a B rating during re-auditing.

✓ Verified by the Statutory Auditors. Note that Conforama conducted 84 audits in 2009.



Redcats Group is clearly committed to achieving progress both for itself and for its business partners.

Areas for improvement

In 2009, cases of non-compliance identified in the analysis of audits largely related to health and safety issues, which made up 53% of all non-compliance cases (compared with 50% in 2008). Non-compliance with safety standards includes emergency exits that are obstructed or insufficient in number, the lack of or inadequate machinery protection systems and the absence of fire drills. Failure to comply with health standards includes an insufficient number of toilets, snack rooms or dormitories relative to the number of employees. The next most common non-compliance area, representing 20% of all cases, was wages and social security contributions (non-observance of minimum wage, unpaid overtime or overtime paid below the legal rate, non-payment of compulsory insurance and pension contributions, etc.). Next in line were violations of working conditions (no day off during the week, excessive overtime, etc.), which represented 16% of all non-compliance cases.

In 2009, 6.3% of non-compliance cases concerned suspicions of child labour. The audits performed by the Group led to the de-listing of 11 suppliers for the employment of 14 year olds. Non-compliance is signalled by the auditors when they observe, for example, the lack of documents proving the age of employees, the absence of governmental work permits or parental authorisation, the lack of medical certificates, the non-restriction of working hours for minors or the non-restriction of workers below the legal working age.

Gucci Group

In 2006, Gucci began its social accountability certification process by inviting all of its suppliers to SA 8000 information and training seminars. Since 2006, 400 suppliers and sub-contractors have undergone training and awareness-raising with regard to social responsibility issues. One seminar brought together 300 suppliers in July 2009, prior to the launch of the SA 8000 certification process for the brand's ready-to-wear and silk activities.

An external, independent audit firm performs regular social audits of Gucci's suppliers and sub-contractors. Risk mapping is used to define priority areas for auditing. The many factors taken into account to determine the level of risk include geographic location and the nature of activities. The degree of risk associated with the supplier (low, medium or high) determines the frequency of audits. Each audit entails corrective or improvement measures.

In 2009, about 1,000 suppliers were audited during a total of 2,683 audits (some suppliers were audited more than once). In the case of the leather segment, 100% of direct suppliers and their sub-contractors were audited at least twice during the year.

The 20% drop in the incidence of non-compliance between 2008 and 2009 shows that this ambitious programme is delivering benefits.

SUPPORT FOR SOCIAL INCLUSION VIA THE SHELTERED SECTOR AND ECONOMIC ACTIVITY

Inclusion via economic activity

Starting with the work of its SolidarCité association (which has become the PPR Foundation for Women's Dignity and Rights) and for many years now, PPR has sought to facilitate the social and occupational integration of the disadvantaged. Through personalised guidance, the Group strives to help the long-term unemployed, young people under the age of 26 without jobs and training, the homeless and people in a vulnerable situation find work. The induction process at Group banners helps such persons regain the know-how and interpersonal skills required for integration within PPR.

In 2009, the two temporary job placement agencies Janus and Id'ées/Adecco Insertion – which have been on the Group's list of service providers since 2007 – continued to work with all of the Group's Subsidiaries in France. A total of 169 placements were found, mainly for handling, cashier and sales work. In all, 53,517 hours of temporary work were commissioned through the above-mentioned agencies, corresponding to more than 29 full-time equivalent (FTE) jobs.

Collaboration with the sheltered sector

The Group also continues to develop its partnerships with sheltered-sector organisation ESAT (*Établissements et Services d'Aide par le Travail*, formerly known as CAT) and other companies employing staff with special needs. These entities allow persons with varying degrees of disability to carry out an activity in specially adapted working conditions.

In 2009, the Group and its Subsidiaries used such entities for services like laundry, envelope packing, printing, packaging, sorting & mailing, ready meals, buffets, floral compositions and occasional one-off assignments. All logistics operations for the 2009 PPR *Mission Handicap* awareness-raising campaign were handled by the sheltered sector (poster printing, packaging and sorting & mailing).



Priority 4: monitor and limit transport-related CO₂ emissions

The impact of human activity on climate change has been confirmed and while there are still many questions as to its scale and consequences, the consensus is now virtually unanimous as to its causes. Thus, within just a few years, the need to reduce greenhouse gas emissions – first and foremost carbon dioxide (CO₂) – has become a universal obligation. This need is particularly prevalent in the transport sector, which constitutes the largest contributor of emissions (26% of emissions) in France and the second largest (27% of emissions) in the world. In France and Europe over 85% of emissions are transport-generated: road freight is the main culprit, although

it would be wrong to ignore the heavy impact of air freight from international trade ⁽¹⁾.

PPR has chosen to monitor and limit transport-related CO₂ emissions as one of its seven key strategic priorities in the domain of Corporate Social Responsibility, although it must be said that the Group's activities are mainly in the retail sector and its emissions are therefore not comparable to those of big industrial groups. While logistics systems must continue to deliver products at the best possible cost, their design must now take into consideration the levels of pollutants that they generate.

ENVIRONMENTAL MANAGEMENT

A structure specific to each banner and an inter-company community to steer environmental management

Each PPR Group Subsidiary develops its own organisational structure for environmental management and implements specific action plans to limit its environmental impact.

Each Subsidiary can call on the expertise of at least one dedicated CSR manager responsible for deploying the Group's CSR approach and, in particular, for steering environmental measures specific to his or her Subsidiary. These correspondents meet regularly to share and exchange best practices that have been developed within Group companies. In addition to exchanging experiences, these meetings enable participants to define action plans to deal with cross-company issues in the Group, as well as more specific issues affecting individual banners.

The PPR Group conducts ongoing monitoring of its environmental performances through an established structure and dedicated tools in place since 2004. These include:

- a working group, drawn from members of the environment network in the various companies and brands, which disseminates information about the Group's commitments and ensures that

they are implemented at site-level. It also reports on company and brand requirements and best practice;

- appropriate environmental indicators that ensure targeted collection of quantitative and qualitative data. The sequential nature of such reporting allows progress to be measured. The working group, however, makes marginal adjustments to its reports each year to better reflect the reality of information available and better match the Group's environmental priorities. The Group's environmental indicators and the method used to collect, input and validate data are all laid out in the PPR Group environmental reporting protocol;
- an IT reporting platform enables the Group to collect data relating to these indicators at the sites, monitor the response to commitments and steer the process. To render both the raw and processed data more easily comprehensible, the indicators are grouped together by theme.

Effective indicators identifying the Group's environmental challenges

The reporting indicators are representative of each banner's environmental imperatives and are consistent with Group CSR policy.

(1) Source: Eurostat and OECD.





Since 2004, eight areas have been monitored each year as part of the environmental reporting process: raw materials consumption, transport, waste, energy consumption, water consumption, product policy, and the management of the environment and environmental risks. The eighth and final area encompasses general data (surface area, revenue, etc.) enabling ratios to be calculated.

Even though certain indicators may appear to make only a minor contribution to progress in comparison to other sectors, the main goal of the adopted approach is to gain an understanding of the PPR Group's environmental impact and, as far as we know, does not exclude any issue.

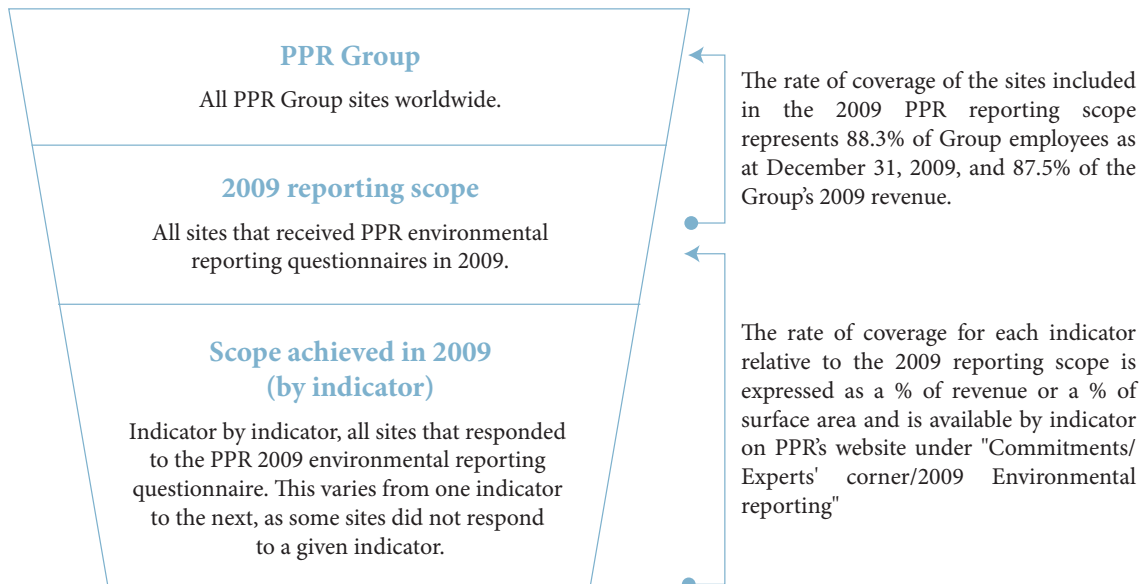
Changes to the reporting platform in 2009

Following on from the improvements carried out in previous years, in 2009 the Group continued to focus on improving data reliability, stabilising the reporting indicators and reinforcing the data collection, verification and validation processes. This involved:

- the introduction of steering indicators and internal ratios to allow any significant changes in the monitoring indicators to be visualised;
- the introduction of an indicator for B to B transport, enabling a specific emission factor to be applied for road freight by Fnac France.

2009 reporting scope

PPR ENVIRONMENTAL REPORTING: 2009 RATE OF COVERAGE



Each year PPR sends out environmental reporting questionnaires to an increasing number of sites, with the aim of eventually covering all of its activities worldwide. In 2009, this led to the integration of new sites pertaining to the Yves Saint Laurent, Stella McCartney and Alexander McQueen brands, as well as the Gucci Group headquarters.

In 2009, the environmental reporting scope covered:

- 88.3% of PPR Group's 2009 revenue;
- 87.5% of PPR Group employees at December 31, 2009.

The water, energy and raw materials consumption, waste production and transport usage of the Conforama sites located outside France has been estimated based on their respective revenue. These entities account for around 33% of Conforama's revenue.

In order to accurately monitor changes from one year to another, a number of the Group's indicators are presented in this report on a proforma basis. By only taking into account sites that have provided reliable data for two consecutive years (2008 and 2009), this method helps to get around changes in the scope of consolidation, which tend to distort the information provided by the indicators.



TRANSPORT-RELATED CO₂ EMISSIONS

Each brand has its own logistics system and transport flows are therefore extremely varied. Only transport that is controlled and therefore paid for by the banners is included in the report. This includes:

- supplier deliveries when these are charged to the banner. Conversely, transport of products delivered directly to the logistics platforms is not included;
- movements of Group vehicles between the various sites;
- the store supply flow from the warehouses;
- deliveries to customers.

To make reporting clearer and easier to interpret, transport was divided into two categories when the data was collected:

- **B to B transport.** This includes all transport of goods paid for by the brands, with the exception of transport relating to customer deliveries. For a better comparability of the volumes transported by the banners, the road freight, rail freight, shipping, river and air freight flows are shown in tonnes/kilometres, which corresponds to the sum of the distance covered multiplied by the tonnage transported for each type of transport. Emission factors can then

be used to convert these units into tonnes of CO₂. For shipping, two methodologies were used: either the volume transported (standardised using containers and expressed in twenty-foot equivalent units, or TFE), which determines the CO₂ emissions and whose indicator corresponds to total volume transported multiplied by travel time for each type of transport, expressed in TFE/day; or the distance travelled with the indicator given in tonnes/kilometres;

- **B to C transport.** This corresponds solely to transport relating to customer deliveries. These flows exclusively involve road transport. Many types of vehicles are used and in 2009 companies were asked to calculate vehicle fuel consumption (in litres of diesel).

To calculate its transport indicators and related emission factors, PPR applied the carbon footprint method developed by ADEME, the French Environment and Energy Management Agency. Transport between direct suppliers and employee travel were not included because of the difficulty in collecting outside data for activities in which PPR is only slightly involved.

Details of which activities are covered by transport reporting are available online at the PPR website under "Commitments".

Breakdown of the Group's CO₂ emissions

TRANSPORT-RELATED CO₂ EMISSIONS IN 2009 (TONNES OF CO₂)

	2009
B to B transport	226,619
B to C transport	36,816
TOTAL	263,435 ✓

In 2009, the Group's transport-related CO₂ emissions totalled more than 263,000 tonnes.

B TO B VOLUMES TRANSPORTED IN 2009 AND RELATED CO₂ EMISSIONS ⁽¹⁾

	2009 Total	Related CO ₂ emissions (in tonnes of CO ₂)
Road freight (t.km)	329,891,598	29,726
Shipping (tfc/day)	793,215	79,322
Shipping (t.km)	1,665,519,214	14,823
Air freight (t.km)	110,514,241	101,361
River (t.km)	22,420,667	690
Rail freight (t.km)	135,629,401	697
TOTAL B TO B		226,619

✓ Verified by the Statutory Auditors. The value verified by the Statutory Auditors takes into account Redcats Group, Conforama and Fnac, which correspond to more than half of PPR's consolidated value.

(1) The conversion factors used to calculate CO₂ emissions from the various forms of transport are available on PPR's website under "Commitments".





In 2009, B to B transport emitted nearly 227,000 tonnes of CO₂, corresponding to an emission rate of 158 kg of CO₂ per tonne transported ⁽¹⁾. In the Group, the most frequently used means of transport for the supply of raw materials and finished products is shipping, which is a low emitter of CO₂. Conversely, although rarely used, air freight generates almost half of the Group's B to B CO₂ emissions. In comparison to 2008, the portion of emissions relating to air freight is, nevertheless, significantly lower, having declined from 55% to 45% of total emissions. At Redcats Group this reduction can be attributed notably to an active policy to limit the transport of goods by air and, at the same time, develop the use of rail transport

(+37% between 2008 and 2009), particularly for the post-shipping transport of Redcats USA goods. To a lesser extent, the reduction can also be explained by a decline in air freight-related emissions at Puma, reflecting a less packed calendar of major sporting events in 2009, compared with 2008 (which notably saw the Beijing Olympics and the European Football Championship). Finally, the volume of business transported by road increased by 31%. This is mainly due to the improvement in reporting for this type of transport at Fnac. In 2009, all of Fnac's logistics activities, notably those in Italy and Brazil, were included in the report.

FUEL CONSUMPTION IN B TO C TRANSPORT IN 2009 AND RELATED CO₂ EMISSIONS

	2009 Total (m ³ of diesel)	Related CO ₂ emissions (in tonnes of CO ₂)
TOTAL B TO C	13,841	36,816

In 2009, B to C transport emitted nearly 37,000 tonnes of CO₂. Compared with 2008, this represents a reduction of close to 15% on a proforma basis and is notably attributable to the slowdown in business.

Initiatives to optimise transport flows and atmospheric emissions

Optimising transport flows constitutes a major initiative at the core of the Group's strategy for reducing greenhouse gas emissions.

Optimising loads and logistics flows

By focusing on reducing the distances covered during the transport and delivery of goods, improving truck load factors on both legs of their journeys, and the performance of truck fleets, the Group's brands can substantially reduce their carbon footprints. These efforts also have significant repercussions on fuel consumption, enabling environmental and economic benefits to be reconciled.

The banners are therefore planning to extend the multidrop delivery practice to all units and achieve optimum load factors on the transport carried out by their vehicle fleets. By way of example, Fnac France has set up a specific reporting function to enable it to precisely monitor load factors and empty return journeys made by its delivery trucks and vans. After signing a charter of commitment with the French Transport Ministry in 2008, SOGEP, the Redcats Group's logistics and delivery subsidiary, has set up an eco-driving training programme for its drivers based on the use of a new tool which is able to register certain key data during truck journeys, such as kilometres travelled, speed, acceleration, braking, etc. By analysing this data it is possible

to evaluate the impact that the drivers' style of driving is having on fuel consumption and CO₂ emissions and to determine areas for improvement. All of SOGEP's drivers will have completed the programme by the end of 2010. Also, the partnership between SOGEP and Mercedes, entered into in 2008 to test two natural gas-powered vehicles for town-centre deliveries, was conducted throughout 2009. The results of this initiative have proved inconclusive due to insufficient loads (10 m³ compared with the usual 18 m³) and a still insufficient number of filling stations in the Paris area that supply natural gas. SOGEP has therefore decided to put this project on hold for the time being.

Meanwhile, Gucci has reorganised its logistics network by setting up two distribution platforms, one located in Vincenza, in the north of Italy, and the other in Florence, serving the middle and south of the country. Splitting the distribution platform in two has enabled the company to reduce its annual transport distance by more than 100,000 km.

Finally, Puma joined the Climate Neutral Network of the United Nations Environment Programme in 2009 with a view to reducing its environmental footprint. Through this initiative, the brand has committed to optimising its logistics and transport flows on an international level.

Working in partnership with suppliers

PPR also makes efforts to choose transporters that have themselves made commitments to reduce their environmental impact. The main air transporter used by Redcats USA has equipped its fleet with a new positioning system (Automatic Dependent Surveillance – Broadcast) which helps to significantly cut fuel consumption, particularly during landings.

(1) Gucci and Stella McCartney are excluded from the calculation of CO₂ emissions/tonne transported.

This system helps to save close to 4 million litres of fuel per annum, cut emissions of nitrous oxide, a major greenhouse gas, by 34%, and reduce noise pollution by 30%. Meanwhile, Puma is working in direct partnership with its logistics provider to optimise and reduce transport-related greenhouse gas emissions. New avenues have been explored, such as combining shipping and air transport for very short delivery deadlines instead of using only air transport, or setting up a complete logistics chain for shipping to avoid being penalised by stoppages.

Developing alternative means of transport

Since 2001, Conforama has used mainly inland waterways in France for the post-shipping transport of its mass-import containers. On July 1, 2008 Conforama signed a "Large Retailer" protocol in favour of the development of river transport along the Rhône-Saône waterways. This protocol signed by the government, the Compagnie Nationale du Rhône, Voies Navigables de France and seven major retailers, aims to increase the portion of goods transported by river between Fos-sur-Mer and Lyon.

Conforama has committed to send virtually all of the goods destined for its Lyon warehouses via the Fos-Lyon waterway, saving an estimated 1,300 truck journeys per annum. The closure of a logistics site on this axis has obliged the company to postpone the arrival of some goods at the port of Le Havre. Instead of 1,300 containers, only 1,130 containers used this axis. At the same time, the decline in activity also penalised the company which, nevertheless, managed to achieve its 98% target, saving 1,100 truck journeys out of the recalculated amount of 1,130. This means of transport has also been used since 2005 between the port of Le Havre and the port of Antwerp to take goods to the Conforama logistics warehouses in the Paris area and the north of France.

Taking all rivers together, 80% of Conforama's post-shipping transport went by river in 2009, compared with 9% by rail and 11% by road.

Other post-shipping transport initiatives have also been undertaken throughout the Group to encourage the development of alternatives

to road transportation. Conforama has joined forces with one of its service providers to test two vehicles, one electricity-powered and the other gas-powered, to carry out deliveries to customers in central Paris. Meanwhile Redcats Group has favoured rail transportation in the US and in the north of France for its bulk shipments. Finally Fnac Switzerland set up a partnership in May 2009 with a company that organises delivery tricycles to deliver packages weighing up to 40 kg to customers located in town centres.

Minimising atmospheric emissions

In 2008, Conforama, together with various other regional transporters, undertook to co-finance a carbon sink at Saint Quentin Fallavier in France. The project, which consisted of planting 10 hectares of woodland to naturally absorb CO₂, was led by EPANI ⁽¹⁾ (formerly EPIDA), which delegated the technical responsibility to the National Forestry Office. In line with its commitment to provide ongoing support for the project (for five years), Conforama helped finance the upkeep of this carbon sink in 2009.

Business travel: policy and impact

Travel by the Group's professionals also has an impact on climate change, the biggest contributor being air transport, not only because the distances covered are on average longer but also because the related emission factor is high ⁽²⁾, close to that for road travel and four times that of rail travel.

This year, the countries covered are France, the US, Germany, Italy, Switzerland and the UK. These distances travelled are broken down according to initial location of the Group's employees.

Thus the following table shows the emissions related with flights taken by employees based in the countries concerned.

(1) EPANI: Etablissement Public d'Aménagement Nord-Isère (public planning department for the North Isère region of France).

(2) Details of sources are available on PPR's website under "Commitments".



BUSINESS TRAVEL-RELATED CO₂ EMISSIONS IN 2009 ⁽¹⁾

	Total 2009 (passenger.km)	Related CO ₂ emissions (tonnes of CO ₂)
France	28,157,545	4,919
US	38,117,076	6,659
Germany	12,291,317	2,147
Italy	2,347,648	410
Switzerland	1,512,267	264
United Kingdom	1,211,069	212
TOTAL	83,636,922	14,611

The corresponding emissions amount to around 14,600 tonnes of CO₂.

Group "company car" policy

The PPR Group has continued with its strategy to reduce the CO₂ emitted by its company vehicles.

The Group's car policy favours models with low CO₂ emissions, which has led to a change in the catalogue of vehicles and the exclusion of the most polluting vehicles.

The application of the measures adopted under this policy and the gradual replacement of the company vehicle fleet has enabled the

Group to meet its initial targets. CO₂ emissions have been cut by more than 10%, to 1,554 tonnes in 2009. Additionally, the average CO₂ emission level for a vehicle in the PPR fleet has fallen from 162 g/km to 151 g/km of CO₂, a reduction of close to 7%. Moreover, over 80% of the Group's company vehicles emit no more than 160 g of CO₂ per kilometre.

Lastly, for the second year running PPR's headquarters has renewed efforts to raise employee awareness of alternative and less polluting means of transport by offering to reimburse subscriptions to the Parisian Vélib bike rental system.

⁽¹⁾ Source of passenger/km data: PPR Group's regular travel agents. The conversion factor used to calculate the emissions in tonnes of CO₂ is available on PPR's website under "Commitments".

Priority 5: reduce the environmental impact of stores and infrastructures

Through poor energy efficiency, inadequate thermal insulation, energy-hungry heating and air-conditioning, sharply-rising electricity consumption and high water usage, the building sector is responsible for around 20% of greenhouse gas emissions in France and almost 10% worldwide. Buildings represent the biggest potential source of energy savings in Europe. Besides greenhouse gases, certain infrastructures, most notably industrial plants, pose significant environmental risks to their immediate surroundings.

With 2,300 stores and over 1.3 million m² of warehouse space around the world, the PPR Group is extremely concerned about the environmental impact of its buildings. Although it mainly rents the infrastructures that it occupies, the Group has defined the reduction of the environmental impact of its stores and infrastructures as one of the key strategic priorities of its CSR policy.

INTENSIFICATION OF MEASURES IN 2009

A Group approach to the eco-friendly design and equipment of buildings

Since 2008, the PPR Group has been committed to a root-and-branch project to integrate environmental criteria into equipping, operating and maintaining its buildings. This resulted in the setting up of a "sustainable construction and equipment" working group, bringing together managers of real estate assets, developers, architects and technical managers from the various Subsidiaries. Members of the working group continued to meet regularly throughout 2009 in the company of an outside expert brought in to share expertise on eco-design and sustainable building management. These meetings are also an opportunity for Subsidiaries to share best practices.

In 2009, the working group decided to focus its efforts on existing buildings. Operations and maintenance issues have been central to discussions as they form the major levers for reducing the environmental impact of existing stores.

As a result, 2009 was an opportunity to develop a best practices guide, entitled The Green Toolbox, enabling the environmental impact of stores to be reduced. This document takes the form of a collection of 16 priority and 32 complementary best practices. These have all been selected for their environmental benefit but also because, more often than not, they have a positive economic impact.

The aim of the guide is to highlight good practices already in place in certain stores which, due to their proven effectiveness, can be shared and introduced Group-wide. Designed to be practical and easy to use, the guide explains the expected benefits of each good practice, the key success factors and the methods that have enabled them to be

successfully deployed. It is intended for use by all individuals working in and for the stores.

The publication of the guide, in autumn 2009, was accompanied by an extensive programme of distribution to real estate, maintenance and operations teams as well as store managers. Each Subsidiary organised the distribution of the guide according to its own structural organisation so that it could be put into use as quickly and easily as possible. Meanwhile, PPR participated in the smooth distribution of the guide by promoting it in the Group's internal communications resources.

While the guide was being distributed, the Subsidiaries worked towards identifying pilot stores in which the introduction of best practices would be carefully monitored.

Multiple eco-friendly design and equipment initiatives

In the continuation of measures adopted in 2008, 2009 was marked by the delivery of new buildings offering a reduced environmental impact.

Puma's new headquarters in Germany, inaugurated in 2009, are equipped with solar panels, water-saving sanitary facilities, and systems that regulate the building's heat and air-conditioning. Studies were also carried out to integrate the building into its surroundings and to position it so that artificial light requirements were kept to a minimum, while maintaining optimum working conditions for Puma employees.



The new Puma research centre in Vietnam also opened in 2009. In line with the "Puma Vision" concept, which structures its approach to sustainable development, the brand has endeavoured to integrate a certain number of features with a view to reducing the impact of its activities. Consequently, the roof of the building is equipped with water tanks which collect rainwater throughout the year, most notably during the rainy season (May to November). This means that landscaping can be watered and the building kept cool during the dry season. Puma has also sought to reduce energy consumption on its site: a shield protects the factory and offices from the sun and solar panels provide energy for hot water and air conditioning.

Gucci Group has been looking into obtaining LEED certification (Leadership in Energy and Environmental Design) for its new store openings. Gucci's San Francisco store has been LEED-certified since 2009. Another example within Gucci Group is the measure adopted by Yves Saint Laurent in its new store concept, the "Opium" concept, which uses energy-saving installations. New Yves Saint Laurent

stores will now have the latest technology lighting installed: LED and fluorescent lighting, lighting automatically timed according to the season, and motion detectors in ancillary premises, such as storage areas. Significantly, the brand is using an innovative vegetable-fibre based concrete, renowned for its environmental qualities, for the floors and counters in this new concept store.

Finally, Somewhere continued the roll-out of its new boutique concept, designed entirely with a responsible approach in mind: pared down design including limited use of false ceilings and painting directly onto walls where possible, optimised energy use, use of certified consumables, notably in terms of paper which is 100% recycled and/or PEFC- (Programme for the Endorsement of Forest Certification) endorsed, as well as the use of eco-materials (ecological or certified paint, wooden flooring from sustainably-managed forests, etc.). In 2008, the brand planned to apply the concept to three boutiques; in fact, by the end of 2009, a total of six boutiques had been fitted out.

THE GROUP'S ENERGY POLICY

Energy consumption and related CO₂ emissions

The indicators for this heading allow the Group to assess the energy it uses as well its greenhouse gas emissions, both direct (from burning natural gas and heating fuel oil) and indirect (from generating electricity and steam).

ENERGY CONSUMPTION AND RELATED CO₂ EMISSIONS IN 2009 ⁽¹⁾

	Energy consumption (MWh)	Related CO ₂ emissions (in tonnes of CO ₂)
Electricity	575,716	151,095
Natural gas	172,977	31,952
Heating fuel oil	13,353	3,387
Steam	8,516	2,623
TOTAL ENERGY	770,562	189,057 ✓

In 2009, the PPR Group's total energy consumption totalled over 770 GWh. Electricity accounted for 75% of this and is the Group's main

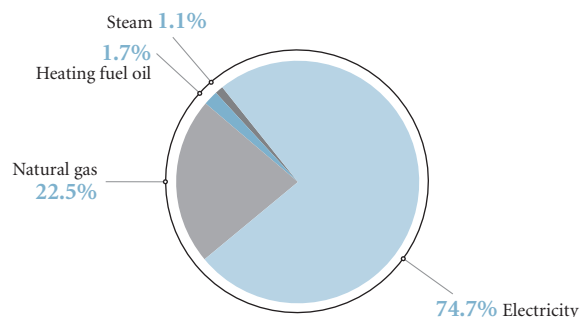
source of power. Because PPR's business is retail-centred, most of this energy is used for lighting sales areas and enhancing product displays.

(1) The conversion factors used to calculate CO₂ emissions from the different forms of transport are available on PPR's website under "Commitments".

✓ Verified by the Statutory Auditors. The value verified by the Statutory Auditors takes into account Redcats Group, Conforama and Fnac which correspond to more than half of PPR's consolidated value.

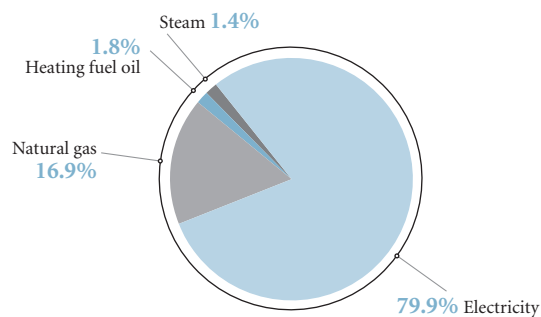
The breakdown of energy consumption and related CO₂ emissions by the PPR Group in 2009 is as follows:

**BREAKDOWN OF PPR GROUP'S ENERGY CONSUMPTION
IN 2009 (%)**



Total: 770,562 MWh

**BREAKDOWN OF CO₂ EMISSIONS RELATED TO PPR
GROUP'S ENERGY CONSUMPTION IN 2009 (%)**



Total: 189,057 tonnes of CO₂

The Group's total CO₂ emissions from its energy consumption in 2009 equated to around 190,000 tonnes, mainly produced indirectly through electricity generation.

CHANGE IN PROFORMA ENERGY CONSUMPTION 2008-2009 (MWH) AND RELATED CO₂ EMISSIONS (TONNES OF CO₂)

	2008-2009 proforma scope		Change 2009/2008
	2009	2008	
Electricity	544,191	561,966	-3%
Natural gas	133,796	131,715	2%
Heating fuel oil	12,207	11,450	7%
Steam	7,521	5,676	33%
TOTAL ENERGY	697,715	710,807	-2%
Direct emissions	27,811	27,235	2%
Indirect emissions	145,152	152,187	-5%
TOTAL ENERGY - EMISSIONS	172,963	179,422	-4%

On a proforma basis, energy consumed by the Group has decreased from 711 GWh in 2008 to 698 GWh in 2009, a fall of 2% which is chiefly explained by an across-the-board reduction in electricity consumption by the Group's companies.

This decrease in electricity consumption can be explained both by improved energy efficiency within the Group's infrastructures and a slowdown in business at certain Subsidiaries.

The sharp increase in the Group's steam consumption has less of an impact on total energy consumption due to the fact that use of this

type of power remains low compared with that of electricity, natural gas and heating fuel oil. This increase can nonetheless be explained by the installation of a heating system at the new Puma headquarters in Germany.

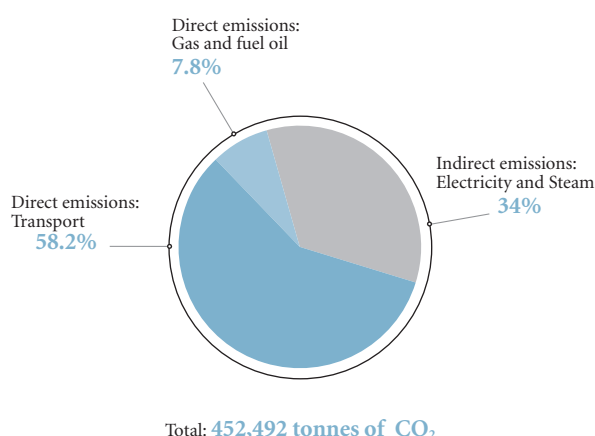
The rise of almost 7% in heating fuel oil consumption is due to the filling in 2009 of several fuel-oil tanks belonging to Redcats Group which are used to feed generators and which were not refilled in 2008.

TRANSPORT- AND ENERGY-RELATED CO₂ EMISSIONS IN 2009 (TONNES OF CO₂)

Total Transport (direct emissions)	263,435
Total Energy	189,057
- o/w Direct energy	35,339
- o/w Indirect energy	153,718
TOTAL	452,492

In 2009, the Group's CO₂ emissions from transport and energy totalled more than 452,000 tonnes of CO₂, 66% of which were direct emissions. Details of transport-related CO₂ emissions are given in the Section dealing with the Group's transport (Priority 4).

BREAKDOWN OF TRANSPORT- AND ENERGY-RELATED CO₂ EMISSIONS IN 2009 (%)



Commitments and initiatives to reduce energy consumption

Although energy savings form one of the key elements of the various eco-design building initiatives, as outlined above, in 2009 a number of PRR Group companies also implemented measures to significantly reduce their energy consumption.

In 2009, the Chairman and Chief Executive Officer of Fnac formally committed to reducing Fnac's energy impact at all of its sites by 20% within the next five years. From 2010, Fnac will be investing more than €900,000 to renovate the air conditioning and lighting installations in many stores.

Between 2008 and 2009, Fnac's efforts to reduce its environmental impact resulted in it obtaining Energy Savings Certificates (ESC) of up to 5,767,430 kWh cumac ⁽¹⁾. By adopting this system, Fnac is enhancing the efforts it has undertaken to get a better handle on its energy consumption. In 2010, the company plans to continue and intensify this measure by further increasing its number of certificates.

Puma became the first Sportlifestyle brand to join the Carbon Neutral Network in 2009. Under the auspices of the United Nations Environment Programme (UNEP), this network enables best practices on the subject of the fight against climate change to be shared among local authorities, companies and associations. Through this means, Puma has notably embarked on developing ways of employing renewable energy, reducing greenhouse gas emissions generated by the transport of goods, and tightening environmental criteria when selecting company vehicles. Furthermore, Puma will be taking part in the organisation of eco-friendly sporting events that aim to increase awareness of environmental issues. It should be noted that the brand has set itself the objective of reducing CO₂ emissions and energy consumption for its directly-managed stores by 25% between now and 2015.

Finally, Conforama's IT Systems Department has significantly contributed to the Group's energy policy by virtualising around a hundred servers, streamlining the printer fleet, and recalibrating the cooling system in the head office's IT room following an energy audit. This measure forms part of a global initiative to reduce energy consumption at French sites by 10% between now and 2012.

(1) KWh cumac are kWh saved over the standard lifetime of a piece of equipment, adjusted by an annual discount coefficient of 4%. Consequently, a freezer with A+ classification, allowing 50 kWh per year to be saved over a ten-year lifetime, will be allocated 420 kWh cumac.

A gradual move towards renewable energy

Although renewable energy still accounts for a limited share of the PPR Group's fuel mix, encouraging progress was made in 2009. Puma has decided to supply its new head office, a warehouse and three stores in Germany exclusively with electricity from renewable sources. The use of electricity generated exclusively from water, wind and solar power should enable savings of 4,200 tonnes of CO₂ per year. In the medium term, all Puma stores in Germany will take part in this programme. It should also be noted that Puma's head office has

solar photovoltaic panels both on its roof and integrated into its glass facade, covering a surface area of more than 1,000 m² and generating a maximum output of 75 kW.

Since 2007, Stella McCartney has offset emissions related to the running of its head office in the UK (electricity in particular) through a power operator which invests in clean energy sources, notably wind power. The brand is working towards expanding the system to its main stores and infrastructures and is also looking to include its franchises, particularly those in the Middle and Far East.

OPTIMISATION OF RAW MATERIALS

Paper, a major issue for PPR

Due to the considerable volume of sales catalogues and/or documents distributed each year, paper consumption was identified as a major environmental issue for the PPR Group. The *Bilan Carbone*TM assessments carried out in 2008 confirmed this.

A preference for direct sourcing

The PPR Group acquires paper in three different ways:

- **direct purchases** from paper manufacturers in order to produce catalogues, magazines and brochures. These purchases only concern Redcats Group, Conforama and Fnac and represent the majority of the volume;

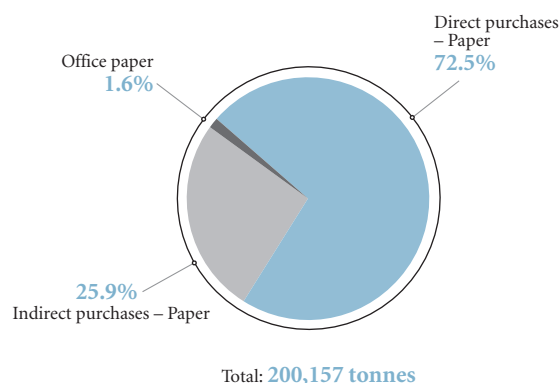
- **indirect purchases** of paper ordered by service providers outside the Group (printers, processing companies and agencies) for printing communication media such as posters, mail-shots, POS advertising and calendars. These purchases concern all Subsidiaries;

- **office paper**, which concerns all Subsidiaries.

In recent years, Redcats Group has been responsible for managing direct paper purchases for the entire PPR Group. This centralised management, which helps to streamline the amount and cost of paper purchased, is an effective means of implementing a paper consumption control policy in all the Group's banners and brands.

In 2009, PPR consumed just over 200,000 tonnes of paper. The breakdown of this consumption by type of paper purchased is given below.

BREAKDOWN BY TYPE OF PAPER CONSUMED IN 2009 (% AND TONNES)



A significant drop in paper consumption

PAPER CONSUMPTION IN 2009 AND 2008-2009 PROFORMA CHANGE (IN TONNES)

	Consumption in 2009	2008-2009 proforma scope		Change 2009/2008
		2009	2008	
Paper – Direct purchases	145,136	145,136	176,922	-18%
Paper – Indirect purchases	51,844	44,068	51,527	-14%
Office paper	3,177	2,865	3,183	-10%
TOTAL PAPER	200,157	192,069	231,632	-17%

The Group's paper consumption fell significantly between 2008 and 2009, by 17%. The brands have been reviewing their sales communications, reducing the amount of paper documents and stepping up the use of electronic media in 2009. Over the past few years, growing momentum in Internet sales has brought about a change in the marketing policies of PPR's brands. The drop in paper consumed in 2009 reflects an ongoing and intensified focus on the initiatives implemented over the last few years to reduce paper consumption for commercial and internal purposes. Group employees were asked to use the double-sided print option, to favour paperless communication (e-mails, press reviews, scanned documents, etc.) and to print on the back of scrap paper. Individual printers are increasingly being

withdrawn and replaced with centralised print management systems resulting in a significant reduction in paper used. Additionally, Fnac has committed to a short-term target of reducing the paper consumed at all its company offices by three-quarters.

Ongoing efforts to obtain better paper quality

By setting up a centralised paper purchasing system the Group can opt for supply chains that deal in paper from forests certified by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification schemes (PEFC). These certifications guarantee that the wood used to make the paper comes from sustainably-managed forests.

SOURCES OF PAPER CONSUMED BY PPR IN 2009 BY PURCHASE TYPE (%)

	Certified paper	Recycled paper	Certified + Recycled total	Other
Paper – Direct purchases	65%	7%	72%	28%
Paper – Indirect purchases	10%	14%	24%	76%
Office paper	5%	8%	13%	87%
GROUP TOTAL	50%	9%	59%	41%

In total, for all sources of paper combined (direct and indirect purchases or office paper), 50% of the paper consumed in 2009 came from certified forests and 9% from recycled paper fibres.

Since 2008, PPR has been closely monitoring its Subsidiaries' use of recycled paper as part of its environmental reporting process. Although the proportion of recycled paper relative to total paper consumption is still low (9%), initiatives are gradually being introduced at all levels of the Group to increase recycled paper usage. For example, recycled paper (office paper and indirect paper purchases) already represented 52% of Redcats Nordic's paper purchases in 2009 and the widespread use of recycled paper is being introduced in the brands' stores and head offices.

With regard to direct paper purchases, which represent the majority of the volume (72.5%), over 72% is made from fibres that are recognised for their environmental quality. In 2009, 65% of the Group's directly-

purchased paper came from certified forests and 7% from recycled fibres. As an example, 100% of the paper used to produce Fnac France's internal communication materials and Puma's catalogues comes from sustainably-managed forests.

It should be noted that 100% of PPR's direct paper supplies can be traced. All PPR suppliers impose traceability on their own suppliers with regard to paper fibre sources. As a result, among uncertified purchases, no wood can come from protected forests or forests governed by conservation programmes for which the local authorities have prohibited tree felling. Similarly, 100% of PPR's paper supply factories are ISO 14001 certified, 99% are PEFC and/or FSC Chain of Custody certified and 71% have been granted European EMAS certification. In addition, the Group strongly encourages its European printers to apply for Chain of Custody certification. Currently, 77% of Redcats Group's catalogue printing sites are PEFC- and/or FSC-certified.

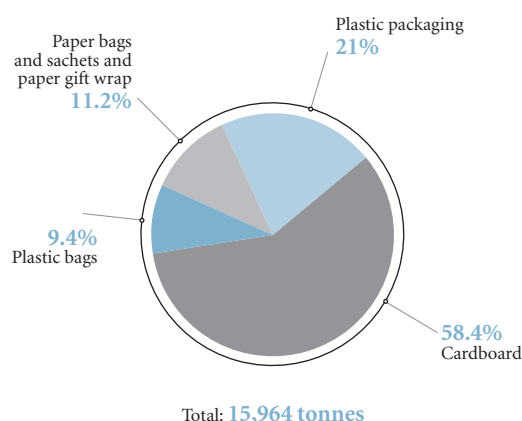


Lastly, in 2009, Gucci Group committed to purchasing only recycled or FSC-certified paper by 2011. As part of this objective, Gucci Group is working in partnership with the NGO Rainforests Action Network (RAN).

Packaging, the guarantee of product protection

The Group also uses significant volumes of cardboard and plastic for the protection and transport of products sold in stores or through mail-order sales. The reported data distinguishes plastic bags and paper bags from other types of packaging.

BREAKDOWN OF PACKAGING TYPES CONSUMED IN 2009 (%)



In 2009, PPR consumed approximately 16,000 tonnes of packaging, over half of which was cardboard, 21% plastic packaging, and the remainder mainly plastic or paper bags.

For the second consecutive year, paper bags were used more than plastic bags after new entities that mainly use paper bags (Gucci Group brands in particular) were brought into the scope of consolidation.

PACKAGING CONSUMPTION IN 2009 AND 2008-2009 PROFORMA CHANGE (IN TONNES)

	Consumption in 2009	2008-2009 proforma scope		Change 2009/2008
		2009	2008	
Plastic bags	1,500	1,486	1,508	-1%
Paper bags and sachets	1,781	1,680	2,181	-23%
Total bags and gift wrap	3,281	3,166	3,689	-14%
Plastic packaging	3,361	3,248	3,950	-18%
Cardboard	9,322	8,402	9,220	-9%
Total non-bag packaging	12,683	11,650	13,170	-12%
TOTAL PACKAGING	15,964	14,816	16,859	-12%

On a proforma basis, the Group's total packaging consumption fell by 12%. This reduction affects paper bags, plastic packaging and cardboard consumption in particular. In 2009, Redcats Group reduced its cardboard consumption by more than 1,000 tonnes by using a greater number of wooden pallets. In addition, a significant decrease in plastic bag consumption (down 18%) was recorded by all Redcats Group entities. Finally, Gucci reduced its paper bag purchases by 600 tonnes between 2008 and 2009 by introducing a system to use up stocks accumulated over previous years.

In 2009, the Group's banners therefore continued with efforts started several years ago to reduce the amount of packaging used. Employing reusable crates and pallets and recycling cardboard and protective film is another practice being rolled out in the Group. In addition, more specific measures have been implemented by certain banners. Gucci has replaced cardboard packaging with biodegradable bags for the transport of 40% of its leather products. Meanwhile, The Sportsman's Guide, a Redcats USA brand, has acquired individual-item packaging



equipment, reducing the amount of plastic film it uses by six tonnes, from 24 tonnes in 2008 to 18 tonnes in 2009.

Also on a proforma basis, the consumption of plastic shopping bags has remained stable across the Group's companies. At the same time the use of more eco-friendly shopping bags (reusable bags and recycled plastic bags in particular) has increased.

Each banner has adopted specific solutions based on its positioning and the products it sells. Consequently, banners are implementing their own measures to help reduce the impact of shopping bags on the environment. A number of initiatives have now been set up.

In October 2009, Conforama redefined the range of shopping bags available in its stores. Since 2006, the banner had offered its customers large reusable bags instead of disposable plastic shopping bags. However, following a review of this initiative, Conforama concluded that 100%-recycled plastic shopping bags contributed

more to reducing its environmental impact and responded better to customers' expectations. These bags, which are on sale in all of the banner's stores, are made from plastic sourced primarily from industrial sites and waste recycling centres. The production process emits approximately 50% less CO₂ than that used for standard plastic bags. In turn, Conforama encourages customers to recycle through information printed on its bags.

In 2009, Fnac also decided to change its shopping bags in order to reduce their environmental impact while at the same time revitalising the brand's image. Initially, small and medium-sized bags were replaced with bags made out of stronger and more environmentally-friendly recycled plastic. Since December, new reusable bags specially designed by the banner are available for €1 to replace the two large-sized plastic bags.

Lastly, Stella McCartney uses biodegradable plastic bags in its UK stores.

Water, an issue of limited relevance to PPR

WATER CONSUMPTION IN 2009 AND 2008-2009 PROFORMA CHANGE (IN M³)

	Consumption in 2009	2008-2009 proforma scope		Change 2009/2008
		2009	2008	
Industrial water	128,970	128,970	130,918	-1%
Non-industrial water	1,236,772	1,145,901	1,187,300	-3%
TOTAL WATER	1,365,742	1,274,871	1,318,218	-3%
Surface area ratio – Non-industrial water (m ³ /m ²)		0.29	0.29	-2%

In 2009, the PPR Group's water consumption totalled 1,365,742 m³. To better monitor this consumption, industrial water has been monitored separately from non-industrial water since 2008.

Industrial water consumption totalled approximately 129,000 m³ and concerns only the Gucci Group tanneries in Italy (Cfao being outside of the Group consolidation scope).

With regard to the other Group brands and banners, water consumption has little impact since it is used for sanitary purposes. In 2009, PPR's non-industrial water consumption was just over 1.2 million m³.

On a proforma basis, water consumption by the Gucci Group tanneries remained stable between 2008 and 2009.

Again on a proforma basis, the Group's non-industrial water consumption fell by approximately 3%. The water consumption surface area ratio remained stable between 2008 and 2009.

In recent years, the Group's banners have launched actions to combat waste. Many sites have developed leak detection systems or ways of limiting the amount of water needed for landscaping. More and more sites are phasing in more economical sanitary facilities to save water.

Finally, the new Puma headquarters in Germany is equipped with a system for collecting rain water that is capable of holding 226 m³ and can supply the sanitary installations.

Industrial raw materials

Following the removal of Cfao from the 2009 environmental reporting scope, the consumption of industrial raw materials is marginal. It now represents an issue of secondary importance for the Group within the current reporting scope and will not be studied in detail in this document.

WASTE MANAGEMENT

Most of PPR's waste comes from distribution activities, including product repackaging and the use of transport pallets, so it is primarily

non-hazardous ⁽¹⁾. PPR mainly produces packaging waste and generates very small quantities of hazardous waste ⁽²⁾.

TOTAL WASTE PRODUCTION IN 2009 AND 2008-2009 PROFORMA CHANGE (IN TONNES)

	Production in 2009	2008-2009 proforma scope		Change 2009/2008
		2009	2008	
Non-hazardous waste	67,700	62,348	69,559	-10%
Hazardous waste	9,153	7,768	7,133	9%
TOTAL WASTE	76,853	70,116	76,692	-9%

In 2009, the PPR Group's total waste production amounted to over 76,000 tonnes, 88% of which was non-hazardous. It should be noted that the vast majority of hazardous waste was WEEE (Waste Electrical and Electronic Equipment).

Total non-hazardous waste production saw a decrease of approximately 10% at Group level. This drop is chiefly explained by a uniform reduction in the production of non-hazardous waste by Conforama France and Conforama Croatia and by the recording

in 2008 of over 2,000 tonnes of non-hazardous waste, made up of computer furniture disposed of during Fnac's change of headquarters. Hazardous waste production does however show a significant increase of almost 9%, a positive sign of the growing momentum of WEEE collection at Fnac and Conforama. It should be noted that Conforama has set itself the objective of increasing the proportion of WEEE collected in its stores by 30% between now and 2012.

Non-hazardous waste, the majority of Group waste

PRODUCTION AND DISPOSAL OF NON-HAZARDOUS WASTE IN 2009 AND 2008-2009 PROFORMA CHANGE (IN TONNES)

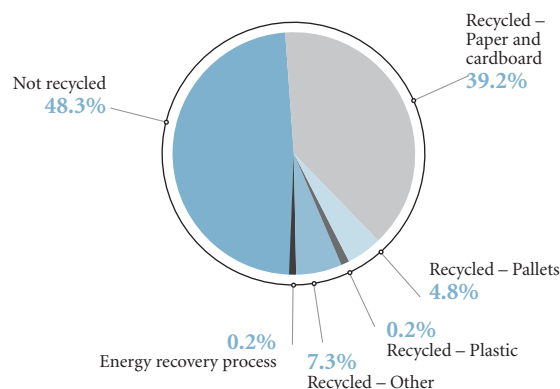
	Production in 2009	2008-2009 proforma scope		Change 2009/2008
		2009	2008	
Recycled - Paper and cardboard	26,530	24,645	25,562	-4%
Recycled - Pallets	3,266	3,264	3,606	-9%
Recycled - Plastic	139	122	115	6%
Recycled - Other	4,902	4,855	7,073	-31%
Energy recovery process	144	142	157	-9%
Not recycled	32,719	29,320	33,046	-11%
TOTAL NON-HAZARDOUS WASTE	67,700	62,348	69,559	-10%

(1) Non-hazardous waste: formerly known as non-hazardous industrial waste. This type of waste mainly includes cardboard, paper, scrap metal, plastic, glass and plaster.

(2) Hazardous waste: this includes neon lights, batteries, waste electronic and electrical equipment, used oil, photo laboratory waste, paint, aerosols, tyres, soiled waste and ink cartridges.



BREAKDOWN OF NON-HAZARDOUS WASTE AND RELATED PROCESSING CHANNELS IN 2009 (%)



Total: 67,700 tonnes

Of the 67,700 tonnes of non-hazardous waste generated by the Group in 2009, more than 51% was recycled. In 2009, the PPR Group banners continued the efforts that have been underway for several years with the objective of streamlining waste management. Concretely, these efforts mainly involved enhanced collection and sorting.

The partnership between Fnac and Kadéos to organise gift-card recycling emerges as an innovative example of measures taken by the brands to reduce waste sent to landfills. For nearly four years, Fnac has been collecting used cards in its points of sale and sending them to the logistics site in Massy, using existing transport flows. The cards are then recycled and used to make wiring systems or electrical switchboxes. As a result, 3.3 tonnes of cards were recycled in 2009.

Selective waste sorting policies have been introduced in all the Group's Subsidiaries, mainly through the use of specific bins for each type of

waste, the development of recycling channels and the purchase of compactors used to reduce the volume of waste to be transported. This system has been implemented in logistics centres as well as in stores and headquarters.

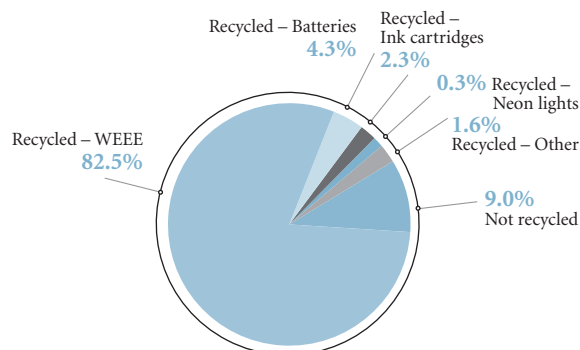
The specific collection of plastic is spreading progressively, notably at Gucci logistics sites, enabling more than 120 tonnes of plastic to be recycled in 2009. In addition, the implementation two years ago of a platform for the selective collection of all types of non-hazardous waste at the Gucci logistics site in Casellina in Italy has enabled the banner to once again obtain a 50% reduction on the community tax it pays for waste processing. This saving is a reflection of the recognition by the local authorities of Gucci's initiative, which enables 100% of the waste collected at Casellina to be recycled or recovered.

Hazardous waste

PRODUCTION AND DISPOSAL OF HAZARDOUS WASTE IN 2009 AND 2008-2009 PROFORMA CHANGE (IN TONNES)

	Production in 2009	2008-2009 proforma scope		Change 2009/2008
		2009	2008	
Recycled - WEEE	7,549	6,288	5,520	14%
Recycled - Batteries	400	398	399	0%
Recycled - Ink cartridges	213	209	125	68%
Recycled - Neon lights	27	26	22	17%
Recycled - Other	144	136	151	-10%
Energy recovery process	0	0	0	
Not recycled	820	711	916	-22%
TOTAL HAZARDOUS WASTE	9,153	7,768	7,133	9%

BREAKDOWN OF HAZARDOUS WASTE BY TYPE IN 2009 (%)



Total: 9,153 tonnes

Of the 9,153 tonnes of hazardous waste generated by the Group in 2009, 91% was recycled. The change in WEEE reflects the increased amount of customers' used appliances collected. Finally, some

significant increases (ink cartridges, neon lights, etc.) are linked to the fact that the recycling departments only physically collect the limited volume allowed every second year.

WASTE RECYCLING RATE IN 2009 (%)

Non-hazardous waste	51%
Hazardous waste	91%
TOTAL WASTE	56%

The change in the percentage of recycled waste highlights the success of awareness-building campaigns targeted at Group employees and the focus on recovery system research. The PPR Group recycles 91% of its hazardous waste and 51% of its non-hazardous waste, which adds up to an overall Group recycling rate of 56%.

The banners have taken many initiatives to develop ink cartridge collection and recycling. In June 2005, Fnac initiated a unique process combining environmental protection and support for networks promoting job placement, by organising used ink cartridge collection in partnership with *Ateliers du Bocage* and *Trium*⁽¹⁾, a subsidiary of French association Emmaüs. In 2009, this initiative collected over 88,000 ink cartridges in French Fnac stores, an increase of 37.5% compared with 2008.

Also in partnership with Emmaüs, Fnac continued its "Recycle your mobile phone" campaign in 2009, a measure committed to social economy and solidarity. In 2009, *Ateliers du Bocage* and *Trium*

sorted and tested more than 2,100 mobile telephones collected in Fnac stores. Over 18% of these were repaired and put onto the used telephone market that targets less fortunate users.

As a retailer of electric and electronic equipment, the PPR Group is legally obliged to take back used equipment when its customers purchase a new machine (the "one-for-one" rule). Several of the Group's companies however, such as Fnac and Conforama, wish to go beyond the strict regulatory framework and actively participate in increasing WEEE collection in France. In partnership with *Éco-systèmes*, an eco-organisation, collection points for small electric and electronic equipment will be tested in Fnac and Conforama stores in 2010. From now on customers will be able to drop off electric or electronic equipment that has reached the end of its life, even if they are not buying a new product or if the product was not originally bought from the banner concerned.

(1) In the South and Rhône Alpes regions, ink cartridges are collected by a different company.



Water discharge and odour nuisance

Water discharge from the PPR Group's retail companies does not represent a significant impact. The sites concerned have nonetheless introduced specific measures to gauge and restrict their environmental footprint.

Both of Gucci's tanneries in Italy have undertaken efforts to limit the environmental impact of their water waste. One of them installed a

pre-treatment station for waste water, which significantly reduces the chemical contamination of effluents discharged into the municipal water treatment network. As a proactive initiative, the other tannery is working with ARPAT (a regional environment protection agency) on the issue of water pollution. Both tanneries also have modern equipment to control odour nuisance, ensuring that they do not emit any nauseous odours.

EVALUATING AND MANAGING ENVIRONMENTAL RISKS

Lessons learned from the *Bilan Carbone*TM carbon assessments of 2008/2009

At the end of 2008, PPR instigated *Bilan Carbone*TM assessments at four of its Subsidiaries in order to draw up a precise inventory of the main sources of greenhouse gas emissions by type of site (boutiques, city centre stores, suburban stores and warehouses). The assessments also aimed to determine areas for improvement and, if necessary, to add to the panel of environmental indicators that the Group monitors as part of its environmental reporting.

This exercise confirmed that the major sources of greenhouse gas emissions were taken into account within the framework of the Group's CSR policy. The key strategic priorities identified by the Group and its Subsidiaries with respect to the environment (priorities 4, 5, and 6) and the environmental performance indicators are therefore demonstrably in line with the Group's actual impact on the environment.

As a follow on from this first exercise, Redcats Group decided to launch additional *Bilan Carbone*TM assessments at several French sites (boutiques, headquarters and industrial sites). To achieve this, the Subsidiary joined forces with a team of students, as part of their final-year dissertation, and a firm specialised in environmental risk management to instigate joint studies in October 2009.

Certification and labelling process

In terms of environmental protection, ISO 14001 certification is a formal commitment to continuous progress (clean technologies, waste sorting and recycling) that helps prevent pollution (through the reduction of greenhouse gases and volatile organic compound emissions released into the atmosphere, as well as responsible management of industrial effluents).

Two PPR Group entities have obtained ISO 14001 certification in recent years:

- January 2009: SOGEP, Redcats Group's Subsidiary in charge of logistics and delivery activities. SOGEP has also been ISO 9001 (quality) certified since 2007;

- 2006: Gucci Group's distribution centre in Switzerland (LGL). This site is also ISO 9001 certified (quality) and OHSAS 18001 certified (safety). It was the first distribution centre in the Luxury sector to obtain these certifications. These certifications highlight LGL's commitment to continuously improving quality and to respecting its stakeholders and its working environment.

Within the Group, the number of ISO 14001-certified sites remains limited due to the fact that most of the Subsidiaries' activities are retail centred. In 2009, however, several Subsidiaries looked into the feasibility and relevance of embarking on such an approach within their business. In May 2009, the Gucci brand performed an environmental pre-audit as part of the ISO 14001 certification process at several sites located in Italy; the sites should be ISO 14001 certified in 2010.

Fnac has been studying the same issue in relation to its main logistics centres. In France, this willingness to act has resulted in the setting up, in the Massy and Wissous warehouses, of an environment management system that complies with the requirements of the ISO 14001 standard. These two sites have been committed to a development strategy for several years. Various environmental indicators and proactive targets are monitored each month by all of Fnac Logistique's departments.

In 2009, thanks to the measures implemented, gas consumption fell by 28% at the Massy site and by 32% at the Wissous site; electricity consumption also fell by 7.5% at the Massy site (544,921 kWh in total). At these two sites, the collection of cardboard for recycling increased by 34%. There are plans to roll out the Fnac Logistique France model in all countries in which the company operates.

In addition, at the end of 2009, the Société Française du Livre (SFL), a Subsidiary of Fnac, officially embarked on a programme of ISO 14001 certification via a three-year action plan.



Expansion of carbon offsetting programmes

The evaluations carried out as part of the PPR Group's environmental reporting process have enabled certain sites to introduce carbon offsetting programmes. These programmes are primarily intended to be developed at sites at which efforts to reduce environmental impacts are already under way. The main aim is to make the emissions related to the activity of the site carbon neutral.

In line with its strong commitment to sustainable development, the Stella McCartney brand has been offsetting the CO₂ emissions of all its UK sites since 2006 and has set itself the objective of doing the same for all its stores worldwide by 2012. Since 2008, the brand has been inviting customers to offset carbon emissions generated by the delivery of their online orders. At the time of payment, online customers are given the option of adding a \$3 charge to offset the carbon emissions related with the delivery of purchases. This

contribution is paid to the Carbon Neutral Company, which supports projects helping to combat global warming. Elsewhere within the Group, Gucci Group implemented the same system at its London office in 2009. Finally, Puma also offsets CO₂ emissions at its new headquarters in Germany which, by virtue of its design, construction and operation, has a limited environmental impact.

In November 2009, Puma became the first Sportlifestyle brand to join the United Nation's Climate Neutral Network. This commitment ties in strongly with the brand's sustainable development strategy and will result in concrete measures to reduce its carbon footprint (increased use of renewable energy and optimised use of transport and logistics) on a global scale. As part of this membership, Puma has also undertaken to work with a South African supplier with a view to helping it reduce its own CO₂ emissions. Thanks to this partnership, it has become the first supplier of carbon-neutral clothing on the African continent.



Priority 6: promote responsible products and usages

Companies have long been held responsible for the products they sell. All companies have established recall procedures for faulty or hazardous products, and they all implement measures that aim to ensure quality and safety standards for their products. However, heightened attention to CSR and greater expectations from society concerning CSR issues have played a part in reinforcing corporate responsibility, and companies are now expected to make a commitment above and beyond simply complying with standards.

As part of their sustainable development policies, the Group and its Subsidiaries continually work to guarantee the safety and quality of their products, increasingly include responsible products in their offerings and raise awareness among customers and consumers about responsibly using the products they purchase.

By identifying this area as a priority focus, the Group's brands have reaffirmed their commitment to play a key role in promoting and recommending responsible products and usages to customers throughout the world.

PRODUCT QUALITY AND TRACEABILITY

Product testing and control procedures

The PPR Group pays extremely close attention to the safety and quality of its products. Quality aspects for own-brand electrical and electronic products sold by Redcats Group, Fnac and Conforama are monitored by PPR Purchasing (PPR-P), the Group's central purchasing hub for own-brand white, brown and grey goods. For other products, quality is monitored directly by the companies themselves. All the Subsidiaries as well as PPR-P have a dedicated Quality Department.

Product testing within the Subsidiaries

Technical audits at production sites

The PPR Subsidiaries that make their own products have developed procedures aimed at (i) verifying site production capacities and their effective management, (ii) ensuring that stringent and reliable quality control procedures are applied, and (iii) monitoring compliance with the applicable standards, rules and regulations. For example, under PPR-P's Validation Plan, auditors representing the purchasing hub review all documents related to production and the quality control system and verify that the related procedures are applied across the production chains. These audits enable the approval of selected suppliers and sites and encourage suppliers to enhance their performance by implementing the recommendations contained in the audit reports. In 2009, the technical audit programme covered

22 countries and encompassed 67 audits carried out by PPR-P and 263 by Conforama, representing a 22% increase on 2008.

Product specifications

Another tool made available to Quality Departments is a list of product specifications which enable the Subsidiaries to set out all their requirements in terms of compliance, regulations, traceability, quality and respect for the environment. These specifications also take into account the Subsidiaries' individual product policies such as limiting the use of hazardous substances and using substitute materials. For instance, Puma's product specifications list the brand's strict requirements concerning dozens of chemical substances that cannot be used in the manufacture of its products.

Pre-referencing product tests

Each year, the PPR Group's Subsidiaries also perform tests on product samples before the products concerned are referenced or manufactured. Conforama further strengthened its testing system in 2009, carrying out 18% more tests than in 2008 and particularly focusing on certain types of products and/or suppliers. As part of this process, Conforama identifies and tests all products in the mass import market that could give rise to a risk. Puma also has a very precise pre-referencing procedure that forms part of a document entitled "SAFE – Handbook of Environmental Standards", which can be viewed on Puma's website (<http://safe.puma.com>).



For new electric and electronic product models, PPR-P selects products that comply with its specifications before sending prototypes to testing laboratories prior to referencing them. For this purpose PPR-P works with both La Redoute's laboratory and internationally recognised independent laboratories to carry out product sample tests concerning safety, operating functions, ease of use, EU documentation, quality of assembly and user manuals. Out of the 515 models tested in 2009, only 276 qualified for Group referencing. For testing the technical performance of brown goods PPR-P also works with Fnac's laboratory.

When a product passes the first selection test, the laboratories carry out a second similar round of tests on an assembly-line sample product in order to validate the relevant production process.

Pre-marketing product tests

In addition to the testing system used by PPR-P, the Subsidiaries commission approved laboratories to perform quality inspections on sample parts before products are shipped. In 2009, Conforama further tightened its testing procedure, with 29,200 inspections performed during the year either by the brand itself or by its internationally-renowned subcontractors, representing a 33% increase on 2008 when some 22,000 inspections were carried out. Conforama almost tripled the number of its laboratory tests compared with 2008, sending 5,200 models for additional testing, primarily for standard-compliance tests to ensure that the products met the Subsidiary's quality requirements and specifications.

Fnac's testing laboratory

Each year, Fnac's testing laboratory tests the performance of around 1,500 products in addition to any manufacturer or brand testing, under consumer use conditions. The laboratory uses state-of-the-art test equipment that guarantees objective testing and carries out bench measurements based on extremely strict specifications. The equipment used and broad range of measurements performed make the Fnac laboratory the only one of its kind worldwide. The results of the laboratory's tests are published in comparative technical analysis reports that are available free of charge in Fnac stores. Over seven million copies of these reports are printed each year and 150,000 are downloaded every month from Fnac's website.

Subsidiaries' compliance with environmental regulations

The European Union's REACH (Registration, Evaluation, Authorisation and restriction of CHemicals) regulation came into

force in January 2007. Its purpose is to improve understanding of how the chemical substances contained in all products sold in Europe can impact human health and the environment, with the aim of eventually prohibiting or restricting use of the most hazardous substances.

In order to monitor its Subsidiaries compliance with this regulation, in 2007 the PPR Group set up an inter-Subsidiary Steering Committee that meets approximately once every two months. In 2009, this Committee also worked on helping Subsidiaries ensure that they comply with the EU Directive on eco-design requirements for energy-related products (ERP). Following meetings with the Committee the Subsidiaries revised their specifications in order to incorporate the ERP's eco-design requirements and its implementing measures. They also drew up specific procedures for explaining the new regulations to their suppliers, particularly those based outside Europe. Local purchasing offices played a key role in this overall process.

Lastly, the members of the Steering Committee closely monitored the discussions currently under way in France concerning the creation of an environmental labelling system for consumer products. Most of the Committee's members are involved in the related think-tank processes within their individual industries and/or the discussion platform created by ADEME ⁽¹⁾ and AFNOR ⁽²⁾. This platform was set up as part of the French government's Environment Round Table project (*Grenelle de l'environnement*) to bring together the various players involved in order to define a standard environmental labelling method and model to be applied throughout France. During the year the Steering Committee members also reviewed the initiatives being taken in this area in other countries, particularly Belgium and the United Kingdom.

Traceability of raw materials

Leather and fur

The PPR Group guarantees the traceability of the leathers it uses for its Luxury Goods activities. Gucci Group mainly uses cowhide sourced from Europe, of which some 65% comes from France, and guarantees full traceability of precious skins used by its brands ✓ (primarily alligator, crocodile and python). All of these skins are sourced from breeding farms or hunt auctions. In accordance with the requirements of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), precious skins purchased by Gucci Group come with a certificate testifying to their legal origin in order to ensure that the brand does not threaten the survival of any species of animal.

(1) The French Environment and Energy Management Agency.

(2) The French Standardisation and Certification Agency.

✓ Verified by the Statutory Auditors.





The use of fur is extremely limited within Gucci Group and has even been prohibited by certain brands such as Stella McCartney and Bottega Veneta.

Diamonds and gold

Boucheron and Gucci strive to ensure the traceability of the diamonds they use and to guarantee their origin. To meet this objective, both brands comply with the Kimberley process aimed at certifying the source of diamonds sold on the international market. This system was initiated by the UN, the diamond-producing states, the diamond industry and NGOs in a move to stem the flow of diamonds from rebel-held conflict zones sold to finance wars against existing governments.

As well as carefully respecting the Kimberley process, both brands are members of the Responsible Jewellery Council (RJC) – an international non-profit organisation that is committed to promoting responsible ethical, human rights, social and environmental practices in a transparent and accountable manner throughout the jewellery industry, from mine to retail. Boucheron has been a member of the RJC since 2006 and Gucci joined in November 2009.

Although tracing the origin of precious metals is a complex process, a number of the Group's brands have adopted a responsible sourcing policy. For example, in January 2009 Boucheron signed up to the "No Dirty Gold" campaign. As its name suggests, this international campaign works to ensure that gold mining operations respect human rights and the environment. Also, to mark the release of the film HOME, Boucheron crafted a four-gold special edition cube called the "Magnetic Quatre" to raise funds for the Initiative for Responsible Mining Assurance (IRMA) which seeks to ensure that mines operate in an environmentally and socially responsible manner by setting up an independent verification system. The Magnetic Quatre was auctioned online and all proceeds went to IRMA.

Wood-based furniture

In 2009, PPR launched a series of measures intended to strengthen its knowledge of the origin of the wood used in products sold by the Group's brands, and to draw up a list of requirements that go beyond compliance with the CITES Convention. As part of this process, due to the complexity of the wood industry, PPR has held meetings with

several international NGOs. In 2010, the Group intends to continue with the action already undertaken and plans to launch a "responsible wood" training module for all the departments concerned.

Although the Group's brands took steps in 2009 to become more familiar with the issues involved in responsible wood sourcing, the Subsidiaries concerned had already implemented a number of best practices in the area. For instance, Conforama's preferred source of wood for its solid wood products is Europe, with a particular focus on pine and spruce. Conforama has also joined the Forest Stewardship Council (FSC) in a move that affirms its commitment to responsible wood sourcing.

In parallel, Redcats Group – whose furniture offering mainly comprises solid wood products – has also put in place specific wood sourcing procedures, notably including strict requirements for teak (although this wood represents under 2% of its sales). Under these procedures, Redcats Group requires its suppliers to provide it with documents certifying the wood's origin, right from the woodcutting permit phase and to guarantee the traceability of each consignment through to the end-product's manufacturing stage. Moreover, since 2003, Redcats Group has partnered the Brazil-based NGO, ESSOR, in its reforestation project in the northern and north-eastern parts of the country. Under the agreement signed with ESSOR, Redcats Group and its Brazilian suppliers donate the equivalent of 0.1% of the Subsidiary's wood purchases in Brazil to finance the reforestation project. The replanted trees are mainly fruit-bearing so that the harvested fruit can be sold on the market by local disadvantaged communities. In 2009, Redcats Group renewed its partnership with ESSOR for a third three-year period. Around 350,000 trees have been planted under this programme since the partnership began in 2003.

The amount of certified wood-based products sold by Conforama and Redcats Group is increasing each year. In 2009, Redcats Group continued to sell certified garden furniture, and Conforama launched its first FSC-certified solid wood living room furniture, as well as five other products made from wood sourced from sustainably managed forests.

Lastly, in view of the amount of paper used across the Group – which is made from wood pulp – PPR has set up a policy for its companies to use Group-approved suppliers of recycled paper or paper from sustainably managed forests (see Priority 5).

DEVELOPMENT OF RESPONSIBLE PRODUCTS

In order to achieve their objective of promoting responsible products and usages, the Group's Subsidiaries focus on three main action areas: (i) using and promoting organic and fair trade materials, (ii) supporting research into new raw materials that are more environmentally friendly, and (iii) incorporating eco-design principles into product development and referencing.

Using and promoting organic and fair trade materials

In 2009, the Group's Subsidiaries continued to offer their customers organic and fair trade products, with an increased emphasis on referencing responsible products.



Each year, Redcats Group's various brands sell numerous items made out of organic materials. In 2009, the proportion of "responsible" items in La Redoute's offering increased by over 50%, with more than 100 organic products marketed during the year (home linen, ready-to-wear fashion for men, women and children, and lingerie).

Vertbaudet also stepped up its efforts in this area, proposing a growing number of organic and/or fair trade cotton items in all of its collections. The brand's 2009 catalogues included more than 55 such products, with a particular expansion in the number of home decoration items made from organic materials featuring in the Autumn Winter collection. Cyrillus likewise increased the number of organic and fair trade products in its offering by more than 50%.

In addition, Somewhere – a brand that is well known for its sustainable development commitments – continued to affirm its positioning. By gradually and steadily increasing the number of environmentally-friendly ranges it offers to customers, in 2009 the brand reached its ambitious objective whereby one out of every five products it markets is made from organic or other innovative environmentally-friendly raw materials, including wool ⁽¹⁾, cotton ⁽²⁾ and denim ⁽³⁾. During the year, Somewhere renewed its partnership with the ethical jewellery brand Cruselita, which complies with fair trade principles by supporting the sustainable economic and social development of craftspeople in Madagascar.

Puma also lent its support to the fair trade campaign in 2009, by taking part in several international projects. For example, it continued with its project begun in late 2008 to produce 5,000 fair-trade certified footballs in support of a campaign focused on preventing juvenile delinquency through sport in South Africa. In tandem, it strengthened its partnership with the Aid by Trade Foundation and by the end of 2009, around one million textile items had been made from African cotton bearing the Cotton made in Africa label. This label certifies that the cotton was produced as part of the Cotton made in Africa project which is aimed at helping to improve social and environmental conditions in Africa. Farmers participating in the project are trained in facilities such as "Farmer Field Schools" in order to learn relevant skills. Currently, almost 150,000 smallhold farmers and one million families are involved in this project through their production of more than 37,000 tonnes of cotton. Cotton made in Africa has quite long fibres and is hand-harvested, making it an excellent quality product that is extremely popular with both retailers and customers on account of their growing interest in fair trade products.

In the run up to the 2010 Football World Cup, Puma will be launching more collections inspired by Africa. In addition to the African-themed fashion collections "From the Puma Archives" and "Africa

United" lines, Puma has unveiled its "African Football Fan Wear" collection which forms part of the Cotton made in Africa project. These collections have been available in Puma stores since July 2009, and items such as tee-shirts and sweatshirts carry the Cotton made in Africa label. In the second half of 2009, up to 2% of the Puma apparel collection bore the Cotton made in Africa label, including shirts made for the supporters of African national teams. Puma has set itself the objective of increasing the proportion of responsible products in its offering to 25% by 2015.

Another example of responsible product development within the Group is the organic capsule collections ⁽⁴⁾ designed by Stella McCartney every year. Following on from an initial organic cotton lingerie collection in 2008, during 2009 the brand launched an organic tee-shirt collection to raise funds for Red Nose Day, an event organised by the UK charity Comic Relief, to help vulnerable populations in Africa and the United Kingdom.

Supporting research into new raw materials

As well as using ecological and fair trade products, the PPR Group's brands constantly strive to find new and innovative raw materials. Following on from an initial series of tests run on recycled raw materials – notably within Somewhere and Cyrillus in 2008 – the brands continued to work on this in 2009, especially Gucci Group which launched two initiatives using innovative materials during the year. The first of these was by Yves Saint Laurent which created New Vintage in June 2009, an environmentally-conscious capsule collection designed to reclaim, recycle and sustain, in which the fashion house's Creative Director used remnant fabrics from past YSL designs. The collection was launched exclusively in New York and was a resounding success. Then in December 2009 the brand introduced a second edition of the collection – New Vintage II – which was also based on using remnant fabrics. The limited and numbered pieces forming this collection were sold at Yves Saint Laurent boutiques in Paris, New York and London.

Gucci Group's second initiative in this area was its announcement in October 2009 that it had entered into a partnership with Central Saint Martins College of Art and Design to create the first Ph.D in Sustainable Technology for Future Luxury, supported by the Textile Futures Research Consultancy (TFRC) of the University of the Arts, London (UAL). The underlying aim of the project is to promote technology and convergence in order to improve the interface between science and design, drive research into sustainable development, and develop new textile products and applications.

(1) Wool from environmentally-friendly sheep farms.

(2) Products made from organic materials.

(3) Denim fibres made from regenerated material.

(4) Mini-collections that are special editions launched outside the traditional fashion schedule.





In partnership with the TFRC, the new Ph.D programme is intended to further strengthen the work undertaken by a community of individuals of unrivalled creative talent and specialist expertise who are acclaimed worldwide for their major achievements in key areas. It encompasses various research projects that involve marrying fashion and textile design with organic nanotechnologies, recycling synthetics into superior materials, and developing "smart" textile surfaces that change shape in reaction to ambient environmental changes.

Gucci Group has invested in this project because it recognises the importance of using innovation to create new ways of consuming and developing solutions that are commercially viable while at the same time respectful of nature and mankind. The new Ph.D course will open in September 2010.

Puma has likewise increased the use of innovative materials in its designs. With a view to offering its customers an ever-broader range of products that meet criteria relating to the environment, health and safety, the brand seeks to use innovative materials such as recycled rubber, polyester and cotton, as well as vegetable-tanned leather.

Developing eco-designed products

Eco-design entails incorporating environmental factors right from the product design phase. Consequently it requires an overall multi-criteria approach that takes into account all stages of the product lifecycle. Although the Group's Subsidiaries currently only sell a small number of items that can be categorised as fully eco-designed they all work towards creating products in line with eco-friendly design principles.

As explained above, the starting point for developing more environmentally-friendly products is the raw materials used to make them. As well as selecting specific raw materials the Group's brands seek to limit or even prohibit the use of certain chemical substances. For example, Puma has prohibited the use of PVC in all of its products for several years – a policy that is pointed out to consumers through the use of "PVC-free" labels. At the same time, the brand has drawn up the "Puma Restricted Substances List" which sets out Puma's specifications concerning hazardous chemicals. This list forms part of Puma's Handbook of Environmental Standards which can be viewed on the brand's website at <http://safe.puma.com>.

Similarly, for the past few months Redcats Group has been working on a broad-scale programme to substitute certain chemical substances, particularly phthalates. This programme is currently in the roll-out phase.

In addition, the Group's brands are developing comprehensive environmentally-friendly product programmes. For instance, Conforama has incorporated eco-design principles into its product range for the past four years. With a view to ramping up this type of offering, in 2008 Conforama drew up a responsible product development plan structured around three different levels:

Level 1: developing eco-friendly designed products, following on from the eco-designed bedroom concept which has been marketed since 2007.

Level 2: developing responsible products whose technical specifications include environmental performance criteria for the materials used.

Level 3: pointing up for customers products certified by accredited organisations, through clear and informative labelling.

In 2009, Conforama devised and rolled out a new training programme specifically targeted at product managers and buyers in order to explain the concepts underpinning a responsible product offering as well as Conforama's own criteria. The key focuses of this training included using wood from certified sustainable sources, reducing emissions from product finishing processes and substituting certain products such as PVC. The training courses are currently being given throughout all of the brand's product families and the first products resulting from this comprehensive responsible approach have already hit Conforama's shelves. An example is the "Canyon" FSC-certified range of living room furniture, made entirely of solid pine from sustainably managed forests in Brazil which went on sale in the last quarter of 2009. Its FSC certification gives consumers a guarantee that the wood comes from forests that are managed in a way that respects both the environment and local populations. Five other products made from wood from sustainably managed forests were also offered in 2009, including children's bedroom furniture. Conforama's aim is to be able to propose one "responsible" product in each of its ranges by the end of 2012.

Also during the year Redcats Group pursued the strategy it launched in 2007 to offer eco-designed furniture. With Vertbaudet's "Histoire d'enfants" collection of children's furniture and La Redoute's articles, Redcats Group marketed a total of 44 eco-friendly designed product references in 2009, including cots and chests of drawers.

The film HOME – an innovation driver for PPR Subsidiaries

All of PPR's brands lent their support to the film HOME, which was released on World Environment Day on June 5, 2009. Through their support of this film, each brand was able to raise customer awareness of the challenges our planet is facing, particularly in terms of sustainable development. The brands went to exceptional lengths to promote HOME to the general public, providing information on the film through their sales support material, on their websites and directly in-store. When the film was released Redcats Group screened it at some sixty different sites operated by its various brands. Likewise, Conforama and Fnac showed the film on the TV screens in all of their stores. As HOME was distributed free of charge on all forms of media and without copyright it was viewed by over 150 million people. It will be shown again throughout the world in 2010, at both public and private screenings. The film's promotion by PPR's brands was a key factor in the exceptional impact it had on public awareness.



As part of their initiatives to support the film, a number of the Group's brands designed exclusive responsible products based on the *Home* colours. Gucci designed a tee-shirt and tote bag made from organic cotton, with all the proceeds going to Yann Arthus-Bertrand's GoodPlanet.org foundation, whose mission is to "bring ecology to the forefront of our conscience". Similarly, Yves Saint Laurent created a collection of limited edition organic cotton tee-shirts, tank tops and tote bags based on three different themes. Within Gucci Group, the release of HOME gave Sergio Rossi the opportunity to showcase its eco-design capabilities by creating the "Eco Pump", an environmentally-friendly stiletto pump made using an innovative process combining leather remnants and liquid wood injections. To

create this visionary shoe, Sergio Rossi worked in collaboration with the Fraunhofer Institute, a German research centre which is the world leader in alternative materials and has a department dedicated to environmentally-friendly solutions.

Lastly, La Redoute offered its customers two 100% organic tee-shirts specially designed for the occasion. These tee-shirts – which proved very successful – were created based on feedback from the brand's employees who were asked to think up ideas to raise awareness of the urgent action needed to save the planet. La Redoute gave €3 to GoodPlanet.org for each tee-shirt sold.

RESPONSIBLE AND SUPPORTIVE CUSTOMERS

PPR's aim is to give its customers the means to support social and environmental projects. To this end we set up shared product campaigns, particularly with non-profit organisations, and continually take measures to raise our customers' awareness of sustainable development issues and offer them the possibility of being "responsible consumers".

Raising awareness of sustainable development

In 2009, the Group undertook a range of measures to help increase customers' understanding of the sustainable development issues that our planet faces. As part of this approach, PPR actively participated in the platform set up in France by ADEME ⁽¹⁾ and AFNOR ⁽²⁾ with a view to creating a methodology for environmental product-labelling.

Offering consumers environmental product-labelling

One of the ideas raised by the *Grenelle de l'Environnement* is to devise a labelling system giving products an "ecological price tag" so consumers can choose the products they buy based not only on cost but also on their environmental performance. The ambitious aim of this project is to ensure that environmental issues are incorporated into consumers' purchasing behaviour and to provide the entire production and retail chain with new indicators to encourage an increased use of eco-design techniques. The PPR Group has become

actively involved in the platform created for this project by ADEME and AFNOR in May 2008, by participating in think-tanks on the project's overarching structure and in a number of different working groups.

In addition to the Group's overall commitment to this project its brands have adopted practical measures to raise their customers' awareness of environmental issues. One example is Fnac's second working group on "Energy-consuming equipment, batteries and accumulators" which carried out a pilot project on television sets aimed at enabling the working group to effectively identify the key environmental impacts of this type of product. Based on the findings of this research, in November 2009 Fnac introduced an environmental section in its technical data on televisions provided to customers. The project – a first in France – was overseen by the Fnac's test laboratory in partnership with an independent environmental expert. In addition to the standard criteria used for rating televisions – such as contrast, colour, directivity and movement – each television is now given an environmental rating using a system of one, two or three green leaves corresponding to the carbon footprint generated when the television is used. This footprint is calculated by means of each manufacturer measuring the energy consumption of its television sets using the criteria specified in the applicable EU regulations. In addition, in order to ensure that the system is independent and objective, the Fnac test laboratory carries out its own random tests on selected models to ensure that the data reported is accurate.

(1) The French Environment and Energy Management Agency.

(2) The French Standardisation and Certification Agency.





Fnac's sustainable development forums

During France's Sustainable Development Week which ran from April 1 to April 7, 2009, Fnac organised a number of debates at forums in twelve of its stores, in partnership with the French Sustainable Development Ministry and the WWF.

Up and running since 1974, Fnac's forums are a place where people can discuss a broad range of topics. During the Sustainable Development Week they were attended by more than 1,000 people who came to debate topics such as responsible consumption, climate change and issues addressed by the *Grenelle de l'Environnement*. Fnac invited a total of 34 well-known external experts to take part in the sixteen debates held.

La Redoute promotes ethical design

Another aspect of the brands' commitment to sustainable development is their objective of promoting responsible products to the general public. In line with this aim La Redoute has been a partner of the "Ethical Fashion Show" right from the creation of the event by awarding a La Redoute prize which gives the winner the opportunity of creating a mini-collection for one season to be sold online through the brand's website. The 2009 show was held between October 1 and October 4 in Paris and the La Redoute prize was awarded to Bibico in recognition of its original designs and affordable prices, as well as its use of eco-friendly textiles. The 2008 winner was Kamakala whose Autumn-Winter collection for 2009/2010 was presented on La Redoute's e-commerce site.

Developing shared product offerings

In line with PPR's focus on promoting responsible products and usages, all of the Group's brands are working on creating opportunities for customers to support non-profit organisations through the products they buy. A prime example of this is the development of shared product offerings. A shared product is a product or service that is manufactured or performed by a company for an individual, a non-profit organisation or another entity, with a set amount paid to the supported organisation and no addition to the product's purchase cost.

Fnac

Developing shared products is a long-standing component of Fnac's corporate social responsibility policy. As part of its support for apfEE (a French charity dedicated to equal opportunities in education) and AFEV (a charity for disadvantaged urban populations), in 2009, for the fourth year running, Fnac renewed its "On aime, on aide" operation dedicated to preventing illiteracy. For the 2009 campaign Fnac released an exclusive CD by Ayo and the entire €8,000 proceeds from the 2,000 CDs sold went to the two charities.

Also in 2009, for the fifteenth consecutive year Fnac partnered Reporters Without Borders – a non-profit organisation which campaigns for press freedom throughout the world. As part of the

2009 project Fnac proposed photo album collections such as *Don McCullin* and *Nature* at all of its stores. A total of 17,000 albums were sold and the entire proceeds (amounting to over €25,000) were donated to Reporters Without Borders.

During the year, Fnac continued its programme set up in late 2008 to encourage customers to give to charity. This provides an opportunity for Fnac's 2 million card-holders to support charities by donating their loyalty card points. For every 4,000 Fnac points, customers receive gift vouchers worth €10 which can be donated to one of four partner charities: apfEE, FIDH (the International Federation for Human Rights), GoodPlanet.org and *Secours populaire français* (a French charity for combating poverty and social exclusion). In addition, Fnac sometimes makes top-up payments to the charities for specific campaigns. Altogether, €16,200 was raised for the four charities in 2009.

Gucci Group

The year 2009 marked the fifth anniversary of Gucci's partnership with UNICEF to support healthcare and educational programmes for orphans and children affected by HIV/AIDS in sub-Saharan Africa. During the holiday season Gucci offered its customers a special collection for which the brand donated a percentage of its sales to UNICEF. For the 2009 campaign, Gucci's Creative Director commissioned the acclaimed author and illustrator Michael Roberts to create a new children's book entitled *Snowman in Africa* as a sequel to his *Snowman in Paradise* book. Gucci donated 100% of the \$25 retail price of the book to UNICEF for each book sold exclusively in Gucci stores and through Gucci.com from November 16 to December 31, 2009. Taking inspiration from Michael Roberts' illustrations, Gucci also designed a range of exclusive accessories and a gift card to support UNICEF. During the same period Gucci donated 25% of the sale proceeds generated in over twenty countries from its special edition "Gucci-for-Unicef" Joy handbags as well as from specifically-designed leather accessories and charm bracelets. Gucci has raised over \$7 million (more than €5 million) for UNICEF since the start of the partnership.

Puma

Puma has also set up a number of partnerships with charities and regularly designs special collections whose sale proceeds are donated to charity. As part of its support for the Peace One Day organisation, Puma designed a collection made from fair trade cotton produced in Africa for the participants in the "One Day, One Goal" football matches organised by campaign for global peace. A portion of the profits generated by the collection were donated to Peace One Day.

Puma also participated in the Africa Express jam session that brought together 125 African and Western musicians in Paris during the year. The brand sold special Cotton made in Africa tee-shirts for the event and also produced and distributed the CD and DVD of the concert. Puma's support will help fund the construction of recording studios in Africa as well as financing tours by African musicians in Western countries.



Redcats Group

A large number of Redcats Group brands have developed shared product offerings which enable customers to contribute to the causes that PPR supports.

To celebrate the twentieth anniversary of the UN Convention on the Rights of the Child, Vertbaudet teamed up with UNICEF and created an anniversary "Children's rights" tee-shirt as well as a special collection of ragdolls for its Autumn-Winter 2009 catalogue. For each item sold, Vertbaudet donated €1.50 to UNICEF – representing the equivalent of 20 vaccinations – for the children's vaccination programme in the Central African Republic which the brand has supported since 2007. In all, Vertbaudet donated €200,000 to UNICEF in 2009.

Meanwhile, in September 2009 Cyrillus contributed to promoting educational opportunities for disadvantaged children by supporting the ABC d'Ailleurs charity's project to build a school in Kassan, Mali. The brand created a "back-to-school" pencil case which it sold through the Cyrillus website in September and October. Cyrillus donated to the charity 60% of the retail price of each pencil case sold, corresponding to €3 per pencil case and raising a total of €12,474. At Christmas, for the third year running Cyrillus lent its support to the L'enfant@l'hôpital charity by donating €5 out of the €9 retail price of a specially-designed teddy bear. The €22,000 raised from this project will be used to finance creative writing workshops for anorexic girls

and depressed teenagers as well as to start up a new project at a centre for disabled children.

For the past several years, Daxon has supported *SOS Villages d'Enfants*, a charity whose ambassador is the French actress Anny Duperey and which runs residential centres for children to enable brothers and sisters to remain together when they can no longer live with their parents. The brand devoted a double-page spread in its catalogue to a range of shared products for which it donated €2 of the retail price of each item to SOS Villages d'Enfants. A total of €16,000 was raised, enabling the charity to carry out new projects in France, including extending and refurbishing the main house at one of its villages in the Moselle region where around fifty brothers and sisters separated from their parents live in 11 family dwellings.

In Sweden, Ellos teamed up with the retailer Champion and designed a special collection to support the Swedish Cancer Society's pink-ribbon breast cancer awareness campaign. Ellos donated 20% of the sale proceeds generated from the collection, which ran from October 1 to December 31, 2009.

For many years, Redcats' USA brands have also participated in large-scale projects devoted to both local and national causes. For example, Woman Within supports the Carol M. Baldwin foundation which finances projects for breast cancer research. In 2009, Woman Within donated to the foundation all of its profits from a specially-designed reversible bag, raising a total of some \$40,000 (about €27,000).



Priority 7: implement solidarity programmes related to companies' business activities

The commitment to civil society, local communities and the non-profit world is now an integral part of corporate social responsibility: how can companies develop their business with a clear conscience, from a purely ethical standpoint, in areas that do not benefit from their business? From a more practical point of view, by contributing to the well-being of society, a company is helping to ensure a sustainable future for itself. By helping resolve and raise awareness about the needs of society, companies work in harmony with their surroundings and breathe new life into their environment.

The PPR Group's brands and banners are located in 59 countries and regions with highly varied sociocultural environments, where the need for education, jobs and healthcare is sometimes urgent. In this context, despite the numerous possibilities for action, the Group chooses to work only where it can bring real added value, through its business activities and the proximity of its operations to the people it is helping.

COMMITMENTS AT PPR GROUP LEVEL

HOME

It took almost three years to make HOME, an ode to our planet and its fragile equilibrium. HOME is a marvellous journey through the air, offering splendid, never-before-seen views of 54 countries. The film unveils the beauty of our planet's rich variety of landscapes, but does not hide the terrible devastation left by mankind over the past 50 years. The film was born of an ambitious goal: sharing and helping others understand the issues facing the planet and raising awareness about social and environmental matters. This is the shared aspiration of director Yann Arthus-Bertrand, co-producer Denis Carot, producer and distributor Luc Besson, and François-Henri Pinault, Chairman and CEO of PPR, the official sponsor of HOME. To date, more than 150 million people worldwide have watched the film.

However, what makes HOME ambitious is not only the images it shows but the way in which it was broadcast. The film was shown free of charge – a first in the history of film and environmental concern. More than simply a documentary, HOME was designed to be a *shared global* event. For the first time ever, a feature-length film was shown at the same time across five continents, in over 130 countries or regions. The emblematic date of June 5, 2009 – World Environment Day – was chosen for this simultaneous broadcast, with most spectators watching the film for free over all types of media platforms: cinema, television, DVD and the Internet. Coinciding with the film's release, Éditions de La Martinière published an accompanying book, also called HOME, which takes readers on a journey around the planet in nine broad sections while supplying scientific explanations and data.

All over the globe, public projections (many of which outdoors) were held on June 5, 2009, to mark the film's release and make it a shared occasion; 100,000 people assembled on the Champs de Mars in Paris, Central Park in New York, Trafalgar Square in London, Huan Sen Square in Phnom Penh, the Plaza de Naciones Unidas in Buenos Aires and many other places to see the film. The joint aim of Yann Arthus-Bertrand, Luc Besson, Denis Carot and François-Henri Pinault was to reach the greatest possible number of people to explain that we all have a responsibility toward our planet. The ongoing purpose of the film is to heighten awareness worldwide of environmental and societal issues.

But even though the event has come and gone, the influence of HOME has only just begun. The film has so far been translated into no fewer than 37 languages. The DVD is available to buy in more than 30 countries, with Fnac outlets having exclusivity on the sale in France. Recently, a collector's edition of the film was released along with a new documentary entitled HOME: *Histoire d'un voyage*. More than 80 TV channels have broadcast the film, while several thousand cinemas around the globe have screened it. Furthermore, making the film available over the Internet for free as from June 5 has led to an incredible number of viewings. Altogether, in just under a year, HOME has been viewed 12 million times on YouTube (5.4m in English, 2.3m in French, 1.8m in Spanish, 1.6m in German and slightly under 400,000 times in Russian and Arabic). Some 100,000 copies of the accompanying book, available in English and French, have been bought.



As an artistic work, a teaching aid in schools and colleges, and an awareness-raising instrument, HOME is an ambitious project and the ways in which it is being experienced and used are developing all the time. HOME has been designed to be a genuine shared experience that will enable us to understand the issues at stake and take appropriate action. Throughout 2009, the film was projected worldwide by festivals and schools (with the help of an additional teaching aid called HOME-éducation, available for free in DVD form or over the Internet), by local authorities, by and in association with NGOs, by state ministries and parliaments (the film was screened at the UN Headquarters in New York before all its delegations) and by many companies operating in various industries. Today, fully fledged groups and projects are emerging, either independently or through the work of organisations, that are using the film as a focal point on online forums or as a tool to raise awareness of environmental issues.

More than simply financing the production of the film so that it could be viewed virtually always for free, PPR has lent support through the extensive involvement of all its business lines and brands – a sign of its commitment to CSR.

PPR Foundation for Women's Dignity and Rights

For over ten years, PPR Group has been developing an ambitious CSR policy and been committed to equal opportunities and the promotion of diversity. As part of this commitment, the Group has backed a variety of solidarity programmes in connection with its activities, primarily through SolidarCité, an organisation founded in 2001 to support employees' civic and socially-aware initiatives.

2009 marked a new milestone in PPR's commitment, with the creation of the PPR Foundation for Women's Dignity and Rights. The Board of Directors, headed by François-Henri Pinault, met for the first time on January 29, 2009, to establish the Foundation's strategy, governance principles and budget.

Worldwide, at least one in three women is beaten, coerced into sex or abused during her lifetime. Women are at the heart of family life. They play a central role in cultural, economic and social balance and make a vital contribution to their communities. This is why the Foundation has chosen to uphold two key objectives: combating violence against women and aiding initiatives in favour of women, their families and their communities.

Centring on one of the eight Millennium Goals set by the UN in 2000, to "promote gender equality and empower women", the Foundation has galvanised support within the Group for a major issue that fits well with PPR's activities and the brands' clientele, and can accommodate a decisive role for business alongside public authorities.

The Foundation forges partnerships with local and international associations and, building on the work done by SolidarCité, encourages the involvement of Group employees in actions in support of women's dignity and rights.

Actions are organised on five fronts, most of which have been carried over from SolidarCité (which no longer exists as an organisation):

- ♦ supporting the fight against violence and aid for development, through partnerships with NGOs, supporting community projects sponsored by Group employees or giving employees the opportunity to participate in a solidarity project as part of their paid leave;
- ♦ micro-finance;
- ♦ coaching social entrepreneurs;
- ♦ awareness-raising and prevention;
- ♦ advice and support for the Group's brands and banners.

Supporting anti-violence and developmental initiatives

Partnerships with NGOs

The Foundation supports projects run by local and international organisations that aim to stamp out violence against women and promote developmental aid for women.

The process for selecting which projects to support is very specific. The Selection Committee assesses projects from operational and financial standpoints, paying close attention to how existing capabilities can be strengthened and to societal impact. Once a decision has been made, a specific grant is assigned. If the amount exceeds €70,000, the Committee issues a recommendation and the project is submitted to the Board of Directors (twice yearly) for a final decision.

In 2009, the Foundation forged 17 partnerships ✓, allotting a total budget of €455,100. Three major projects were authorised by the Board of Directors and 14 (including two sponsored by Group employees) were chosen by the Selection Committee. For example, the PPR Foundation has allotted €80,000 to a Médecins du Monde project for the refurbishment and refitting of centres in Pakistan for housing women who have been victims of domestic violence.

Employee projects

Following on from the work of SolidarCité, the Foundation encourages Group employees to join volunteer organisations and supports projects in which employees are involved. Employees who are members of an organisation and who are sponsoring a project pledge to monitor progress made and submit a report one year after the subsidy payment. The selection process and criteria are the same as for NGO partnerships.

In 2009, two development projects sponsored by Fnac employees received financial backing from the Foundation for a total of €5,000. One project was located in Africa and the other was in Asia, managed by an organisation called Compter sur Demain, which trains young women in Laos to become schoolteachers.



Solidarity missions

Since 2005, PPR employees can use their paid leave to take part in two-week-long solidarity missions.

In 2009, The PPR Foundation for Women's Dignity and Rights continued this programme by offering employees the chance to participate in development assignments helping women in developing countries. The number of employees embarking on assignments rose to 25 last year, an increase of 66%. In addition to two existing partnerships, with *Coup de Pouce*, which coordinates construction and renovation assignments, and *Planète Urgence*, which provides training and education, an agreement with *Association Française des Volontaires du Progrès* (AFVP) was signed, with regard to two skill-sharing pilot projects.

Last year, 60% of volunteers came from Fnac, 35% from Redcats Group and 5% from Conforama. Most assignments were located in Africa. For example, two employees from Fnac and Redcats Group went to Côte d'Ivoire in July to help build a maternity clinic in association with *Coup de Pouce*.

In 2010, the Foundation would like to see employees from more countries taking part in the programme.

Micro-finance

Access to credit for the disadvantaged, who are passed over by the mainstream banking system, has become a key aspect of development aid in developing countries. As women are traditionally good at repaying loans and put the money to use by improving their families' access to healthcare and education, they are the prime beneficiaries of this aid.

In 2009, the Foundation identified micro-finance providers through which it could lend funds to micro-businesses started by women. Lending to Micro-Finance Institutions (MFIs) will be broadened in 2010.

Social entrepreneur grants

Following on from the programme started by SolidarCité in 2008, the Foundation continued to sponsor social entrepreneurs last year.

One of the people awarded a grant in 2008, Thomas Granier, last year benefited from the association between the PPR Foundation and PPR UniverCité in the context of the Group's training programme for gifted young PPR employees. To help develop personal and leadership skills, six senior managers worked on a short-term solidarity project, carrying out an audit for the association *La Voûte Nubienne* in Burkina Faso. The association promotes sustainable ancestral techniques for roof building without the use of wood. Large numbers of builders

from Burkina Faso are being trained in the technique, leading to sustainable leaps forward in the standard of living of people groups living in Sub-Saharan Africa.

In addition, new social entrepreneur grants were handed out by the PPR Foundation to projects aimed at tackling social issues relating specifically to women, such as access to the job market, maternal health and measures to prevent marginalisation of victims of violence. Projects shortlisted in 2009 will be assessed by the Selection Committee in the first quarter of 2010. Three will receive a grant of €15,000, as well as coaching by a Group manager for one year.

Awareness-raising and prevention

The PPR Foundation for Women's Rights and Dignity supports actions that inform and promote awareness among Group employees and the public at large about violence against women and development aid for women.

One of the first projects of the PPR Foundation was targeted at Group employees. This was the *Blessures de femmes* (Women's Injuries) exhibition by photographer Catherine Cabrol, bringing together portraits and testimonies of women that had suffered various forms of violence. The exhibition was inaugurated at the PPR head office in Paris on March 8, 2009 – International Women's Day – with Catherine Cabrol in attendance. It was then shown at the headquarters of Boucheron and Yves Saint Laurent and at the offices of Fnac Logistique. In 2010, the Foundation wants to roll the exhibition out to spread awareness across all of PPR Group's business lines.

In addition to this exhibition, conferences by women's rights specialists such as Sophie Bessis, Deputy Secretary General of FIDH (International Federation for Human Rights), provided employees with opportunities to learn and exchange views on the issues.

In terms of initiatives among the general public, on the occasion of UNICEF International Day of Zero Tolerance for Female Genital Mutilation on February 6, 2009, the PPR Foundation teamed up with the Fnac Saint-Lazare store to organise a public conference. Five experts shed light on the issue from legal, medical or "on-site" perspectives.

This is an area that the PPR Foundation would particularly like to emphasise in 2010. It is backing the French broadcast of the film *Desert Flower*, directed by Sherry Hormann, on March 10. This film traces the life of Waris Dirie and denounces violence against women, especially genital mutilation. By involving the Group's brands and banners in the promotion of this broadcast, to be held on International Women's Day, the PPR Foundation aims to reach as many people as possible to raise awareness of this issue and of women's rights in general.



The Télémaque Institute

The Télémaque Institute (formerly the Télémaque Foundation) was created by PPR Group in 2005. This institute supports gifted, motivated secondary-school students from disadvantaged backgrounds, in priority education zones and/or enrolled in sandwich courses. The institute's goal is to give these young people all the opportunities they deserve, helping to re-establish social mobility. Until their last year of secondary school, those selected for the programme benefit from double tutoring and financial support. This double tutoring is provided by a volunteer educator from the student's school and a corporate tutor (a volunteer employee from one of the Télémaque Institute's partner companies). Volunteer employees serve as social

facilitators by helping students with their studies, broadening their horizons and putting them in touch with the right people.

When the Télémaque Institute was founded in 2005, PPR donated an initial amount of €631,500 to the project, enough to support 25 young people through to their last year of secondary school.

The Télémaque Institute currently has 13 partner companies: PPR, Total, AXA, Darty, Schneider Electric, Rexel, Technip, Adecco, Accor, UBS, SFR, La Poste, IBM and Veolia. Around 200 employees have signed up to become mentors, including 21 PPR Group employees as at December 31, 2009. At the end of 2009, the Télémaque Institute had worked with 200 students and set an objective of 250 beneficiaries by the end of 2010.

CHALLENGES THAT MOVE OUR COMPANIES TO ACTION

After eight years of work with local communities, the support of Group banners and brands has been shown to provide real impetus for community projects located in their areas through the provision of skills and knowledge.

All of PPR's business lines are developing their own solidarity programmes related to their lines of work and in the areas where they are located. The PPR Foundation continues to contribute its expertise in helping them select partners and motivate employees. It also promotes the sharing of best practices amongst the Group's brands and banners. Lastly, it encourages them to take part in Foundation projects in favour of women.

Conforama: making sure the poorest have home essentials

Consistent with its business of retailing furniture and household appliances, and thanks to its network of stores, Conforama is helping provide home comforts to the needy through its work with associations.

Since 2006, Conforama has been partnering with *Secours Populaire Français* in the distribution of "life kits", containing new furnishings and household appliances vital for families. These kits are awarded on the basis of needs following selection by the Association's local delegations. The 80 "life kits" allocated in 2009 will be distributed at the same time as those awarded in 2010 so that all Conforama stores can take part in the initiative.

In addition, Conforama last year gave *Secours Populaire Français* more than 150,000 new home decoration and small-furnishings products such as storage furniture, rugs and lamps, with the dual aim of providing further assistance to the identified needy families and giving the association goods to sell in jumble sales in order to raise funds for its projects.

As an extension to its partnership with *Secours Populaire Français*, Conforama supported an initiative to pay for disadvantaged children to go on holiday by opening its doors to volunteers to collect money from store customers. Conforama wants to see a greater number of stores and staff members involved in this initiative.

Outside France, Conforama Italy and its employees rallied round the victims of the earthquake that hit the *Abruzzo* region on April 6 last year. The banner gave away equipment worth €20,000 to the Italian Red Cross, plus €5,000 collected through a staff fund-raising campaign.

Fnac: bridging the digital divide and promoting free speech

In 2009, Fnac added some extra focus to the solidarity programmes it runs in relation to its business lines. Within the context of the two broad product families that it retails and services – new technology and books, DVDs and music – Fnac has defined two avenues for helping communities: combating the digital divide and acting as a cultural mediator in the promotion of free speech.

Fnac: bridging the digital divide

As a leading player in the market for new technology, Fnac is working to bridge the digital divide by promoting widespread access to technology and training.

In 2009, Fnac once again offered support to secondary school *Lycée Henri IV* in Paris, with assistance for its higher education preparatory programme, which helps foster more diversified access to top universities. Fnac Digitale donated 30 laptop computers with appropriate educational software.





In the same vein, Fnac organised its second annual discount sale for the community in tandem with *Secours Populaire Français* and Dijon city council. Thanks to the efforts of approximately 30 Fnac employees from the Dijon outlet, the head office and the logistics site, new, used and repaired cultural and high-tech products were sold to residents and social service bodies at reduced prices. With over 800 visitors at this day-long event, a total of €20,000 was raised. The full proceeds were donated to the association.

Outside France, Fnac Portugal has for the past two years been running a major project to bridge the digital divide in association with AMI (*Assistance Médicale Internationale*): Infoteca, which are multimedia hubs kitted out by Fnac. In 2009, Fnac Portugal inaugurated a new centre in Porto in addition to existing ones in Cascais and Vila Nova de Gaia. These multimedia hubs can be used by local beneficiaries of AMI services to connect with the information-knowledge economy, which often marks a first step towards inclusion in society and the world of work. Initial results have been extremely encouraging. Several training programmes have been run, bringing together several hundred trainees, not counting the many people and associations who use the multimedia facilities under their own impetus. Partly as a result of these facilities, many users have been gradually able to reintegrate the labour market. Following these success stories, two new multimedia hubs are planned between now and 2012, in Almada and Coimbra.

Fnac: a cultural mediator promoting free speech

Fnac has always sought to defend freedom of speech by acting as a cultural mediator between creative industries and the general public. In this context, it has broadened the terms of its partnership with the International Federation for Human Rights (FIDH).

In June 2009, Fnac took up the slogan used by the FIDH, "Keep your eyes open", to coincide with the publication of the latter's report on those helping undocumented immigrants. The report, along with a popular petition protesting against "the criminal offense of showing solidarity", was made available to customers at the entrances to the 22 largest Fnac stores in France.

Separately, to celebrate 30 years of the UN's Convention on the Elimination of All Forms of Discrimination against Women, Fnac exhibited 30 photographic works brought together by the FIDH on the theme of womanhood in November 2009. A subsequent auctioning of these works raised €12,650 for the Federation.

The banner has also been busy outside France. With extremism becoming more prevalent in areas such as Antwerp, since 2006 Fnac has been part of a project against intolerance in all its forms. The project was initiated by well-known French musicians Tom Barman (dEUS), Axelle Red and Arno. Fnac outlets publicised the initiative to help spread awareness of the issue. The banner picks out festivals and works that are representative of its commitments (e.g., *Les voies de la Liberté* festival) and has created photo-walls at the entrance to its stores on which the public can pin testimonials.

Lastly, the banner broadened its partnership of more than 15 years with Reporters Without Borders to encompass the Reporters Without Borders – Fnac prize, awarded to journalists and media platforms that embody the fight for free speech and freedom of information. In 2009, it was Israeli journalist Amira Hass who received the Journalist of the Year award for the quality of her work published in daily newspaper *Ha'aretz* in Israel. Chechen magazine *Dosh*, published quarterly, received the media prize for its fight for the right "to inform and to be informed".

Gucci Group: working hard in the areas of education, healthcare and culture

Gucci Group and its brands are active in promoting the improvement of living standards for disadvantaged peoples in the regions in which it operates. In relation to its business activities, the Group carries out initiatives to encourage education and integration, by making its expertise available, and to support access to healthcare and culture.

In 2009, Gucci Group spent close to €3 million on solidarity projects, with strong backing from the Gucci brand itself.

In late 2009, to encourage employees to get involved, Gucci Group set up a Selection Committee for assessing solidarity projects along the same lines as that of the PPR Foundation. The Committee screens projects put forward by Gucci Group employees involved in community work and decides which ones to support financially. The first Committee meeting took place in October 2009 and a decision was made to support six specific projects.

Education and integration: sharing expertise

In Italy, Gucci's teams continued their support for *La Ronda della carità e della solidarietà*, an organisation that helps homeless people to find work through craft workshops. In 2009, 2,000 candles were manufactured and offered inside Christmas box sets to all employees of Gucci's head office, giving paid work to 22 homeless people for two months.

In 2009, the China Children & Teenagers' Fund awarded Gucci the merit of "Best company promoting the interests of children in China" for its involvement in the Telethon. One of the fund's initiatives is helping children suffering from amblyopia, a chronic eye disease characterised by poor or indistinct vision. In 2009, the brand bequeathed a gift of RMB 1m (some €100,000) to the association and financed a stay in the countryside.

In 2009, Gucci also paid the college fees of four underprivileged students, enabling them to continue studying at the Academy of Arts & Design at Tsinghua University in Beijing. A "Gucci Tour" of Italy (including Milan fashion shows) was offered to the four best-performing students of the Academy as a prize.

In 2009, Gucci formed a partnership with Mary J. Blige's Foundation For the Advancement of Women Now (FFAWN).



On September 16, 2009, the outlet on 5th Avenue in New-York paid 10% of its sales on that day to the Foundation and organised a private sale in its favour. In addition, taking into account sales of the watch made especially in honour of this new partnership, more than \$50,000 (€36,000) were raised by Gucci and Gucci Group Watches on behalf of the FFAWN. This special day in favour of the Foundation will be held annually.

Boucheron worked to promote education for young people from disadvantaged backgrounds. The brand supported a partnership between the Comité Colbert and the Paris education authority to give pupils the chance to discover its business activities over three days. On French national heritage day, the Paris boutique and workshops opened their doors to over 70 young people helped by associations for the promotion of education and integration. In 2009, Boucheron for the third year running supported the *Sport dans la Ville* association, which encourages the social and professional integration of young people from tough areas through sport, by participating in the inter-company football tournament organised by the association.

For the fifth subsequent year, Sergio Rossi donated inventory worth \$35,000 (€25,000) to women's network Step Up and Step Out.

Alexander McQueen created a crown made from playing cards. This was auctioned off and the proceeds went to Shelter, which aids homeless people in the UK.

Access to healthcare

Gucci Group brands supported several associations in 2009, especially those working to combat AIDS/HIV, cancer and other serious illnesses prevalent among women and children.

Last year marked the fifth anniversary of Gucci's partnership with UNICEF, which supports programmes to provide medical care and education to AIDS orphans and children suffering with AIDS or that are HIV-positive, in Sub-Saharan Africa. Close to \$2 million was raised in 2009 through sales of Gucci products with either all or part of proceeds paid to UNICEF.

In addition to its long-term and large-scale efforts to raise funds for UNICEF, Gucci last year donated funds to the National Breast Cancer Coalition, amfAR, Sidaction, Fight AIDS Monaco and the Raisa Gorbachev Foundation, which helps children suffering from cancer. Gucci furthermore encouraged its employees to donate money to the Italian Red Cross for victims of the Abruzzo earthquake by pledging to match each gift. A total of €67,000 was donated to the Red Cross.

Bottega Veneta contributed money to the 2009 Behind a Miracle campaign run by the Bighorn association, which in total raised more than \$375,000 (€270,000) for the Lucy Cursi Cancer Centre in California.

Other Gucci Group brands also rallied round this cause, contributing products which were then sold to raise funds. Yves Saint Laurent

donated lots for auctions held by associations raising funds for AIDS, cancer, Alzheimer's disease and type-one diabetes, in Europe and the US. Through the sale of the Christmas tree it designed specifically for the Carla Bruni-Sarkozy foundation, Gucci raised €50,000 for the *Sol en Si* association. Stella McCartney also donated products to various hospitals.

Support for culture

Through the work of its brands, Gucci Group continued its ambitious programme to support art and culture in 2009.

For the fourth consecutive year, Gucci Group gave out its Gucci Group Award, organised in association with the Venice Film Festival, to an artist who had made an extraordinary contribution to film. In 2009, the trophy was awarded to journalist Mark Boal for the screenplay of *The Hurt Locker*, a moving film about the war in Iraq.

Gucci also continued its support for the Film Foundation, a not-for-profit organisation dedicated to film conservation. Last year Gucci financed the restoration of *Senso*, a 1954 film directed by Luchino Visconti. The brand also sponsored the second grant by the Gucci Tribeca Documentary Fund, which awards \$100,000 (€70,000) each year to four different documentary makers.

In the autumn of 2009, Alexander McQueen, Stella McCartney and Sergio Rossi donated various articles for a designer sale organised by charity Kids Company in association with *Harper's Bazaar* magazine. Proceeds went towards paying for a magical Christmas Day experience for 2,000 underprivileged children in the UK.

Gucci Group and its brands also made numerous donations, such as those by Bottega Veneta to the Museum of Contemporary Art and the Center Theater Group in Los Angeles, and by Yves Saint Laurent to the Orange County Museum of Art, California, and the Metropolitan Opera House, New York.

Throughout 2009, Boucheron lent works (including some of the oldest in its collections) to several exhibitions: *Schmuck Museum* in Pforzheim, Grimaldi Forum in Monaco, the *Musée des Arts Décoratifs* in Paris, *Carrousel du Louvre* on behalf of the *Fondation de la Haute Joaillerie*, and the *Gulbenkian* de Lisbonne.

In 2009, Bottega Veneta continued its work with the *Scuola della Pelletteria*, a school founded to develop training and alleviate unemployment in the Veneto region. In April 2009, after completing a two-year curriculum, 10 students received degrees in leather-working. In the same vein, Sergio Rossi last year forged a partnership with Cercal (*Centro Ricerca e Scuola Internazionale Calzaturiera*) in San Mauro Pascoli for the training of high-qualified employees in the footwear industry.





Puma: solidarity initiatives under PUMAVision

Under PUMAVision, which unites the brand's entire CSR strategy in association with its activities and sphere of influence, Puma funds three key programmes – puma.safe, puma.peace and puma.creative – to create a better world through the support of sustainable development, peace and creativity. Puma is building up solidarity partnerships around the promotion of peace and art.

puma.peace: sport in support of peace, in partnership with Peace One Day

Since 2007, Puma has supported the association Peace One Day, whose goal it is to promote peace worldwide by instigating an international cease-fire and non-violence day. This has taken place on September 21 each year since 1999. More specifically, the initiative One Day, One Goal encourages sport to do its part in fostering peace and eradicating armed conflict.

In 2009, Puma successfully secured the participation of the 192 UN member countries, with more than 400 soccer matches played in aid of reconciliation between the nations. The stand-out matches included the Iraq army against the Kurdish Peshmerga and Tijuana against California. Puma sought to promote this initiative by taking part in a prestigious inaugural concert in Paris, by circulating a dedicated range of charity products (with part of the sale proceeds given to the association) that was launched through a media campaign with partner athletes, by kitting out participants from some countries and by organising emblematic soccer matches between employees of Puma and Adidas through the involvement of more than 700 employees. Furthermore, in 2009, Puma sponsored the documentary *The Day After Peace*, directed by the founder of Peace One Day, Jeremy Gilley.

The goal is to involve 3 million people worldwide in support of Peace One Day by 2012.

puma.creative: supporting the creative fibre of up-and-coming artists

Creativity sits at the heart of Puma's values. Instrumental in changing mindsets, creativity grabs people's attention and causes them to ponder the key issues facing the society of tomorrow. Puma last year opted to promote artists in Africa through its Creative Africa Network initiative. Puma handed out 220 *puma.creative Mobility Awards*, enabling artists from Africa and the Caribbean to stage large-scale cultural events promoting the artistic movement coming out of the African continent: the Joburg Art Fair in South Africa; Africa Express with over 125 musicians taking part in Paris; the eighth biennial meeting of African photography, with 58 artists attending, in Bamako, Mali; and the Marrakech art festival in Morocco. Puma also set up websites dedicated to African artists (www.creativeafricanetwork.com) and Caribbean artists (www.creativecaribbeannetwork.com).

In addition, Puma set up a partnership with the Design Museum in London in early 2009, sponsoring the exhibition by Hussein Chalayan *From Fashion and Back*.

Redcats Group: employees working towards education and integration

The high degree of involvement in community work by the employees of Redcats Group in France led to the inception in early 2009 of SolidarCité Redcats, a non-profit association set up to continue the education and integration initiatives carried out since 2001 under the banner of SolidarCité PPR. The association derives its strength from the dedication of employees, without whom projects would not be supported.

Outside France, the brands are involved in the work of local and national associations in relation to their business activities.

SolidarCité Redcats: employees working to foster integration in France

For many years, Redcats Group employees have worked towards the social and professional integration of people in difficult circumstances.

To extend its partnerships with job placement organisations providing services such as ironing, housework, DIY and fresh grocery deliveries, SolidarCité Redcats set up a concierge office, by which employees from their workplace can order a whole range of neighbourhood services designed to make life easier. Since starting in October 2008, the trial operation at the La Redoute head office has resulted in more than 5,000 service assignments being completed, representing the creation of eight full-time jobs. Following this success, a new concierge office was inaugurated on October 5, 2009 for employees at the Cyrillus, Somewhere and Vertbaudet headquarters in Tourcoing, France.

The *Espoir en Stocks* storage centre, which was founded by SolidarCité to collect and store donations in kind from PPR (overstock, customer returns and samples) and which became an independent organisation in 2008, once again mobilised 20 volunteers in 2009 who gave freely of their time each week to sort through and mend products. Half of the objects (which included toys, household linen, furniture and kitchenware) were distributed to partner charity organisations to help others in times of crisis (fires, flooding, etc.). The other half was sold at a discount to employees of Redcats Group. In 2009, over €40,000 – the entire proceeds from discount sales – was raised and donated to 26 partner organisations. Over 100 volunteers worked hard to organise the discount sales.

SolidarCité Redcats continued to work hand in hand with Janus, a social temporary-employment agency. As a result, in 2009, 141 people were posted to Redcats Group in northern France for 44,000 hours, equating to 24 full-time jobs per month.



In 2009, SolidarCité Redcats continued to support three socially aware grocers (in Wattrelos, Waziers and Lomme) by providing products from Group banners. These grocery stores sell new products at reduced prices to those struggling financially. SolidarCité Redcats further helped these stores by holding cooking and artistic workshops, with a view to facilitating re-integration.

In the context of community integration, in December 2009, more than 30 volunteers served 250 disadvantaged people (including 148 children) in the La Redoute canteen. A Christmas tea party was put on, with entertainment supplied by the Mouscron circus school. Each of the 250 people left with a present offered by Redcats or PPR companies.

Redcats Group: employees promoting education

From the outset, SolidarCité Redcats has been committed to making education and culture accessible to everybody.

The "1 student, 1 day, 1 job" campaign, which has been going for five years, gives secondary-school pupils studying at a priority-status school the chance to discover a particular job for one day at La Redoute alongside a member of staff. In 2009, 120 pupils, each accompanied by employee mentors, discovered one of 46 different jobs.

SolidarCité Redcats also provided support for two employee projects helping to promote education in Mali. The organisation ABC d'Ailleurs, which was created in 2002 by employees of the Childcare-Family division at Redcats Group, is running a programme for building schools in the village of Kassan and encouraging employees to sponsor pupils: 120 children today receive schooling for free. ABC d'Ailleurs is one of the associations benefiting from funds raised

by SolidarCité Redcats at its events. As part of a programme to provide solar energy in Gabou, Mali, in association with the Lycée Turgot in Roubaix, SolidarCité Redcats financed the purchase of two photovoltaic panels for a sum of €5,000, with pupils training operatives from Mali in the installation and maintenance of the panels. Approximately 300 children benefit from electricity generated by these panels in their school.

Redcats Group brands working actively outside France

In March 2009, La Redoute Austria distributed 1,000 blankets, developed in collaboration with an Austrian designer, to the *Rettet das Kind* association, which helps children and teenagers from disadvantaged backgrounds.

Redcats USA donated 700 large-size women's suits to Dress for Success, an international not-for-profit organisation that works to improve living conditions for women; 70% of those benefiting from its help wear US dress size 14 or above.

The Redcats Asia division distributed approximately 5,000 ready-to-wear prototypes to the Salvation Army, the local Red Cross and the Duchess of Kent Children's Hospital.

In 2009, as in previous years, all of the Group's brands and banners reaffirmed their commitment to civil society, local communities and the non-profit world through initiatives dovetailing with their operations and business activities.

Cross-reference table pursuant to Articles R. 225-104 and R. 225-105 of the French Commercial Code (*Code de commerce*) (formerly Article 116 of the Loi NRE)

Article	Description	Section of the Reference Document
Employee-related (Article R. 225-104 of the French Commercial Code)		
Para. 1a	Total number of employees	Introduction
	Permanent-contract hires	Priority 1
	Fixed-term contract hires	Priority 1
	Recruitment difficulties, if any	Priority 1
	Number of and reasons for redundancies	Introduction
	Overtime	Introduction
	Temporary staff	Introduction
Para. 1b	Downsizing and cost-cutting plans	Priority 1
	Job protection	Priority 1
	Redeployment	Priority 1
	Rehires	Priority 1
	Career support advice	Priority 1
Para. 2	Organisation of working time	Introduction
	Working hours and days for full-time employees	Introduction
	Working hours and days for part-time employees	Introduction
	Absenteeism and reasons for absenteeism	Introduction
Para. 3	Remuneration	Priority 1
	Changes in remuneration	Priority 1
	Payroll expenses	Priority 1
	Application of the provisions of Title IV, Book IV of the French Labour Code (<i>Code du travail</i>) (= incentive and profit sharing plans and employee savings schemes)	Priority 1
	Gender equality	Priority 2
Para. 4	Employee relations	Priority 1
	Collective bargaining agreements	Priority 1
Para. 5	Health & Safety	Introduction
Para. 6	Training	Priority 1
Para. 7	Employment and integration of persons with disabilities	Introduction, Priority 2
Para. 8	Social and cultural works	Priority 7
Para. 9	Outsourcing	Priority 3
	Contribution to regional development and employment	Priority 3
	Relations with the community, including associations to combat social exclusion, educational institutions, environmental and consumer associations, and local residents	Priority 2
	Scale of outsourcing	Priority 3
	Steps to ensure that subcontractors comply with International Labour Organization (ILO) standards	Priority 3
	Steps taken to ensure that subsidiaries comply with ILO standards	Priority 3
	Steps taken by foreign subsidiaries to address the impact of their business on regional development and local communities	Priority 3
		Priority 3



Article	Description	Section of the Reference Document
Environment (Article R. 225-105 of the French Commercial Code)		
Para. 1	Water consumption	Priority 5
	Raw materials consumption	Priority 5
	Energy consumption	Priorities 4 and 5
	Measures taken to improve energy efficiency	Priorities 4 and 5
	Use of renewable energy	Priorities 4 and 5
	Land use	Data not available
	Emissions into air, water and soil	Priorities 4 and 5
	Noise and odour pollution	Priority 5
	Waste processing	Priority 5
Para. 2	Measures taken to limit harm to the ecological balance	Priority 6
Para. 3	Steps taken towards environmental assessment and certification	Priority 5
Para. 4	Measures taken to ensure compliance with legal requirements	Priority 6
Para. 5	Expenditure incurred to mitigate environmental consequences of the business	Priority 5
Para. 6	Internal department for environmental management	Priority 4
	Employee training and awareness campaigns	Priority 4
	Resources assigned to the reduction of environmental risks	Priority 5
	Structure to deal with pollution incidents extending beyond the Company	Priority 5
Para. 7	Amount of provisions and guarantees covering environmental risks	Priority 5
Para. 8	Amount of compensation paid following legal decisions relating to the environment	Data not available
Para. 9	Information on objectives assigned to foreign subsidiaries	Introduction



Statutory Auditors' review report

on a selection of Corporate Social Responsibility (CSR) indicators

This is a free translation into English of the review report by the Statutory Auditor issued in French and is provided solely for the convenience of English speaking readers. The review report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Further to your request and in our capacity as Statutory Auditors of the PPR Group, we have carried out a review for the purpose of enabling us to express moderate assurance on a selection of CSR indicators. The indicators reviewed are marked by the ✓ symbol in the tables, graphs and narrative text set out on pages 68, 73, 90, 92, 96, 101, 114 and 122 of the 2009 Reference Document. The indicators selected by the PPR Group (hereafter, the "Data") are:

- Priority 1 ⁽¹⁾: the number of training hours across all Group businesses in France;
- Priority 2 ⁽²⁾: the number of disabled employees across all Group businesses in France;
- Priority 3 ⁽³⁾: the number of CSR audits (and their findings) performed by three Group banners (Conforama, Puma and Redcats Group);
- Priority 4 ⁽⁴⁾: CO₂ emissions resulting from B to B and B to C transport for Conforama, Fnac and Redcats Group (representing more than half of the Group's total emissions);
- Priority 5 ⁽⁵⁾: CO₂ emissions resulting from energy consumed by Conforama, Fnac and Redcats Group (representing more than half of the Group's total emissions);
- Priority 6 ⁽⁶⁾: the portion of precious skins from traceable sources used by Gucci Group;
- Priority 7 ⁽⁷⁾: the number of projects supported by the PPR Foundation for Women's Dignity and Rights.

The Data were prepared under the responsibility of the CSR and Human Resources Departments, in accordance with internal CSR standards (hereafter, the "Standards"), which are available for consultation at these departments and are summarised on the PPR Group's website (www.ppr.com). Our responsibility, based on our audit work, is to express a conclusion on the selected Data and not on the Reference Document as a whole.

Nature and scope of our work

We conducted our work in accordance with applicable auditing standards.

We carried out a number of procedures to obtain moderate assurance that no material irregularities exist with regard to the selected Data. We did not perform all of the procedures required to obtain reasonable assurance (a higher level of assurance).

Our procedures consisted of:

- reviewing the Standards for reporting the selected Data with regard to their relevance, comprehensiveness, reliability, objectivity and understandability;
- meeting with employees concerned by the Standards within the CSR and Human Resources departments at Group headquarters, and at Conforama, Fnac, Gucci Group, Puma, Redcats Group and the PPR Foundation for Women's Dignity and Rights, in order to update our knowledge of the reporting process and the organisation put in place, and ensure that the Standards are properly applied;

(1) Develop employability through skills management and training.

(2) Train each manager on diversity issues.

(3) Integrate CSR criteria into the supplier selection process.

(4) Monitor and limit transport-related CO₂ emissions.

(5) Reduce the environmental impact of stores and infrastructures.

(6) Promote responsible products and usages.

(7) Implement solidarity programmes related to companies' business activities.



- meeting with employees and, in a number of selected entities ⁽¹⁾, carrying out (i) tests on the application of the Standards, and (ii) consistency checks on the consolidation of the Data. The selected entities represent:
 - 62% of Group employees in France for the indicators selected for Priorities 1 and 2,
 - 100% of CSR audits of the three banners concerned by the indicator selected for Priority 3,
 - 55% on average of total CO₂ emissions for the three banners concerned by the indicators selected for Priorities 4 and 5,
 - 100% of precious skins used by Gucci Group for the indicator selected for Priority 6,
 - 100% of projects carried out by the PPR Foundation for Women's Dignity and Rights for the indicator selected for Priority 7.

We were assisted in our work by our own Environment and Sustainable Development experts.

Observations regarding the procedures

During the course of our work, we found that:

- procedures were in place and effectively managed for compiling, recording and validating the selected Data in the entities concerned by our review, but that internal controls needed to be improved at each level of the process of compiling and consolidating data on the "number of training hours", which should also be defined in the Standards;
- internal controls needed to be improved at each level of the process of compiling and consolidating data on CO₂ emissions resulting from B to B transport, particularly those resulting from air transport at Redcats Group.

Conclusion

We noted that data regarding CO₂ emissions resulting from B to B and B to C transport for Conforama's facilities outside France were estimated, since the banner failed to provide actual figures before the reporting date. The documentation provided so that we could analyse the methods used to estimate these emissions does not allow us to certify the accuracy of the estimates provided in relation to Conforama.

Based on our work, and except for the matter described above, no other material irregularities came to light causing us to believe that the Data marked by the ✓ symbol concerning entities falling within the scope of our review, do not comply with the above-mentioned Standards.

March 11, 2010

Paris La Défense
KPMG Audit
Division of KPMG SA

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(1) For the indicators selected for Priorities 1 and 2: Conforama France, La Redoute France, Puma France, SAS Relais Fnac, Yves Saint Laurent France;
For the indicator selected for Priority 3: Conforama, Puma and Redcats Group;
For the indicators selected for Priorities 4 and 5: Conforama España, Conforama France, Fnac España, Fnac France, La Redoute France (including SOGEP and La Martinoire), Redcats US VAD (Indianapolis warehouses, Special Sizes and Sportsman's Guide);
For the indicator selected for Priority 6: Caravel Pelli Pregiate and Gucci Logistica;
For the indicator selected for Priority 7: PPR Foundation for Women's Dignity and Rights.



PPR

Société anonyme (a French corporation) with a share capital of € 506,314,352

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