



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

Paris, 1 March, 2021

Dear Mr. Secretary General,

As a signatory to the United Nations Global Compact, I am pleased to share Kering's "Communication on Progress" for 2019 and 2020 in order to highlight our key sustainability initiatives over these two years. Our initiatives reflect the Ten Principles of the Global Compact and we are committed to continue to embed them across our business activities, with respect to human rights, labor, environment and anti-corruption.

As a testament to our sustainability efforts, Kering has continued to receive high rankings within our sector – and also benchmarked against other industries - in various indexes that incorporate ESG criteria and best practices for environmental and social sustainability over the following two years since our last COP. Once again, we were recognized for sustainability leadership in the Corporate Knights' 2020 Global 100 Index, after being named the world's second most sustainable company across all sectors in 2019 and first in the Clothing and Accessory Retail sector for each year. For the third year in a row, Kering was included in CDP's 2019 Climate Change A List and, as such, we were recognized for our climate actions among a small number of high-performing companies out of thousands that were scored. Furthermore, Kering was named to both the 2020 Dow Jones Sustainability World Index (DJSI World) and the 2020 Dow Jones Sustainability Europe Index (DJSI Europe) for our sustainability performance for the eighth consecutive year. Incorporating the social side, Kering is proud to have ranked first in the Societal Commitment Index launched by BCG Gamma and BrightHouse in 2020. This index assesses CAC40 companies on their social commitment, their environmental performance, their ethical behavior and their societal speech, taking in consideration all their stakeholders and activities. Kering also ranked 2nd for the most innovative company as part of the Wall Street Journal's Top 100 Most Sustainably Managed Companies in the World in 2020.

To champion sustainability in the Luxury and fashion sector and to drive real, lasting change, Kering engaged in important peer-to-peer and multi-stakeholder initiatives in 2019 and 2020. We were a founding signatory of the Fashion Industry Charter for Climate Action launched during COP24 which was a milestone achievement bringing together leading fashion brands, retailers, suppliers, shipping companies and other stakeholders to collectively address the climate impact of the fashion sector across its entire value chain. Aligned with the goals of the Paris Agreement, 16 key principles and targets underpin the Charter and the signatories set an initial target to reduce our aggregate greenhouse gas emissions by 30% by 2030. In Summer 2019, we also

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launched the Fashion Pact after French President Emmanuel Macron gave me a mission to bring together the leading players in fashion and textile with the goal of reducing the environmental impact of our industry. Presented during the G7 in Biarritz to heads of state, the Fashion Pact included signatories of an initial 32 fashion and textile companies whereby they committed to achieving practical and shared objectives in three areas: climate, biodiversity and oceans. The Fashion Pact has grown from strength to strength since then and membership doubled to 60+ signatories, currently representing over 200 brands and 1/3 of the world's fashion industry. This level of involvement is very important to ensure positive change along fashion's supply chains. In 2020, we shared an update on the Fashion Pact: members identified 7 strategic tangible targets under the 3 themes with the support of some of the best technical experts, particularly around collaborative action and areas where scaled solutions are needed to achieve critical mass on a global scale. The coalition also made some first key important steps at the time, including the development of a public digital dashboard of KPIs to measure the members' joint impact.

To further support sustainability best practices and their adoption in Luxury and fashion, Kering worked closely with the scientific and academic communities to open source key tools and learnings in 2019 and 2020. In 2019, we shone a spotlight on the importance of linking planetary boundaries to business and published a white paper with the University of Cambridge Institute for Sustainability (CISL). The Planetary Boundaries framework is a fundamental element to include when designing the agenda for managing and mitigating our global environmental challenges. Working with CISL again in 2020, we published a paper to provide companies in the fashion industry with a guide on how to build a biodiversity strategy and transform their relationship with nature. At Kering, we believe that as businesses we need to go far beyond our single, individual issues and contribute to meaningful change at a global level. This contribution to meaningful change underlined our development of the first-ever set of full standards covering animal welfare for Luxury and fashion to promote the humane treatment of animals in fashion's global supply chains. Ultimately, we aim to help drive positive change in industry practices, and beyond. Developed over three years with input from animal welfare experts, farmers and herders, scientists and NGOs, the Kering Animal Welfare Standards were publicly released in 2019. They are based on the latest scientific research as well as legislation, comparative standards, best management practices and guidelines from different sectors.

Biodiversity started taking center stage at Kering in 2019 more broadly and we began to set up a framework of support that has continued since then. In October 2019, we established the first private sector partnership with the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES), which was a significant non-earmarked contribution to the IPBES Trust Fund by Kering. Our contribution has been used by IPBES to support all areas of its work to strengthen the evidence base for better-informed decisions about nature – from policy support activities and capacity-building, to the generation of new knowledge, outreach and ongoing expert assessments. The support of research and knowledge also led Kering and the Institut Français de la Mode to establish the "IFM - Kering Sustainability Chair" in November 2019. The Chair is focused on creating a first-class research and teaching center in the fashion industry, incorporating all aspects of sustainability, from traceability to measurement as well as eco-responsible business models. The following year in 2020 on the Chair's 1-year anniversary, we launched a new specialized certificate in fashion sustainability. In July 2020, Kering continued our focus on biodiversity and launched a dedicated biodiversity strategy with an ambitious set of targets to support Kering's commitment to have a net positive impact on biodiversity by 2025. In the same



year, we joined the Science Based Targets for Nature (SBTN) corporate engagement program and pledge and Kering has been supporting the development of its methodology.

Innovation in our sector will also drive change and we were finding new ways to spark innovative solutions in 2019 and 2020. As an example, Kering organized the first hackathon for sustainable Luxury in October 2019, entitled "Hack to Act". The 24-hour event gathered 80 developers and experts selected from around 250 candidates to leverage our Environmental Profit & Loss (EP&L) account data sets to create a new generation of applications and digital solutions to help close the gap in understanding the link between Luxury fashion and its impact on the environment. This kind of new and entrepreneurial thinking can help address fashion's challenges, which also led to the extension of our Plug and Play partnership to China through the launch of our K Generation Award at the end of 2018. Focused on supporting Chinese startups that can bring about positive environmental and social impact in alternative raw materials, green supply chain, retail and use, and the circular economy, we continued the initiative in 2019 and 2020. In October 2019, we held the first "K Generation Talk and Award Ceremony" and recognized three Chinese startups for their disruptive innovations addressing sustainability challenges in the textile value chain.

Inside our own Group, we have also continued to pursue positive change. In 2019, we published the second edition of our integrated report detailing Kering's activity for 2018 and in the following year in 2020 we published the third edition as a digital edition, which allowed an even greater understanding of Kering's business model. Integrated reporting delivers a comprehensive view of the Group's global value creation gained from creative, financial, environmental, ethical and social dimensions. Ultimately, the report allows for a deeper understanding of the fundamental building blocks that underline our Group's value creation and the clarity we gain can result in more informed decision making for the future. As a continued commitment to open-sourcing and transparency, Kering launched a new digital EP&L platform in 2019 and we have released our Group EP&L reports on this interactive platform since then. Stakeholders can now navigate through our EP&L results starting from the overall Group impact to specific details, such as particular materials, processing activities or sourcing locations. Our transparency goes well beyond the scope of our direct operations as the EP&L allows us to measure our impact on natural capital throughout our supply chain, up to the production of raw materials. The digital EP&L also contains the methodology for the EP&L and the aggregated data sets underlining it - this level of transparency allowed unprecedented access to information about the relationship between business and the natural resources business relies on. Consequently, Kering's stakeholders will have greater understanding of our impacts and supply chain resiliency ongoing. We also took the first steps to gain greater clarity on the impacts on the Luxury consumer and launched the first major international survey to understand the Luxury consumer's behavior around product use and end of life. As one of complex topics for sustainability in fashion and Luxury, the environmental impacts associated with these phases in a product's life cycle are influenced by product care, product life span and product second life. Following our open-sourcing philosophy, we will be sharing the results of the survey which will provide a deeper understanding around the different impacts that consumer choices can create and, ultimately, how the Luxury sector can help their clients reduce their own footprint.

Kering also has a clear philosophy that guides us to champion diversity and inclusion for all and, as such, we continue to promote and strengthen Kering's global diversity and inclusion mission and strategy. We believe

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that diversity – whether in terms of people's gender, culture, origin, sexual orientation, identity or disability – is both of unlimited value and a source of collective intelligence. Kering and other leaders across the fashion industry joined together to sign the 'Open to All' pledge and we also signed the 'Friends of the Court' amicus brief, which called for the federal protection of the LGBTQ civil rights for equal employment, housing, healthcare and education opportunities in the USA. Furthermore, Kering is part of B4IG (Business for Inclusive Growth), a worldwide initiative that brings together companies and government authorities to accelerate the process of reducing inequality and promoting inclusion, and we are a proud supporter of the UN Standards of Conduct for Business on Tackling Discrimination against LGBTI people. In October 2019, we accelerated our policy for diversity and created a new position: Chief Diversity, Inclusion and Talent Officer. This key role assists us in identifying and prioritizing initiatives to help create an environment that embraces and encourages diversity. Our Chief Diversity, Inclusion and Talent Officer is also taking the lead on developing a talent strategy where diversity and inclusion will be at the core of attracting, recruiting, developing and retaining talent. Furthermore, the Kering team dedicated to Diversity & Inclusion (D&I) defined a new global strategy and action plan thanks in particular to the establishment of dedicated D&I Committees within each of the Houses in 2020. We have achieved positive stakeholder acknowledgment of our efforts and, as an example, Kering was included in the top 100 most diverse and inclusive organizations globally in the 2020 Refinitiv Diversity & Inclusion Index for four consecutive years. We have pledged to build an even more representative and successful workforce. Operationally we have also put a number of levers in place to support equal rights for all. As an example, in September 2019, Kering announced the introduction from January 1, 2020 of company-wide Baby Leave, providing 14 weeks' paid leave on full salary for all employees who become new parents, irrespective of their personal or family circumstances, thereby ensuring that all employees benefit from the same rights.

Gender equality and parity, and the empowerment of women at Kering have continued to be a priority as well in 2019 and 2020. Today, women at Kering account for 63% of our total headcount; 55% of Group leadership roles; 33% of our Executive Committee and 58% of our Board of Directors - placing Kering well ahead of other CAC 40 companies in terms of gender equal leadership. Kering continued to receive recognition from stakeholders in this area and, for the fourth consecutive year, Kering was ranked in the Bloomberg Gender Equality Index (GEI) in 2021, based on fiscal year 2019 data. Kering was also among the 20 best companies out of STOXX Euro 600 in European Women on Boards (EWoB) Gender Diversity Index 2020 and placed second in France and 9th globally in Equileap's ranking of the top companies who lead the way on gender equality in their 2021 index, which reflected fiscal year 2019. Another important step signaled further progress in Kering's continued commitment to women in 2019. As an evolution of our charter on the working relations and well-being of models drawn up by Kering and LVMH in 2017, Kering made a solo commitment that the Group's Houses will only hire models aged over 18 to represent adults at their fashion shows and photo sessions, as of 2020 (fall-winter 2020/2021 fashion shows).

Outside our Group, we continued to support women in various ways in 2019 and 2020. Our partnership with the Festival de Cannes continued and in 2019 we celebrated the 5th anniversary of Kering's "Women In Motion" with a renewal of our partnership for another five years to mark the occasion. We originally created the annual "Women in Motion" to shine a light on women's contribution to the cinema industry, both in front of and behind the camera, and by continuing our collaboration, it underlines our desire to make the debate about the role of



women in the cinema industry a top priority. We also recognize the critical issues that women face every day around the world and through the Kering Foundation we continued to combat violence against women in 2019 and 2020. The Foundation acts with key feminist partners at three levels to achieve real transformative change: supporting survivor-centered services, implementing prevention programs with future generations and mobilizing both the Group's internal and external networks to take action for gender equality. Partnering in the six main countries where the Kering Group operates and working hand in hand with a cross-section of local experts, from grassroots networks to specialist organizations to alternative models that can be scaled up has led to positive outcomes during these two years. Inside the Group, the Kering Foundation published a "global policy on domestic violence" in 2020, in coordination with the Group's Human Resources Department, as part of its support for the approval of International Labour Organization (ILO) Convention No. 190 on violence and harassment in the workplace.

Supply chain working conditions and labor practices have also continued to be a main priority in 2019 and 2020. Kering expects all the Group's suppliers to comply with the Kering Code of Ethics and to our high standards. The Kering Code of Ethics and the Kering Sustainability Principles are embedded into supplier contracts and are based on international reference texts, such as the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the United Nations Convention on the Rights of the Child, the main ILO Conventions and the Ten Principles of the UN Global Compact. The Code of Ethics also includes a Suppliers' Charter, which aims to bolster the ethical, social and environmental standards required of the Group's suppliers. Furthermore, to ensure adherence to the Suppliers' Charter, we have a centralized supplier compliance department at the Group level and the team closely monitors and audits compliance with respect to labor conditions, environmental management, and legal and business integrity in our supply chains. An extensive communication plan targeting suppliers' employees on Kering's key ethical principles and whistleblowing procedure was drawn up in 2019 and implemented in 2020 as well.

In regards to the Principles relating to anti-corruption, Kering prohibits any political, trade union, cultural or charitable financing from being carried out with a view to obtaining direct or indirect material, commercial or personal advantages. As such, we comply with national and international regulations, and a worldwide reorganization of the global Kering compliance framework was rolled out across our Group in 2016. Set up to help fight against corruption, the compliance team is responsible for the dissemination of communication across the Group regarding gift, hospitality and entertainment procedures; donations and sponsorship procedures; third party due diligence procedures; conflict of interest procedures; M&A anti-bribery procedures; and sanctioned countries procedures. Overall, the compliance team guides and assists our employees at every level of the Group to implement our global policy regarding anti-trust and anti-corruption and to ensure compliance with all applicable laws.

In view of the COVID-19 pandemic, Kering stepped up our social commitments and responded immediately to the emergency in 2020. Since January of last year and throughout the pandemic period, Kering and our Houses have carried out a growing number of initiatives to help in the fight against COVID-19, supporting medical staff and health institutions, along with those affected by the virus. Given the scale of the situation, the Group has been active in several regions, each time adapting our support to the local needs. As examples, financial support was earmarked for hospitals, medical research centers and to key organizations, like the

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WHO and Hubei Red Cross Foundation. As well, a number of our Houses produced much-needed PPE for medical staff and launched social media campaigns to raise awareness and funds within their network and followers. In recognition of the increase in domestic violence during lockdown, the Kering Foundation also responded quickly with emergency funding to key organizations and charities that support victims of domestic violence, enabling these groups to continue their work. The Foundation launched an awareness campaign entitled #YouAreNotAlone as well, to provide information and tailored resources for women who are victims of domestic violence and to point them towards specialist organizations in Europe and the United States that can provide support to them during this period.

While 2020 proved to be a challenging year around the globe, in 2021 Kering is committed to continue to embed the Ten Principles of the Global Compact across our business while we focus on creating positive social and environmental impacts. I look forward to sharing the progress we have made in our next UNGC COP.

Respectfully yours,

A handwritten signature in black ink, consisting of a series of sharp, vertical strokes followed by a long, sweeping horizontal line that curves upwards at the end.

François-Henri Pinault
Chairman & CEO of Kering