



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

Paris, 10 March, 2022

Dear Mr. Secretary General,

I am pleased to share our 2021 "Communication on Progress" as a signatory to the United Nations Global Compact. At Kering, we are committed to continue to embed the Ten Principles of the Global Compact across our business, with respect to human rights, labor, environment and anti-corruption.

Since our previous COP, the COVID-19 pandemic continued to impact the Group's business and our global communities. We have focused on supporting our employees and suppliers, while continuing to respond to emergency initiatives. Throughout this challenging period, we stayed true to our values and our sustainable ambitions. The pandemic highlighted the importance of sustainability and the need to accelerate our efforts, and we have responded by launching a number of game-changing initiatives in 2021.

In conjunction with the Ten Principles of the Global Compact, the Sustainable Development Goals [SDGs] help us identify the greatest opportunities to drive positive change. Its framework underlines our social and environmental strategy and we are integrating and translating them into action across the Group. Through our efforts, we have continued to see significant progress in our reduction pathway. Our latest Group Environmental Profit and Loss [EP&L] account for 2021 revealed that we have surpassed our 40% EP&L 2025 target in our own operations and across the supply chain, achieving a 41% reduction in our EP&L intensity between 2015 and 2021. For the first time, the EP&L was verified by a third-party and the official report has been made publically available. We also extended our methodology to include product consumer use and end-of-life so that downstream impacts are included in our annual EP&L analysis. These results showed that product consumer use and end of life represent 7% of the total environmental impact of a product's lifecycle. A detailed report is available on [Kering.com](https://www.kering.com) and this insight will help us identify and target further opportunities to reduce our impacts over the next years, including how we are aligning with the principles of the circular economy. We published our "Coming Full Circle" report in 2021 to share our strategy and how we are rethinking the way we produce, use and



extend the life of our products across the Group, as well as the resources used in their creation. The report also highlighted the concrete actions that our Houses have implemented around circularity so far, in alignment with their climate and biodiversity strategies.

As a further commitment to minimize our impacts on the environment and strengthen our climate ambitions as a Group, we set an ambitious new Science-Based Target to reduce the Group's greenhouse gas (GHG) emissions. Our updated SBT is part of our broader climate strategy we published in 2021 as a holistic approach with a commitment to net zero and in line with a 1.5°C pathway. Verified and approved by the Science Based Targets initiative (SBTi), we will transparently share the progress we have made to achieve our goal on a regular basis.

Our new climate strategy is intrinsically linked to our biodiversity strategy – we are focusing on where we can deliver positive outcomes through Natural Climate Solutions. An important part of our strategy to reduce our emissions comes from our commitment to expand regenerative approaches to raw material production. Scaling regenerative agriculture both within and beyond our supply chains is key to our commitment to pair carbon removals with supporting resilience in nature and communities. This focus on regenerative agriculture - alongside other best practices in raw material production and extraction - is integral for our Natural Climate Solutions. While we continue to prioritize reducing our emissions and supporting Natural Climate Solutions within our supply chain, Kering is also offsetting all our remaining emissions in Scopes 1, 2 and 3 of the Greenhouse Gas Protocol.

To accelerate Kering's transition towards more sustainable and regenerative raw material production, we launched the 'Regenerative Fund for Nature' with Conservation International in January 2021. The Fund will help us reach our Group target to transform 1 million hectares to regenerative farming in luxury and fashion's supply chains. We believe that support to farmers, NGOs and key stakeholders working on the ground where luxury and fashion's raw material production happens can trigger real change. We announced the Fund's first grantees in September of the same year and out of the 73 applications, a final 7 grantees were chosen across South America, Central Asia, India, Europe and Africa. They form a diverse portfolio across critically important landscapes in need of improved stewardship and the projects will initially support over 840,000 hectares transitioning to regenerative approaches and they will benefit 60,000 people.

Stepping up our focus on biodiversity was also linked to animal welfare in 2021. We continued to embed our animal welfare standards in our supply chain and we decided to go entirely fur-free across the Group. Influencing and helping define benchmarks for luxury and fashion is key to contribute to a shift in our industry. Equally important is collaboration with industry peers and scaling innovative models. In 2021, Kering augmented and also launched a number of initiatives to do so. As mentioned in our previous COP, 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 we launched the Fashion Pact in 2019. Since then it has gone from strength to strength, bringing together more than 250 brands representing more than one third of production volumes in the fashion and textile industry. In 2021, the Fashion Pact continued to build its structure and by the end of the year it was supervising a total of 14 projects already launched or in the process of launching.

Replicating this successful model for a specific sector, in 2021, we launched the "Watch & Jewellery Initiative 2030" with Cartier in partnership with the Responsible Jewellery Council (RJC). Our aim is to bring together watches and jewellery players to work side by side on a number of ambitious and common goals focused on three areas: building climate resilience, preserving resources, and fostering inclusiveness. La Caserne is another initiative that aims to inspire collective action, which Kering has backed as a Founding Partner since its launch in September 2021. Located in Paris, the space aspires to become the largest accelerator for the sustainability transition dedicated to the fashion and luxury industry in Europe. In particular, Kering supports the organization of events to raise awareness among fashion professionals and the general public about key issues in the industry. On an operational level we are also better enabling a sustainable transformation through collaborate efforts as well. As an example, the Clean By Design program, which encourages suppliers to adopt more environmentally friendly practices, was extended in 2021. A platform was dedicated to Italian textile manufacturers in partnership with the Apparel Impact Institute, Burberry and Stella McCartney. Raising awareness about the importance of sustainability with fashion and luxury' suppliers is essential.

Supply chain working conditions and labor practices have also continued to be a priority for the Group in 2021. Our high standards are reflected in Kering's Code of Ethics, which is included in our supplier contracts. 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 Kering Code of Ethics also includes a Suppliers' Charter, which further aligns with the Group's supplier requirements ethically, socially and environmentally. To ensure adherence to the Suppliers' Charter, we centralized our supplier compliance department at the Group level and our team monitors and audits compliance with respect to human rights, labor conditions, environmental management, and legal and business integrity in our supply chains. In 2021, to further enable the expression of certain undertakings formalized in our Code of Ethics and Suppliers' Charter, we published the Group's Human Rights Policy covering four pillars and applying to all of Kering's operations and our supply chain. Furthermore, a mandatory ethics and compliance e-learning has been available to all employees world-wide since 2014 and, in 2021, the completion rate reached 96%.

In regards to the principles relating to anti-corruption, Kering clearly sets out our commitment to zero tolerance on corruption and we encourage our employees to report any instance of corruption. We



stipulate the necessity of avoiding conflict of interest, any risk of which must be promptly identified and resolved. The Group 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. We comply with national and international regulations, and, following a worldwide reorganization of the global Kering compliance framework in 2016 to help fight against corruption, our 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 2019, an in-depth assessment of corruption and influence-peddling risks was undertaken across the Group and in each of our Houses worldwide. To ensure that the risk assessment was comprehensive, each potential corruption and influence-peddling scenario relevant to the Group was identified and assessed after analyzing existing first, second and third-level controls. The resulting corruption and influence-peddling risks with these scenarios were rated and ranked in a risk map in 2021 and implementation of an action plan followed. Second-level compliance audits to ensure implementation of the compliance program and detect corruption and influence-peddling risks are carried out on and off site by the Group Compliance Department, with the support of an international law firm to reinforce the independence and expertise of the analysis in the most at-risk jurisdictions identified in the risk map.

Internally, we also focus on and measure how our employee engagement is day-to-day at the Group level and at our Houses through our Biannual Employee Opinion Barometer. We collate the results of the survey and share detailed action plans with our employees, committing to addressing the expectations they have expressed. In 2021, in addition to the standard questions, this year's survey included ten new questions on the theme of Inclusion & Diversity.

In 2021, Kering partnered with a game-changing initiative empowering women globally. We proudly joined UN Women's Generation Equality Action Coalitions as the private sector lead of the Gender-based Violence Action Coalition, a 5-year commitment designed to accelerate actions and global commitments toward gender equality by 2026. As an example of the initiative's momentum, the Action Coalitions, global partnerships of member states, businesses, youth-led, civil society and international organizations and philanthropies, proposed a targeted set of concrete actions to ensure that equality for all women is at the center of the global agenda for COVID-19 recovery and beyond.

We are focused on promoting gender equality at Kering and we recognize the critical issues faced by women around the world, especially violence against women. In 2021, we published a global policy on domestic violence for the Group and the Kering Foundation furthered its important work to combat violence against women. With an ongoing mandate to support local organizations that provide





comprehensive and tailored services to women survivors, as well as changing behaviors and attitudes by engaging youth, the Kering Foundation focused on a number of initiatives in 2021. During the opening ceremony of the Generation Equality Forum on 30th June in 2021, I was pleased to announce that €5 million over five years has been dedicated to help fund, along with the government, the opening of 15 centers in France based on the model of *La Maison des femmes* in Saint-Denis to provide shelter, care and support for women who are victims of violence. Helping women break out of the cycle of violence is critical in rebuilding their lives.

Supporting the empowerment of women in the larger community has been a long-held principle at Kering. Our Women in Motion initiative we launched in 2015, alongside our engagement with the Festival de Cannes as Official Partner, showcases and supports the contribution of women to the film industry, both behind and in front of the camera. In 2021, we expanded the initiative's scope into different creative categories including launching Women In Motion at West Bund + contemporary dance festival; "Women Artists from the MEP Studio: New perspectives in film and photography from France"; and by supporting the book, "Woman Made: Great Women Designers", which also offers online resources and programming.

Our ongoing support of women inside and outside of Kering is a priority for us and, for the 5<sup>th</sup> consecutive year, Kering was recognized in the Bloomberg Gender Index. Kering Americas was also named 'Best Place to Work for LGBTQ Equality' and we scored 100 on the Human Rights Campaign Foundation's 2021 Corporate Equality Index (CEI). I am also proud to share that Kering was included in the DJSI World for the 9<sup>th</sup> consecutive year and we made the CDP A-list for both Climate and Water.

Inclusion in these important stakeholder indices and recognition of our efforts to attain our social and environmental sustainability goals inspire us to continue transforming our business. In doing so, we will also continue to embed the Ten Principles of the Global Compact across all our activities over the next year and I look forward to sharing the progress we have made in our next UNGC COP.

Respectfully yours,

A handwritten signature in black ink, appearing to read "F. Pinault", enclosed within a thin black rectangular border.

François-Henri Pinault  
Chairman & CEO

