



*pano-
rama*

—◆—
A YEAR OF
SUSTAINABILITY

2013



K E R I N G



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V I S I O N

***“sustainable business is smart business,
for sustainability is both a business
and a leadership opportunity.”***



Inherent to the quality of our products, sustainability gives us the chance to create value and competitive advantage.

Kering propels its brands to lead with new business models that contribute to a better world economically, socially and environmentally. The Group also assumes the role conferred by its position as a global player, by having a positive influence on society and the environment.

Our sustainability engagement is intrinsic to our organisation and has clear goals. From the Sustainable Development Committee of the Board of Directors and through the CEO at each brand, we encourage every employee to play a part in making sustainability a reality. It is up to all of us to embody this vision and put it into play on a daily basis.

François-Henri Pinault
Chairman & Chief Executive Officer



GUCCI

—
Launch of an innovative tanning process, free of heavy metals, among the environmental benefits are a significant reduction in water usage (about 30%) and energy (20%).



SAINT LAURENT PARIS

SAINT LAURENT new store concept designed by Hedi Slimane. Amongst other features, newly opened and refurbished stores are equipped with 100% LED lighting which reduces electricity consumption by approximately 30% on average.



BALENCIAGA

Recycled Arena is a project to manage the post-production inventory of Balenciaga's signature leather, which begun 4 years ago. The project finds a more sustainable solution for leftover leather, and reduces Balenciaga's inventory, whilst offering an innovative product to the market.



STELLA MCCARTNEY

—
Autumn 2014 Collection – featuring certified sustainable wool from the Patagonia. Staying true to the designer's commitment to sustainability this initiative is working to restore and to conserve 15 million acres of endangered land.



InCycle, the first Cradle to Cradle Certified™ collection on the apparel, footwear and accessories market. It incorporates materials that meet Cradle to Cradle Products Innovation Institute's highest standards.



In 2014, Volcom planned more recycled polyester than ever into their boardshort line. As of the Spring 2014 collection, 24% of the raw materials in the boardshort range come from Repeve recycled fibres.



long-standing commitment



1996	2005	2008
Group's first Ethics Charter	Deployment of the Code of Business Practices and creation of the Ethics and Corporate Social Responsibility Committee (ECSRC)	Group membership of the <i>Global Compact</i>
2001	Creation of the Télémaque Institute	Launch of the PPR Foundation for Women's Dignity and Rights
Creation of the <i>SolidarCité</i> association, promoting solidarity-based initiatives among employees	2006	2009
First employee opinion survey	Definition of the Group's sustainability commitments	Worldwide release of Yann Arthus-Bertrand's documentary <i>HOME</i> , coproduced by EuropaCorp and Elzévir Films, and financed primarily by PPR
2003	2007	Redistribution of the updated Code of Business Practices to all Group employees
Creation of a sustainability department at corporate level	Creation of a sustainability department at Group level, represented on the Executive Committee and reporting directly to the Chairman	
Establishment of an environmental reporting web platform	Definition of seven strategic priorities for the Group with respect to sustainability for 2008-2010	
2004		
Signature of the Diversity Charter by PPR's Chairman and creation of the Diversity Committee and the <i>Mission Handicap</i> project		

2010

Launch of PPR's Innovation and Sustainability Awards

Sustainability criteria included in performance evaluations of PPR group leaders

Adoption of the Charter of Commitments on the quality of life at work and the prevention of work-related stress for employees of the PPR group in Europe

2011

Launch of PPR HOME, the new initiative and organisation dedicated to sustainability

Publication of the first Environmental Profit & Loss Account (EP&L) by PUMA

Formalisation of the strategic "Gender Equality in Leadership" programme

2012

Commitment to a set of ambitious sustainability targets to be achieved by the Group's brands by 2016

Creation of a Sustainability Committee within the Board of Directors

Third edition of the Kering Foundation's Social Entrepreneurs Awards

2013

Creation of the Kering *Materials Innovation Lab* (MIL), dedicated to research and development of sustainable and innovative fabrics

Kering listed on the Dow Jones Sustainability Indices (DJSI) World and Europe, and ranked the top performing luxury and apparel company in the Climate Disclosure Leadership Index (CDLI) France

Launch of the Python Conservation Partnership, in collaboration with the International Union for Conservation of Nature (IUCN) and the International Trade Centre (ITC)

Update and redistribution of Kering's Code of ethics to all Group employees, including reinforcement of the Group's ethics organisation

PPR Corporate Foundation for Women's Dignity and Rights becomes the Kering Corporate Foundation, extending its mandate for the next 5 years (2013-2018) and adopting the slogan "*Stop violence. Improve women's lives*"



strong governance for sustainability



Our strong governance structure enables sustainability to be embedded across the Group. From the Board of Directors, through the Sustainable Development Committee, and within our brands, through a network of Sustainability Leads. In total, around 50 individuals are involved in implementing the Group's sustainability strategy.

sustainable development committee^①

Chaired by a Director of the board, this committee assists Kering in designing, implementing and ensuring proper corporate governance, its inherent obligations of disclosure and transparency, as well as its ethical goals and the Group's principles and practices in regards to sustainability.

sustainability technical advisory group (stag)^②

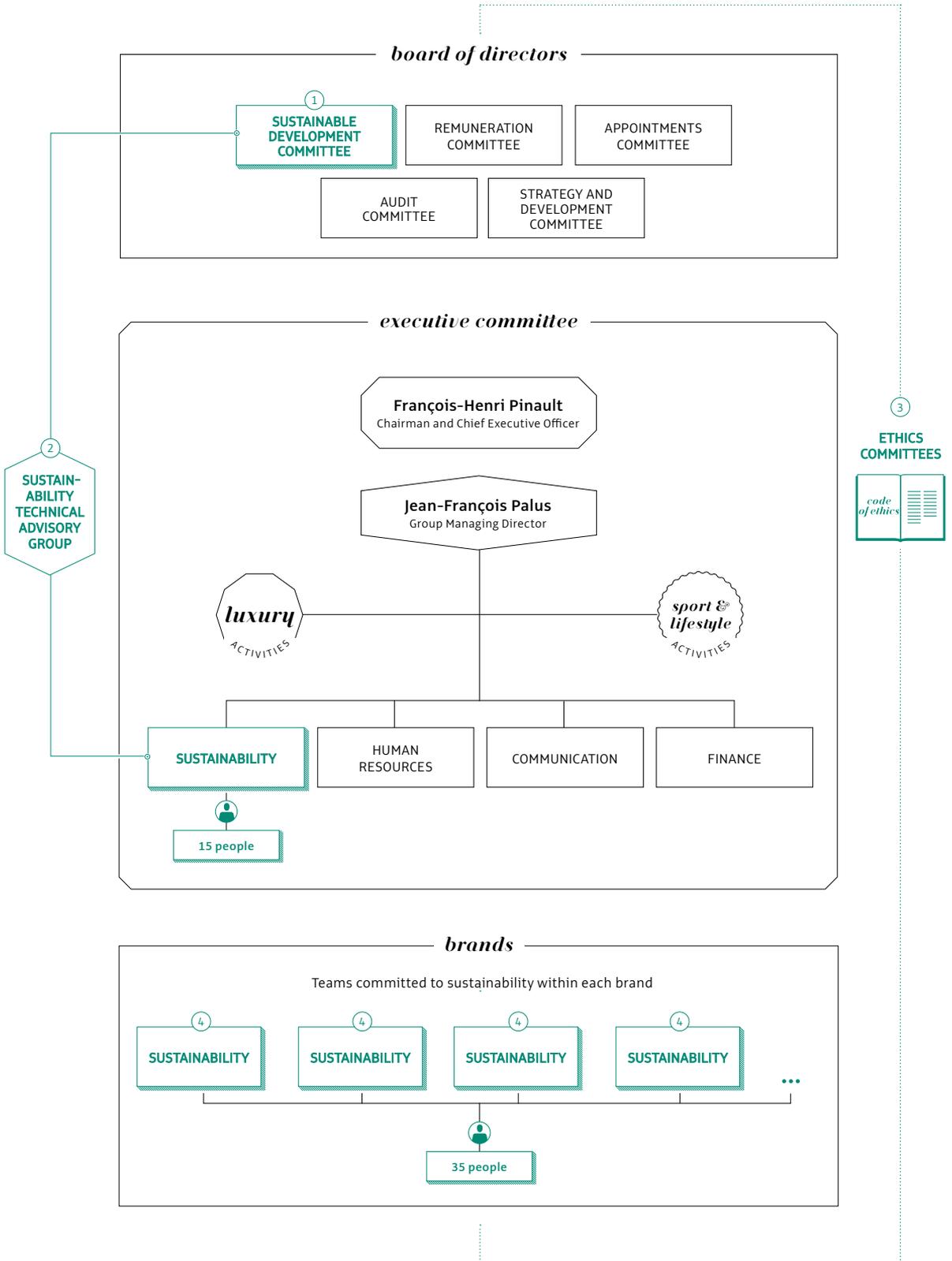
Providing the Sustainable Development Committee with technical expertise on the challenges faced by Kering in its sustainability initiatives, the STAG is composed of three external advisors as well as four internal members.

ethics committees^③

Under the Ethics Committees are the Kering Group Ethics Committee and two regional committees reporting to it: Asia-Pacific Ethics Committee (APAC) and the Americas Ethics Committee (Americas). The committees monitor the distribution and implementation of the Code of ethics and the principles it defends: responding to complaints from any Group employee and proactively developing the Group's policy and actions in sustainability.

sustainability leads^④

Sustainability Leads in each brand coordinate with Kering on the achievement of the 2016 Group targets and adherence to the sustainability guidelines, while staying true to their brand identity. The Sustainability Leads meet as one group together with Kering on a monthly basis. In total, around 50 individuals are involved in implementing the Group's sustainability strategy.





ambitious targets

2012-2016



Kering offers its brands considerable freedom within the shared framework defined at Group level. Under this guidance, the Group has pledged to achieve the following ambitious targets by 2016.



IMPLEMENTATION OF THE ENVIRONMENTAL PROFIT & LOSS ACCOUNT (E P&L) ACROSS ALL LUXURY AND SPORT & LIFESTYLE BRANDS OF THE GROUP

EVALUATING OUR KEY SUPPLIERS
AT LEAST ONCE EVERY TWO YEARS

25% REDUCTION IN OUR CO₂ EMISSIONS, WASTE AND WATER USAGE RESULTING FROM THE PRODUCTION OF OUR PRODUCTS AND SERVICES, WHILE ACCOUNTING FOR THE GROWTH OF OUR BUSINESS

OFFSETTING OF ALL REMAINING CO₂ EMISSIONS FROM SCOPE 1 AND SCOPE 2 OF THE GREENHOUSE GAS PROTOCOL THANKS TO PROGRAMMES THAT CONTRIBUTE TO THE WELFARE OF THE COMMUNITY AND THE CONSERVATION OF BIODIVERSITY IN THE GROUP'S OPERATING REGIONS

ALL OUR COLLECTIONS WILL BE
PVC FREE

ALL HAZARDOUS CHEMICALS WILL BE PHASED OUT AND ELIMINATED FROM OUR PRODUCTION BY 2020



100%

OF GOLD AND DIAMONDS

IN KERING'S PRODUCTS WILL BE SOURCED FROM VERIFIED OPERATIONS THAT DO NOT HAVE A HARMFUL IMPACT ON LOCAL COMMUNITIES, WILDLIFE OR THE ECOSYSTEMS WHICH SUPPORT THEM

OF LEATHER

FROM DOMESTIC LIVESTOCK WITHIN KERING'S PRODUCTS WILL BE FROM RESPONSIBLE AND VERIFIED SOURCES THAT DO NOT RESULT IN CONVERTING SENSITIVE ECOSYSTEMS INTO GRAZING LANDS OR AGRICULTURAL LANDS FOR FOOD PRODUCTION FOR LIVESTOCK

OF PRECIOUS SKINS & FURS

COME FROM VERIFIED CAPTIVE BREEDING OPERATIONS OR FROM WILD, SUSTAINABLY MANAGED POPULATIONS. ADDITIONALLY SUPPLIERS WILL EMPLOY ACCEPTED ANIMAL WELFARE PRACTICES AND HUMANE TREATMENT IN SOURCING

OF PAPER AND PACKAGING

WILL BE SOURCED FROM CERTIFIED SUSTAINABLY MANAGED FORESTS WITH A MINIMUM OF 50% RECYCLED CONTENT





*a world leader
in luxury and sport
& lifestyle,
who positively impacts
the environment
and society*



reducing our environmental impact



ep&l: what is it and how it works

An Environmental Profit & Loss Account (EP&L) measures and monetises the costs and benefits of a company's environmental impacts across all of its supply chains: from raw material production to product distribution.

Kering's pioneering work drew on the production of the first complete EP&L by PUMA so as to standardise its own approach to deployment. By drawing up and documenting a clear methodology that is replicable across the Group's

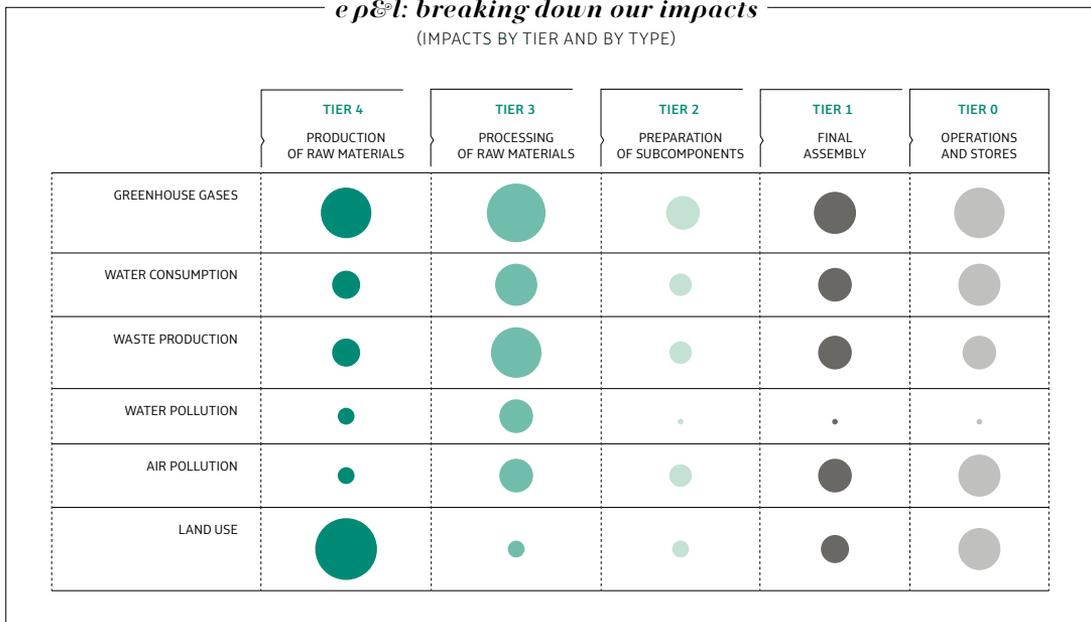
different brands, Kering has moved the EP&L out of the experimental phase and turned it into a fully-fledged decision-making tool.

An EP&L is deployed in four successive phases:

- 1-**mapping processes** and suppliers through to raw materials
- 2-**gathering** as much environmental data as possible
- 3-**estimating/extrapolating** the impacts not covered by the environmental data gathering phase
- 4-**allocating a monetary value** to the cost of these impacts while taking account of their location

ep&l: breaking down our impacts

(IMPACTS BY TIER AND BY TYPE)



ep&l: standardisation and roll out

The EP&L was rolled out to six brands in 2013, accounting for 73% of the Group's business. In 2013 alone, nearly 900 suppliers (manufacturers, tanneries, producers of components, subcontractors, dyeing and weaving firms, etc.) replied to Kering's environmental questionnaire, providing invaluable data on the Group's environmental impact.

The initial findings of the EP&L approach conducted in 2013 on six Group brands (based on 2012 data) clearly highlight:

- Our supply chains' environmental impacts are greater than those of the Group's own activities (by over 90%)
- 39% of the Group's impacts are accounted for by Tier 4, which relates mainly to agricultural activities (cotton and other textile fibres, cattle and sheep farming, etc.)
- 24% of the Group's impacts are accounted for by transformation industries (production of synthetic and natural fibres, leather tanning and precious metal refining)
- As regards type of environmental impact, GHG emissions and land use represent 39% and 26% respectively of the Group's impacts
- As regards type of material, leathers and textiles represent 44% and 42% of the Group's impacts

the ep&l

IS AN INNOVATIVE TOOL
THAT MEASURES THE IMPACT
OF OUR ACTIVITIES
RIGHT ACROSS THE SUPPLY
CHAIN AND ALLOWS US
TO MAKE BETTER DECISIONS

measurement and reduction of our carbon footprint

Kering offsets its residual greenhouse gas emissions annually. To do this, Kering acquired carbon credits from Wildlife Works of which the Group has been a shareholder since 2012. Wildlife Works supports a leading REDD (Reducing Emissions from Deforestation and forest Degradation) offset project in Kenya, the first such programme to be approved and verified in accordance with the Voluntary Carbon Standard (VCS). In September 2013, Kering also took part in events to mark the fifth anniversary of the UN-REED in New York as part of the 67th General Assembly of the United Nations in its role as a leading corporate stakeholder in this high value added project to combat climate change. In early 2013, Kering offset the 115,000 tonnes of CO₂ corresponding to the remaining 2012 emissions of the Luxury and Sport & Lifestyle activities and its registered office.

15.4%

OF ELECTRICITY PURCHASED
IN 2013 COMES FROM
RENEWABLE SOURCES

5.2% REDUCTION
IN ENERGY-RELATED
CO₂ EMISSIONS BETWEEN
2012 AND 2013

protection of biodiversity

Biodiversity is one of the key priorities for the Group. Kering strives to protect and respect it in two major ways: by understanding the origin and assuring traceability of raw materials, and by promoting nature-conservation and awareness-raising initiatives among its employees and consumers. In 2013, Kering and the International Trade Centre (ITC) partnered with the International Union for Conservation of Nature (IUCN/ SSC) to launch the "Python Conservation Partnership", a collaboration to help improve the sustainability of the trade and drive industry-wide improvements in the sector.



*to monitor our business
performance
in a new way that
takes natural resources
into account*



reporting, distinctions and sri ratings¹



In recognition of its sustainability strategy,
Kering has been awarded numerous distinctions by NGOs
and extra-financial rating agencies.

dow jones sustainability indices (djsi)

In 2013, Kering was listed on the DJSI World and Europe. The DJSI is a globally recognised index that rates the best performing companies in terms of sustainability out of the top 2,500 market capitalisations of the Dow Jones Global Total Stock Market Index.

global reporting initiative (gri)

For the second year running, Kering's Reference Document earned an A+ rating, the highest rating awarded by the GRI guidelines which define a methodology for the disclosure of data on governance and a company's performance on economic, environmental and social indicators as well as responsible practice as regards human rights, products and society.

carbon disclosure project (cdp)

Kering was the top rated luxury and apparel company in the 2013 CDP ranking and was therefore included in the Climate Disclosure Leadership Index (CDLI) for France. The CDP ranking takes into account all aspects of climate change when assessing company policies. More than 5,000 businesses, including more than 80% of the top 500 global stocks by market capitalisation, were invited to fill out a CDP questionnaire and to publicly disclose their carbon footprint.

other sri indices

Kering has been included in the main benchmark indices: FTSE4Good, Euronext Vigeo Eurozone 120, Ethibel Sustainability Index Excellence and STOXX Global ESG Leaders indices. In recognition of the Group's implementation of the E P&L, Kering won the 2014 GLASA award (Global Leadership Award in Sustainable Apparel) and the FIR (Forum for Responsible Investment) Prize of SRI Analysts.

¹ SRI: Socially Responsible Investing





supporting our employees



promotion and respect of ethics enhancement of skills and talent

Set out since 1996 in the Group's first Ethics Charter, Kering's ethical principles apply to absolutely everyone within the Group and reflect the Group's strong convictions about business practices. Kering's Code of ethics, which was established in 2005 and first updated in 2009, was overhauled again in 2013: organised by stakeholder (colleagues and employees, customers and consumers, the environment, civil society, shareholders and financial markets, business partners and competitors) and fitting in firmly with the major international reference texts. The new 2013 version made it possible in particular to enhance the Code of ethics in three key areas:

- adopting a **proactive approach** to protecting the environment;
- making the Group's **Supplier Charter** part of the Code of ethics. This Charter sets out the absolute minimum to be applied throughout the Group and its brands in supplier relations, particularly the crucial issues relating to combating child labour and forced labour;
- the presentation of **the organisation of ethics** was considerably improved in 2013.

In line with the significant changes in regards to the measures for the promotion and respect of ethics within the Group, an online training programme on ethics and complying with the Code was also set up for the Group's employees worldwide.

For over 10 years, in addition to brands' specific training solutions, development and training programmes have been offered to the Group's high-potential talents and leaders via the **Kering Corporate University** and the **Kering Digital Academy**.

2013 saw the launch of an Internal Mobility platform at Group level, allowing all employees to be active players in their own professional development and offering the Group's brands a shared pool of talent and expertise.

sustainability targets decide leaders' remuneration

A variable part of the remuneration of the CEOs of Kering brands is based on a mixture of criteria, including the degree to which they meet precise sustainability objectives.

diversity

Beyond our social commitment, the Group believes that diversity is a source of creativity and innovation, and as such of economic performance.

While Kering addresses the issue of diversity in all its aspects, particular emphasis has been placed on equal opportunities. In 2010, the Group was one of the first companies in France to sign the Women's Empowerment Principles, drafted by UN Women and the United Nations Global Compact. That same year, Kering launched the **Gender Equality in Leadership** programme to promote women's access to positions of management, and establish a culture of equality across the Group.

The Gender Equality in Leadership programme continued in 2013, in particular with inter-brand and inter-business mentoring that connects fast-tracked women with senior executives (women and men). The first group completed the mentoring programme in 2013.

With 30% women on its Executive Committee and 33% on its Board of Directors, Kering is poised this year again as one of the CAC 40 companies with the highest level of women (these bodies are respectively in first and eighth positions in the ranking from the eighth annual Capitalcom survey on gender equality).

Disability has always been another aspect of the Group's Diversity policy, with the **Mission Handicap** project running since 2004. This year Kering made an impact by launching its "Disability Campaign: Share and Engage", an awareness campaign dedicated to the topic of disability, run via the Group's digital platform 360° and connecting 16,900 employees worldwide.

social dialogue

Since 2001, Kering carries out its **in-house opinion survey**, "What's the weather like where you are?" at Group level every two years, gathering employees' perceptions on life at work on an international scale. The survey's 7th edition, conducted in October, drew a participation rate of 71% (up 11% like-on-like) which equates over 22,000 respondents. Initial analysis of the results shows that key topics regarding human resources policy, including performance evaluations and information about career opportunities in the Group, have improved overall following the implementation of Group level initiatives. Human Resource departments at both Kering and the brands are implementing action plans based on the analysis of these results as of the first quarter of 2014.

~~~~~  
**35,786**

EMPLOYEES  
AS OF 31 DECEMBER 2013

**89.5%**

EMPLOYEES  
ON PERMANENT CONTRACTS

**50.1%**

GROUP MANAGERS  
ARE WOMEN

**322,452**

HOURS OF TRAINING,  
WITH 17,967 EMPLOYEES  
TRAINED

~~~~~



engaging our stakeholders



In an increasingly interconnected world, the private sector needs to pay attention to, and maintain relationships with their partners and stakeholders. Kering therefore aims to establish quality relationships built on trust with all its partners, regardless of location, with a view to gaining a full appreciation of their concerns and expectations and, incorporating these aspects into its strategy.

consumers

Kering's responsibility towards society extends across the value chain, and the Group is keen to help raise awareness of sustainability issues among consumers, while ensuring that its products respect their health and the environment. Overall, Kering's sustainability strategy seeks to influence the way in which products are designed as far up the supply chain as possible. In 2013, therefore, the brands in part concentrated their efforts on innovating and upgrading their sourcing and processes.

international dialogue

In order to remain constantly attentive to the key issues affecting its stakeholders, Kering participates in a number of international initiatives. Kering is a member of BSR, the UN Global Compact, SAC, Textile Exchange and the World Business Council for Sustainable Development (WBSCD) amongst others.

relationships with our suppliers

To help its suppliers adopt and adhere to the highest environmental and social standards, the Group and its brands have set up an ambitious programme of responsible buying and CSR criteria (through compliance with the Supplier Charter of the Group's Code of Business Practices) and sustainability training. Whether it be internal programmes backed by international accreditation such as the Fair Labor Association or certification by external service providers, all systems set up contribute to monitoring the respect of human rights and the principles of the Group's Code of ethics. In 2013, social audits carried out among the Group's suppliers, including those carried out as part of SA 8000 certification procedures, totaled 2,722.



*to listen, exchange
& collaborate
as a transparent
and proactive
industry player*



“stop violence. improve women’s lives”



Launched in 2009, the Kering Corporate Foundation combats violence against women. The Foundation engages the Group on a key social issue that ties in with its' activities and the Brands' customers, and one in which Kering can play a key role alongside governments and communities.

In August 2013 the Kering Foundation completed its first five-year mandate having carried out an initial cycle of initiatives that supported more than 140,000 women, in partnership with 47 NGOs worldwide.

In line with the Group's new identity and to increase its global impact, the Foundation is refocusing its actions on three geographic regions. The updated programme sup-

ports projects run by NGOs, social entrepreneurs, awareness campaigns and mobilises Group employees on:

- Sexual violence in America
- Harmful traditional practices in Europe
- Domestic violence in Asia

A new signature “Stop violence. Improve women's lives”

More information at www.keringfoundation.org or @KeringForWomen



IN 5 YEARS,
140,000
 WOMEN HAVE BENEFITED
 FROM THE SUPPORT OF
 THE KERING FOUNDATION





Kering and the Kering Foundation signed a Charter to prevent and combat domestic violence in Italy, with the association Donne in Rete contro la violenza (D.i.Re). Pictured are François-Henri Pinault, Chairman of the Kering Foundation, and Titti Carrano, President of D.i.Re, on the occasion of the signature, 14 November 2013, in Milan.

kering.com

Kering – Société anonyme (a French corporation) with a share capital of €504,907,044

Registered office: 10 avenue Hoche – 75381 Paris Cedex 08

552 075 020 RCS Paris

Tel: +33 1 45 64 61 00

Fax: +33 1 45 64 60 00

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GUCCI
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BALENCIAGA
BRIONI
CHRISTOPHER KANE
McQ
STELLA McCARTNEY
TOMAS MAIER
SERGIO ROSSI
BOUCHERON
DODO
GIRARD-PERREGAUX
JEANRICHARD
POMELLATO
QEELIN
PUMA
VOLCOM
COBRA
ELECTRIC
TRETORN

Empowering Imagination