

GUCCI

GUCCI IS NOW ENTIRELY CARBON NEUTRAL

Gucci Redefines Carbon Neutral to Account for all its Operations Including Entire Supply Chain

Florence, 12 September 2019 – To build on longstanding efforts to reduce environmental impacts and drive positive change, Gucci announced today that it is offsetting all remaining Greenhouse Gas (GHG) emissions annually from its own operations and the entire supply chain through four critically important REDD+¹ projects that support forest conservation around the world. As an unprecedented commitment to sustainability leadership in luxury and fashion, Gucci's supply chain has become carbon neutral.

Gucci has been operationally embedding its long-term sustainability strategy into the business over the last years and has taken this next ambitious step to become entirely carbon neutral in recognition that additional measures are required in the immediate given the urgent need for climate action. As part of a comprehensive approach to account for all its GHG emissions associated with its business activities, Gucci has implemented a hierarchy of actions to avoid, reduce, restore and offset its GHG emissions. In so doing, Gucci is establishing a new pathway to carbon neutrality highlighting the necessity for businesses to be responsible and accountable for all the emissions across their supply chains.

Transparency underpins Gucci's approach and the company will continue to measure and monitor its full environmental impacts through its annual Environmental Profit and Loss (EP&L)² account. Gucci was one of the first luxury brands to adopt the EP&L, which acts as a benchmark to measure progress during the implementation of Gucci's 10-year sustainability strategy (2015-2025). A series of 2025 targets were created as a driver of this strategy against a 2015 EP&L baseline, including an objective to reduce GHG emissions by 50%. Gucci's most recent EP&L for 2018 shows that the company is on track to attain its targets, having already achieved a 16% reduction of its overall footprint across its supply chain since 2015, relative to growth. Within this context, GHG emissions were also reduced by 16% and currently account for 35% of Gucci's total footprint. Significantly, the supply chain is responsible for the bulk of these emissions (around 90%) as is generally the case with all luxury fashion companies. Gucci has made significant inroads in line with its targets over the last years and with its new carbon neutral approach, the company will continue to focus on avoiding and reducing its GHG emissions as a priority to reach its target by 2025, while also recognizing that there are unavoidable emissions beyond this scope of action that must be proactively addressed.

"A new era of corporate accountability is upon us and we need to be diligent in taking all steps to mitigate our impacts, including being transparent and responsible for our GHG emissions across our supply chains," said Marco Bizzarri, President & CEO of Gucci. "Gucci will continue to work in a smart and strategic way to avoid and reduce our impacts, while

simultaneously investing in innovation as a driver for sustainability. However, in my view, this is just not enough, nor will it happen fast enough given the sustainability challenges we are up against in our industry and the reality of our global climate and biodiversity crises. To address the need for urgent solutions, Gucci is setting an ambitious new precedent through our carbon neutral commitment. This is based on a clear strategy to ensure we account for all of our GHG emissions across our supply chain, act to first avoid, reduce and restore, and then offset the unavoidable emissions through important REDD+ projects."

As the first priority in its carbon neutral approach, Gucci has implemented a series of initiatives around low-impact alternative and sustainable materials, sustainable sourcing, and manufacturing efficiencies to avoid and reduce its impacts across the supply chain. These initiatives have already shown promising results by avoiding around 440,125 tons of CO₂ in 2018³ and they will be continuously amplified. Then, on an annual basis as a final measure to enhance these efforts, Gucci will offset the remaining GHG emissions across the entire supply chain supporting the conservation and restoration of vital ecosystems around the world.

AVOID + REDUCE

Retail Operations to Manufacturing, examples:

- Increase the use of renewable energy in Gucci's operations, stores, offices and warehouses from 70% currently to 100% by 2020. This transition has already achieved a reduction of around 45,800 tons of CO₂ in 2018.
- Build and optimize efficiencies during production and manufacturing by implementing creative approaches. This includes the Gucci Scrap-less program, which uses far less water and chemicals to treat leather and reduces the GHG emissions related to transport. As an example, eight tanneries participated in 2018 and reductions were achieved in energy consumption (843,000 kW); water use and water effluents entering the waste stream (10 million litres); chemical consumption (145 tons including 28 tons of chrome), leather scraps (66 tons). During this period, approximately 3,400 tons of CO₂ were avoided overall by implementing this program.
- Scale up approaches around circularity, including the Gucci-Up program which up-cycles leather and textile waste generated during manufacturing. As an example, in 2018 the program reused around 11 tons of leather scraps and saved approximately 4,500 tons of CO₂. The program also partners with NGOs and women-based projects for the regeneration of these offcuts, as well as with social cooperatives in Italy to support the training of people from marginalised groups and their re-integration into their communities.
- Continue to establish a clear reduction pathway across the supply chain and drive true transparency through natural capital accounting. Gucci was one of the first fashion brands to publish an EP&L in 2017 and openly shares its full impacts and dependencies on nature annually. As another first, Gucci introduced a customized [Digital EP&L](#) earlier this year providing its underlying EP&L data online.

Processing to Raw Materials, examples:

- Innovate solutions that will exchange traditional processing techniques to more sustainable ones, like the Gucci metal-free tanning program, which eliminates the use of heavy metals in the leather tanning process.
- Maximize recycling technologies and approaches, such as switching to recycled plastics as an additional complement to Gucci's ban on PVC since 2015 and using recycled metals in accessories and jewelry. Replacing the virgin raw materials traditionally used in accessories' hardware and jewelry with recycled gold, silver and palladium has avoided mining and extraction impacts and around 11,000 tons of CO₂ in 2018.
- Ramp up the year-upon-year increase for organic fibers, such as GOTS-certified organic cotton and silk, which has avoided approximately 2,700 tons of CO₂ in 2018.
- Focus on ensuring that cellulosic fibers, such as viscose, are sourced from FSC-certified forests and from producers that meet CanopyStyle audits. Furthermore, focus on sourcing from producers that have closed looped chemical management systems. In addition, maintain 100% FSC-certified paper and cardboard for all packaging.
- Continue to shift to low-impact, more sustainable alternative raw materials like ECO-NYL® regenerated nylon, regenerated cashmere and responsible, ethical gold.
- Focus on sourcing raw materials from preferred countries and production systems that have lower environmental impact, such as leather whereby this strategy has proven to mitigate associated leather impacts up to five times. Furthermore, source leather from farming systems that avoid the degradation and destruction of natural ecosystems, while regenerating soil, as well as ensuring farms are in no way linked to deforestation. In 2018, these sourcing practices have avoided around 372,800 tons of CO₂.

RESTORE + OFFSET

- Optimize sourcing of raw materials from agricultural systems that restore soils and habitats for important biodiversity.
- Implement an innovative global offsetting portfolio through REDD+ projects that mitigates climate change, creates a positive economic and social impact for local communities as well as protects globally significant wildlife and their habitats.
- Go far beyond the more conventional offsetting approach focused on Scopes 1 and 2 (and sometimes a very limited portion of Scope 3) of the GHG Protocol⁴ and also offset all the GHG emissions upstream in the supply chain associated with raw material creation, transformation and production, as well as product manufacturing annually. For 2018, this equaled offsets of 1.4 million tons of CO₂E, at a cost of USD 8.4 million.
- Support the conservation and restoration of the world's most important biodiversity refuges, encompassing approximately 1,102,000 hectares of forests for Gucci's 2018 offset.

Gucci's decision to entirely compensate for its GHG emissions is a reflection of its long-term commitment to sustainability and its desire to encourage a more progressive approach to carbon neutrality. Companies traditionally define carbon neutrality as measured against their own direct operations and a small part of their indirect operations, however this does not account for the bulk of the GHG emissions that result from business activities, which are primarily generated upstream in the supply chain. Considering the urgent need for climate action, Gucci believes that corporate carbon neutrality must encompass the entire supply chain and that leading companies and multi-stakeholder groups working towards long-term net-zero ambitions should build in critical interim actions in order to immediately and fully address their supply chain emissions. Within this context, nature-based climate solutions, such as REDD+ offsets, offer a solution to support a climate positive pathway.

"Despite commendable commitments, currently the efforts we are making as a global community are not enough to stay within 1.5°C above pre-industrial levels and to become 'net-zero' by 2050. As businesses, we all need to be accountable and implement solutions that will proactively combat our dual challenges of climate change and biodiversity loss," said Marco Bizzarri, "The recently announced Fashion Pact outlined a series of ambitious targets for the fashion and textile industry and I am inspired by François-Henri Pinault's leadership in bringing together this important movement. We at Gucci view it as the perfect catalyst to further innovation and problem-solving. I believe our new carbon neutral approach that accounts for all GHG emissions across the supply chain is a pioneering way to deliver rapid and concrete positive impacts for our natural world and our climate. We are redefining 'carbon neutral' through a logical strategy that avoids, reduces, restores and offsets and I hope other CEOs across all sectors will view this as a call to action. Collective corporate action is needed now in order to make a significant contribution to our nature and society in the coming decade and for our future generations."

Note to Editors:

1. Gucci's global offsetting portfolio of best in class REDD+ projects span across Kenya, Peru, Indonesia and Cambodia and have been verified against strict global standards (Verified Carbon Standard and The Climate, Community and Biodiversity Standards). For further information on the offsetting projects please see: <http://equilibrium.gucci.com/news/press-release/>

2. Gucci's parent company Kering: A global Luxury group, Kering manages the development of a series of renowned Houses in Fashion, Leather Goods, Jewelry and Watches. By placing creativity at the heart of its strategy, Kering enables its Houses to set new limits in terms of their creative expression while crafting tomorrow's Luxury in a sustainable and responsible way. Kering was recognized as the world's second most sustainable company across all industries by the Corporate Knights' 2019 Global 100 Index and is helping to set the pace for progressive sustainability approaches. To this end, Kering's Chairman and CEO, François-Henri Pinault, was given a mission from French President Emmanuel Macron to bring together the leading players in fashion and textile, with the aim of setting – and committing to achieve together – practical objectives for reducing the environmental impact of their industry in three key areas: climate, biodiversity and oceans. The Fashion Pact was developed as a result of this mission and in a historic move, 32 global fashion and textile companies signed on. It was presented during the Group of Seven meeting in Biarritz, France, on August 26 2019.

About Gucci

Founded in Florence in 1921, Gucci is one of the world's leading luxury fashion brands, with a renowned reputation for creativity, innovation and Italian craftsmanship. Gucci is part of the global luxury group Kering, which manages the development of a series of renowned Maisons in fashion, leather goods, jewelry and watches. For further information about Gucci visit www.gucci.com

About Gucci Equilibrium

Gucci Equilibrium is a program and portal designed to connect people, planet and purpose. Designed for a global audience, it is part of a 10-year plan to embed a comprehensive sustainability strategy into and around the brand. Gucci Equilibrium builds on the Culture of Purpose that governs Gucci on a day-to-day basis and is anchored by three pillars covering the environment, people and new models of sustainable innovation. Essentially, Gucci Equilibrium is the House's mission to bring positive change in order to secure our collective future. For more information visit www.equilibrium.gucci.com

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¹ Reducing emissions from deforestation and forest degradation (REDD+) is a mechanism developed by the UNFCCC. It creates a financial value for the carbon stored in forests and goes beyond deforestation and forest degradation and includes the role of conservation, sustainable management of forests and enhancement of forest carbon stocks.

² Pioneered by Kering, the EP&L measures GHG emissions, water consumption, air and water pollution, land use, and waste production within a company's own operations and across the entire supply chain and then calculates the social cost in relation to these impacts.

³ Based on Gucci's 2018 EP&L.

⁴ The GHG Protocol is a standardized international framework for Greenhouse Gas (GHG) emissions. As defined by the GHG Protocol, Scope 1 emissions are direct emissions from owned or controlled sources; Scope 2 emissions are indirect emissions from the generation of purchased energy; and Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.