

**KERING STANDARDS
FOR RAW MATERIALS
AND MANUFACTURING
PROCESSES**

K E R I N G



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OVERVIEW



“ We are redesigning our business to continue to thrive and prosper sustainably into the future, while at the same time helping to transform the luxury sector and contributing to meet the significant social and environmental challenges of our generation.”

François-Henri Pinault

Kering believes that luxury can have a significant contribution to creating a more sustainable world. Kering cares about our impact on the planet and on people, and views embedding sustainability as a responsibility and an opportunity to reinvent our business and the luxury sector. Kering has been a leader in sustainable business for several years and we will continue to lead through responsibility, accountability and transparency in order to catalyse transformational change.

To achieve our vision and set the highest standards of best practices in the luxury sector, Kering announced the next phase of our sustainability strategy across the Group's brands in January 2017. The strategy includes ambitious goals for reducing Kering's environmental impacts, advocating social welfare inside and outside the Group, and creating innovative, game-changing platforms. The new strategy, 'Crafting Tomorrow's Luxury', presents clear targets to attain by 2025 under the themes Care, Collaborate and Create, such as:

- 100% traceability of key raw materials and 100% compliance with **Kering Standards for Raw Materials and Manufacturing Processes (the Kering Standards)**
- Reduction of environmental profit and loss (EP&L) account impact by 40% including remaining carbon emissions as well as water use, water and air pollution, waste production and land use changes
- Creation of a Kering Supplier Index of Sustainability which will ensure each supplier's sustainability performance will be visible to all Kering brands
- Contribution to a positive social impact across the entire supply chain, with a focus on raw material sourcing locations

In addition to this selection of environmental and social targets, Kering is committed to developing new business models and integrating innovative approaches around sourcing raw materials, new technological solutions for materials and contributing to the creation of a robust 'circular economy'. Key to meeting these goals over the next decade will be

the implementation of industry leading environmental and social standards across Kering's supply chains. Outlined in detail in this document, the **Kering Standards** and their accompanying suite of policies set the framework for commitment and action for Kering and our brands. In addition, they provide a way of measuring progress and outcomes on traceability, social welfare, environmental protection, animal welfare and chemical use. This document is intended to give clarity and help operationalise Kering's overall long-term commitment to sustainability. The principles that underpin the **Kering Standards** are integrity, circularity and the application of the precautionary principles. By design, the **Kering Standards** are specific and requirement based. Thus, as a reflection of our commitment, Kering will assess all new suppliers for adherence to our sustainability standards and work with current suppliers who have challenges in meeting certain **Kering Standards**, from 2017 onward.

Kering recognizes that a collaborative relationship with our suppliers is key to achieving the long-term value and mutual benefits that sustainability can provide our businesses. And although we are committed to excellence and achieving our ambitious sustainability goals, we also recognize that this takes time and that we need to set realistic milestones to encourage and support progress and improvements. As such, while Kering and our suppliers make this transition together, we will offer suppliers technical support in the form of training and the creation of a suppliers' platform which will promote the **Kering Standards** and share best practices. We look forward to working with you on understanding and incorporating our **Kering Standards** into your business.

It is through our mutual commitment to sustainability and drive for innovation that will enable us to contribute to positive environmental and social impacts, while we also preserve successful and thriving businesses into the future.



**INTRODUCTION
FOR USE
BY SUPPLIERS**

The Kering Standards for Raw Materials and Processes (the Kering Standards) are designed to support all suppliers who work with brands within the Kering Group.

This is not a contractual document. This is an informative document providing key information and guidance that will enable suppliers to meet Kering's high sustainability standards.

These Kering Standards should be used in conjunction with other key guidance for suppliers including:

- [Kering Code of Ethics](#) and [Kering Suppliers' Charter](#) covering general business practices
- [Kering Manufacturing Restricted Substances List \(MRSL\)](#) and [Kering Luxury Product Restricted Substances List \(PRSL\)](#) covering requirements for chemical use and management for manufacturing processes

Kering's high standards of sustainability are based on the commitment to reduce the negative environmental impacts of its business across the supply chain and to support practices that create social and environmental benefits. Specifically, any raw materials sourced and processed for Kering need to adhere to all the following principles that underpin the Kering Standards:

- Application of the precautionary principle to not use a technique until there is a scientific consensus that it is safe for society and the environment
- Compliance with all national and international laws, conventions and regulations
- Robust and verifiable traceability
- High standards of animal welfare in all aspects of handling, raising, transportation and slaughter of animals

- Avoidance of the degradation and destruction of natural ecosystems and promotion of environmentally-friendly production methods
- Commitment to reducing climate change impacts
- Guarantee of ethical treatment of people working in the supply chain

The Kering Standards aim to take a holistic and responsible approach in the making of products for Kering brands – accounting for each step in the supply chain from farm or field to finishing.

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The market in general is moving toward more sustainable practices. Adherence to the Kering Standards will prepare suppliers to stay ahead of the curve.

All suppliers will be evaluated on their alignment with the Kering Standards in the sustainability section of the *Kering Vendor Rating System*, which is currently under development. Note that this rating system will also be visible to all Kering brands. This should further incentivise suppliers to implement the Kering Standards with care to potentially attract business across the Kering portfolio.



Minimum Requirements & Additional Conditions to Meet Kering Standards

Each separate Kering Standard includes a section on "Minimum Requirements", which a supplier must fulfill in order to be compliant, as well as "Additional Conditions to Meet Kering Standards" and best practices that suppliers should work towards over the coming years.

Minimum Requirements

This section is designed to provide operational guidance to suppliers to comply with mandatory requirements to meet the Kering Standards. These are the minimum standards and practices required by Kering. To be a Kering supplier, the commitments and actions outlined in the Minimum Requirements section, and aligned with the Kering Sustainability Principles attached to supplier agreements, need to be met by suppliers immediately. Kering expects that suppliers will communicate these commitments and actions to their sub-suppliers to ensure compliance. A failure to comply might be considered as a breach of the undertaking relating to the Kering Sustainability Principles as set forth in the supplier agreement.

Additional Conditions to Meet the Kering Standards

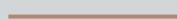
This section provides guidance and recommendations for best practices for suppliers. These should be viewed as additional to the Minimum Requirements listed above. Suppliers to Kering brands should be prepared to engage in continuous improvement in their practices to reach the high standards required by Kering. Some of the actions listed in the Additional Conditions sections will become Minimum Requirements for suppliers to Kering brands in the near future (1-3 years) and all will be mandatory by 2025 (the date defined in Kering's 2025 Sustainability Strategy). Note that suppliers who already align with – at least part of – the Additional Conditions will receive a higher rating in the Kering Vendor Rating System.

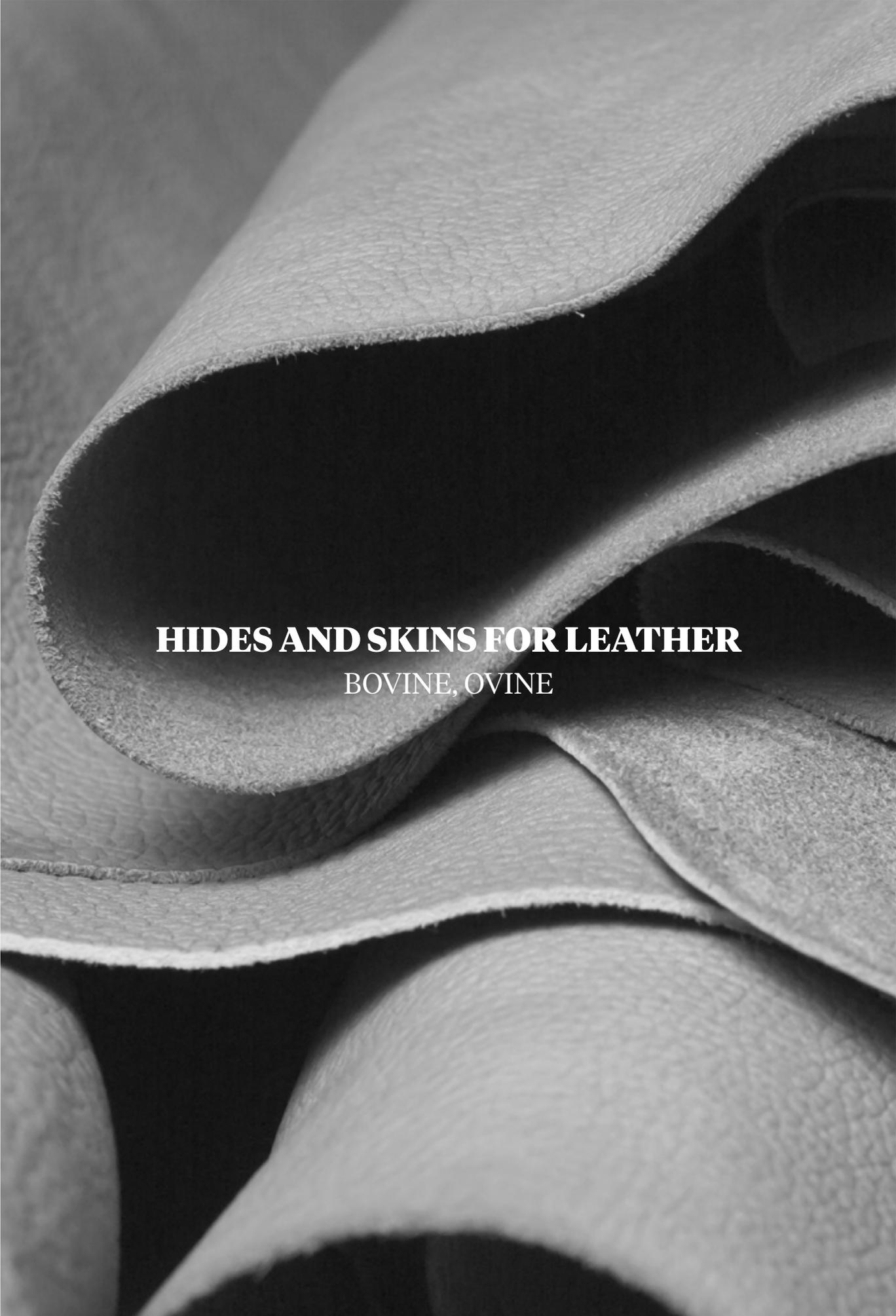
The Appendices attached hereto are also of great importance and should be distributed to your suppliers when relevant to their activities. Covering chemical management, animal welfare, social compliance, the environmental profit and loss (EP&L) account and FAQ's, the Appendices give further in-depth information for the Kering Standards.

The Kering Standards will be reviewed annually and within this overall framework and timeline, the brands will adapt and set their own targets. Note that the Kering Standards apply only to the production for Kering brands, not to all other production at a facility or from a supplier, unless explicitly communicated on certain aspects related to targeted Kering Standards explained within this document.



**STANDARDS
FOR
RAW MATERIALS**





HIDES AND SKINS FOR LEATHER
BOVINE, OVINE



The production of leather at the farm level can potentially have significant negative environmental and social impacts. Although leather is seen as a by-product or co-product of the meat industry, Kering is committed to ensuring that its leather is sourced in the most responsible and sustainable manner where there is accountability for the reduction in negative impacts linked to livestock production. These potential negative impacts include the direct impacts of farm production systems, such as conversion of natural habitat to pasture, use of synthetic chemicals or impacts on animal welfare. In addition, there can be “indirect impacts” such as feedstocks from unsustainable agricultural production and lethal control of native wildlife, which can impact conservation efforts. Kering believes in collaborating with its entire supply chain to ensure both traceability and sustainability over the long term. The only way that Kering can mitigate the risks associated with social and environmental impacts is to have traceability of leather in its supply chains. Kering acknowledges that traceability is a challenge, but its leather suppliers must work toward improving traceability by engaging with slaughterhouses and other parties along the supply chain. Suppliers should also be aware of the animal welfare practices in the countries of livestock production and slaughter and must strive to source from farms where production systems have been identified and verified as sustainable and aligned with this Kering Standard.

The requirements outlined below are focused on livestock production for bovine leather (beef, cow, calf, young calf) and ovine leather (sheep, lamb, mutton, goat) and shearling. They are relevant up until the slaughter of the animals. Additional Kering Standards are available for the processing of hides and tanning of leather (See [Kering Standard for tanning](#) and [Kering Standard for leather goods and shoe manufacturing](#)).

In summary, the key principles that underpin the Kering Standard for hides and skins for leather are:

- Complying with all applicable laws, conventions and regulations
- Avoiding the degradation and destruction of natural ecosystems
- Ensuring the highest standards of animal welfare
- Guaranteeing the ethical treatment of people working in the supply chain
- Promoting the ecological sustainability of livestock production methods



MINIMUM REQUIREMENTS

Ensure that leather does not come from farms involved in any form of deforestation in the Amazon biome

Kering brands will not work with suppliers that source leather from farms involved in any form of deforestation in the Amazon biome since July 2006, or farms included in [IBAMA's embargo list](#). Leather suppliers must: (1) investigate with their sub-suppliers as to where the hides come from, (2) actively check in detail for the sources of leather coming from South America and (3) terminate relations with any sub-supplier that is not compliant on these points.

Provide minimum information on origin of the hides

Kering is committed to achieving the highest levels of transparency within its leather supply chain. In this context, leather suppliers will make all reasonable efforts to provide Kering with information when requested about the origin of the hides. This information includes:

- Location and name of finishing tannery
- Location of pickling, wet-blue, crust tannery if different from the finishing tannery
- Location (country, region) of the slaughterhouse
- Country of origin (i.e. country of farming)

Use best efforts to source from a Kering “preferred country”

Kering supports ongoing research by experts to: (1) evaluate the risk of sourcing hides/leather from countries based on farming practices, environmental pollution, animal welfare, labor practices, etc. and (2) identify countries and, in some cases, farms where it is more favorable to source. Explanations and a list of preferred countries are provided in [BOX 2](#). Suppliers are encouraged to propose to Kering brands leather coming from these countries, when possible.

When not sourcing from a “preferred country”, work with Kering brands on deeper investigation on the origin of leather

When sourcing from a country that is not part of the [Indicative List of Preferred Sourcing Countries for Leather](#), suppliers will work in constructive, pragmatic and mutually-beneficial partnership with Kering to better understand the supply chain and to investigate the exact origin of the hides up to farm level and evaluate whether it meets the Kering Standards and define possible actions, where needed.

Advance the Kering Standards for Animal Welfare

Suppliers must be aware of Kering's Species-Specific Animal Welfare Standards. Suppliers are also responsible for communicating the need for Kering to monitor and verify animal welfare to their sub-suppliers. This means that suppliers need to:

- Read the [Appendix on Animal Welfare](#)
- Share the appendix with their sub-suppliers and communicate the need for Kering to monitor and verify animal welfare
- Provide information on sourcing upon request so that Kering can carry out monitoring and verification of the alignment to Kering Standards of the specific slaughtering/farming practices



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Ensure full traceability of leather

Kering expects to have full traceability of hides up to the farm level by 2025, supported by documentation, physical traceability mechanisms and verification. This will require collaboration within the entire leather supply chain. Leather suppliers are required to support this collaboration and to provide the following information:

- Location and name of finishing tannery
- Locations and names of all the tanneries upstream of the finishing
- Location (country, region) and, if deemed necessary, name of the slaughterhouse
- Location (country, area) of the farms (from finishing farm to breeding farm)

Leather suppliers are strongly encouraged to work with existing traceability systems such as ICEC (Istituto di Certificazione della Qualità per l'Industria Conciaria), LWG traceability or CSCB (Certificação de Sustentabilidade do Couro Brasileiro). See [BOX 1: Recommended certifications for traceability](#).

There may be additional certifications in the future that will be recommended by Kering and suppliers will be notified about these.

Only source from Kering preferred countries, or from specific sources that are verified as sustainable

By 2025, all suppliers will be required to only source leather/hides for Kering from:

- Either a preferred country as listed in [BOX 2](#). Among these countries, the operations with certifications listed in [BOX 3](#) are preferred to non-certified sources. Note that the type of farm production system and the mitigation of direct impacts (e.g. planned grazing, no conversion of natural habitats) and indirect negative impacts (e.g. locally sourced, sustainable feedstock, wildlife friendly practices) is considered in the evaluation of "preferred" sources.
- In particular, Kering will be focusing on ensuring that its leather comes from farming systems that regenerate the soil and practice the highest levels of animal welfare – and this means that production of meat/leather from feedlots systems will not be part of Kering's sourcing from 2025.

- And/or from any country as long as the source of the hides/leather (e.g. the farm and slaughterhouse) are verified as sustainable, meaning that it has one of the certifications listed in [BOX 3](#), or another certification that is approved by Kering and that meets the Kering Standards of land management, working/social conditions and animal welfare.

Ensure that animal welfare practices are aligned with Kering Standards

All suppliers/sub-suppliers dealing with live animals shall agree with the implementation and verification – by Kering or a third party – of Kering's Species-Specific Animal Welfare Standards. These Kering Standards outline the specific requirements for animal welfare in farms. Kering also requires proof and verification of standards of animal welfare in slaughterhouses. Both the Species-Specific Animal Welfare Standards and the recommendations for slaughterhouses are available upon request. See [Appendix: Animal Welfare](#).



BOX 1: Recommended Certifications for Traceability

	Status	Certifier	Scope
LWG	Private Standard	Leather Working Group	Applicable internationally, at present mainly spread in South America and Asia, including 3 Notes for Hide traceability (wet blue & white blue/slaughterhouse/ suppliers of split)
ICEC	Private Standard	Istituto di Certificazione della Qualita per l'Industria Conciaria	Applicable internationally, started with tanneries in Italy
CSCB	National Standard	Certificação de sustentabilidade do Couro Brasileiro	Focused on practices in Brazilian tanneries
Textile Exchange Sustainable Leather	Voluntary Standard	Textile Exchange	Under development in 2018–2019 (land management & animal welfare, will include practices on farm and tannery, and traceability)



BOX 2: Indicative List of Preferred Sourcing Countries for Leather

Kering supports ongoing research to evaluate the risk of sourcing from different countries. A country is considered high-risk if it includes at least one of the following:

- There is a risk of conversion of sensitive ecosystems (notably natural forests and grasslands) into grazing lands for farming.
- The farm practices are not ecologically sustainable (e.g. significant water pollution, high greenhouse gas emissions, etc).
- There is a risk of forced labor or child labor.
- Some of the cattle grazing operations occupy land disputed by indigenous groups or areas protected by federal, state or municipal legislation.
- There is no regulation on animal welfare, or local practices are incompatible with animal welfare.
- The traceability system is very limited (lack of specific food chain certification, no governmental regulation, etc.).

This table lists the sources preferred by Kering because they are lower risk with respect to the issues above. This list reflects the best knowledge available to Kering when writing this document, and this may change with additional research and information. We encourage suppliers to give Kering feedback on their knowledge of the different risk issues in sourcing countries.

Leather type	Sourcing Country
Bovine Leather (including beef, cow, calf, young calf)	<ul style="list-style-type: none"> • European countries • UK • New Zealand
Ovine Leather (including sheep, goat, lamb, mutton)	<ul style="list-style-type: none"> • European countries • UK • New Zealand



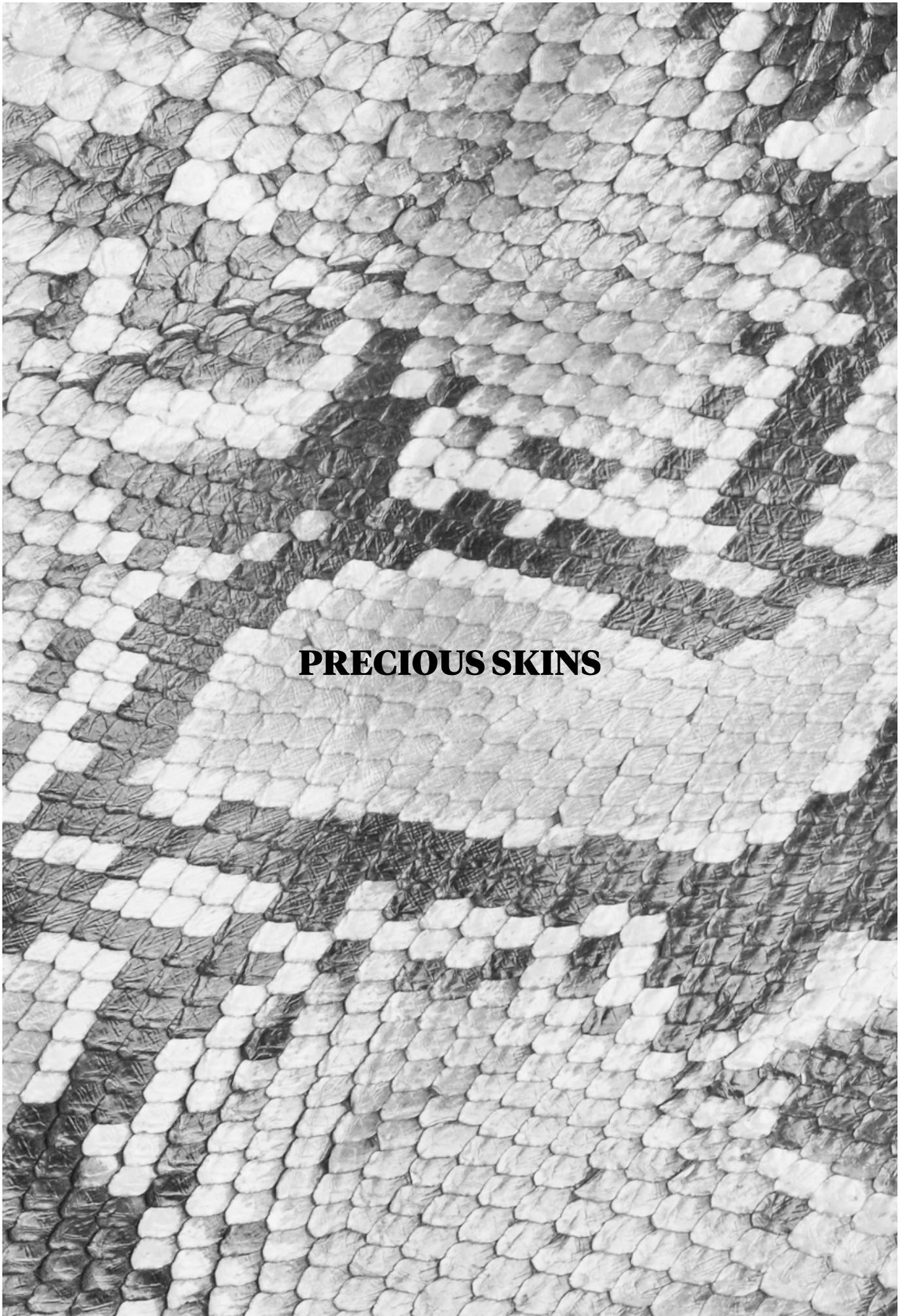
BOX 3: Recommended Certifications for Sustainability

When sourcing from one of the countries listed hereunder, Kering encourages suppliers to source skins coming from farms applying the voluntary certifications listed in the table which verify criteria for sustainable farming such as biodiversity conservation and ecological farming practices.

Country	Certification	Stakeholders	Type	Scope
CATTLE (BEEF, COW, CALF, VEAL, BUFFALO)				
WORLDWIDE	Organic For national Standards, please see IFOAM	National organic associations	third party	Ecological sustainability in farm practices, Traceability, Chemicals, Biodiversity conservation
	Ecological Outcomes Verified (EOV)	Savory Institute	second party	Traceability, Animal Welfare, Biodiversity conservation, Sustainable farming practices
FRANCE	Label Rouge	Institut National de l'Origine et de la Qualité (INAO)	third party	Breeding, Animal Welfare, Feed Management, Traceability
SWITZERLAND	Natura-Beef bio	Vache Mère Suisse (farmers association)	third party (external verification)	Traceability, Animal Welfare, Chemicals (partially), Biodiversity Conservation (partially)
UNITED KINGDOM	In complement of EU directives, specific to calves welfare: Welfare of Farmed Animals (England) Regulations 2007	RSPCA Freedom Food	second party	Animal Welfare, in top of scopes covered by EU directives
USA and CANADA	Animal Welfare Approved grassfed	Animal welfare Institute (NGO)	third party	Traceability, Animal Welfare and Feed Management (grassfed only)
USA	American Grassfed Association Standard	American Grassfed Association (producers & consumers)	third party	Traceability and Feed Management (grassfed only, no confinement, antibiotics or growth hormone free)
AUSTRALIA	Pasturefed Cattle Assurance System Standard (PCAS)	Cattle Council of Australia	third party	Traceability, Animal Welfare
	RSPCA Assured (previously Freedom Food) – for calves	RSPCA	second party	Animal Welfare

CATTLE (BEEF, COW, CALF, VEAL, BUFFALO)				
Country	Certification	Stakeholders	Type	Scope
BRAZIL	Rainforest Alliance Sustainable Agriculture Network (SAN)	Rainforest Alliance, Sustainable Agriculture Network (NGOs), Marfrig	third party	Traceability, Animal Welfare, Ecosystems conservation, Chemicals, Social aspects
	ABPO Pantanal Organico	WWF (NGO)	third party	Traceability, Chemicals, Social aspects, Animal Welfare (partially), Biodiversity (partially)
URUGUAY	Certified Natural Meat Program of Uruguay	National Meat Institute (INAC)	third party	Animal Welfare, Traceability, Biodiversity (partially), Chemicals (partially)
SMALL RUMINANTS (SHEEP, LAMB, GOATS)				
WORLDWIDE	Organic; For national Standards, see IFOAM	National organic associations	third party	Ecological Sustainability, Traceability, Chemicals, Biodiversity Conservation
SOUTH AFRICA	Certified Karoo Meat Initiative	Karoo development foundation (NGO)	third party	Traceability, Animal Welfare, Ecological Sustainability





PRECIOUS SKINS



Precious skins from several species of animals are a part of some of Kering's brands' products. Kering is committed to strictly ensuring that these skins are sourced according to the highest standards of animal welfare, ecological sustainability and working conditions. In regards to animal welfare, maintaining the highest standards in the way the animals are managed, handled, harvested, transported and slaughtered is fundamental to Kering's principles and, more broadly, to the long term success of the precious skin trade. Additionally, it is imperative that these supply chains and sourcing are managed so that there is no risk of any negative impacts on wild animal populations or their habitats.

For those species listed on the CITES Appendices, suppliers need to be diligent in their careful and strict adherence to all CITES procedures. For both CITES and non-CITES species, information on the source of the animals is mandatory. Kering acknowledges that ongoing research and data collection from the supply chain will be necessary to meet the Kering Standards and ensure sustainability.

For Kering, precious skins include:

- Crocodilians (crocodiles, caiman & alligators)
- Snakes (e.g. pythons, water snakes such as ayers, cobras, rat snakes, etc.)
- Lizards (e.g. tejus, varanids, etc.)
- Birds (e.g. ostrich)
- Fish (e.g. fish, eel, etc.)
- Other (e.g. antelope, deerskin, etc.)

The Kering Standard for precious skins below is focused on the production of precious skins in farms and ranches and/or the wild harvest of animals for precious skins. Additional Kering Standards are available for the processing of hides and tanning of leather (see [Kering Standard for tanning](#), which applies to leather and precious skins).

In summary, the key principles that underpin the Kering Standard for precious skins are:

- Strictly complying with all applicable laws, conventions and regulations
- Ensuring the highest standards of animal welfare
- Ensuring that there are no detrimental impacts on wild populations and their habitat
- Guaranteeing the ethical treatment of people working in the supply chain



MINIMUM REQUIREMENTS

Do not source any species that are traded/trafficked illegally for Kering or any other client

Suppliers must commit not to trade in illegal animal products or support wildlife trafficking at any time and in any way.

All precious skins must be sourced and traded legally according to national and international laws and conventions.

Do not source any species that are threatened with extinction

Suppliers shall not source any legally traded species that are near threatened, vulnerable, endangered or critically endangered (as identified on the [IUCN red Data List](#)). The only exception to this is if the species is listed on the [CITES Appendices](#) according to the conditions below:

- Species listed on the CITES Appendix I must not be used.
- Species listed on CITES Appendix II and Appendix III can be used by suppliers as long as CITES procedures are strictly adhered to and as long as suppliers are willing and able to share certain information about their sourcing (see “Provide verifiable information” below).

Suppliers shall use best efforts to avoid sourcing from countries/operations where there is a risk that the operations are non-compliant with CITES (e.g. Laos).

Kering requires that extreme caution is needed if sourcing non-CITES species. If non-CITES species are being used then Kering requires suppliers to provide Kering with the following: detailed information on the location (country/region) of the source (farm or wildcaught) and on animal welfare practices in advance for verification.

Animals that are on the [US Endangered Species Act](#) and/or that are restricted by the European Union ([EU Wildlife Trade Regulations](#)) should not be sourced unless aligned with the restrictions and requirements of these regulations and, further, detailed traceability and verification by Kering. Suppliers also need to adhere to all import conditions on these species.

Suppliers must ensure that their sub-suppliers have the same commitment and can verify this commitment.

Kering and/or its brands may request a written engagement from the supplier that outlines their commitment to the above sourcing standards around species threatened by trade.

Provide verifiable information on origin of the animal

For species listed on the CITES Appendices, align with the CITES system: The mandated traceability/tagging systems for species listed on the CITES Appendices must be followed. Note that sourcing from countries that “re-export” under CITES (such as Singapore) should be avoided due to the higher risk of potential loss of integrity in the supply chain.

For non-CITES species, provide adequate and verifiable information: The exact scientific name of the animal and the origin of the animal (country and type of source: captive, ranched or wild) must be provided to Kering brands.

Advance Kering’s standards for animal welfare

Suppliers must be aware of Kering’s Species-Specific Animal Welfare Standards. Suppliers are also responsible for communicating the need for Kering to monitor and verify animal welfare to their sub-suppliers. This means that suppliers need to:

- Read the [Appendix on Animal Welfare](#)
- Share the appendix with their sub-suppliers and communicate the need for Kering to monitor and verify animal welfare
- Provide information on sourcing so that Kering can carry out monitoring and verification of the alignment to the Kering Standards particularly with respect to the specific farming and slaughtering welfare practices



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Source from Kering preferred countries and operations

In the coming years, suppliers should only source from Kering preferred countries and operations (please see [BOX 1: Indicative list of preferred sources for precious skins](#)). Kering will provide regularly updated information on recommended countries/sources, which will also include the operations where suppliers are currently working after they have been approved by Kering. Kering preferred operations/facilities will have the appropriate management practices in place to ensure there is no detriment to wild populations and there are verifiable high standards for animal welfare.

Sourcing through Kering preferred operations/facilities will ensure that suppliers meet all of Kering's Minimum Requirements and many of the Additional Conditions to meet the Kering Standards. This means that there will be no sourcing through re-export permits or from sources that cannot identify and verify the original source of the animal.

Ensure complete traceability of all skins

Suppliers will ensure complete traceability of all skins (CITES and non-CITES) back to wild source and/or captive operations. This traceability will need to be verified through the provision of information on the source of skins as required. This information will include:

- Species scientific name
- Source country (country of wild harvest/farm/ ranch and in the case of ranching operations the source country for hatchlings and/or eggs needs to be specified)
- Processing facility
- Type of source (captive, ranched or wild)
- Location of the different tanning steps

Systems need to be put in place by suppliers that can verify the original source of the precious skins. These include some type of physical traceability (e.g. plastic tags, RFID tags, blockchain, DNA tracing, etc.) through the supply chain as well as good document management systems to back up physical traceability. Suppliers shall agree to second or third party verification of traceability and sourcing claims.

Ensure that animal welfare practices are aligned with Kering Species-Specific Animal Welfare Standards

All suppliers/sub-suppliers dealing with live animals (e.g. farm and processing facilities) will agree to the implementation and verification by Kering or a third party of Kering's Species-Specific Animal Welfare Standards, which outline the specific requirements for animal welfare in farms, ranches, processing facilities and for wild harvest. Examples of certifications that are in development and that may meet Kering Standards include the new International Crocodile Farmers Association (ICFA) standards and requirements for farmed crocodiles and alligators and, for farmed ostrich, the South African Ostrich Business Chamber (SAOBC) Standards. See [Appendix: Animal Welfare](#).

If not sourcing from Kering preferred countries and operations, prove that there is no detriment to wild populations

Suppliers are encouraged to preferably source from Kering recommended countries and operations, as these will have the appropriate management practices in place to ensure there is no detriment to wild populations. If sourcing from another operation, evidence will be provided to Kering that the operation (farm, ranch, processing facility) is monitoring the collection of wild-caught eggs and/or hatchlings and/or adult animals and that it meets Kering's Animal Welfare Standards.

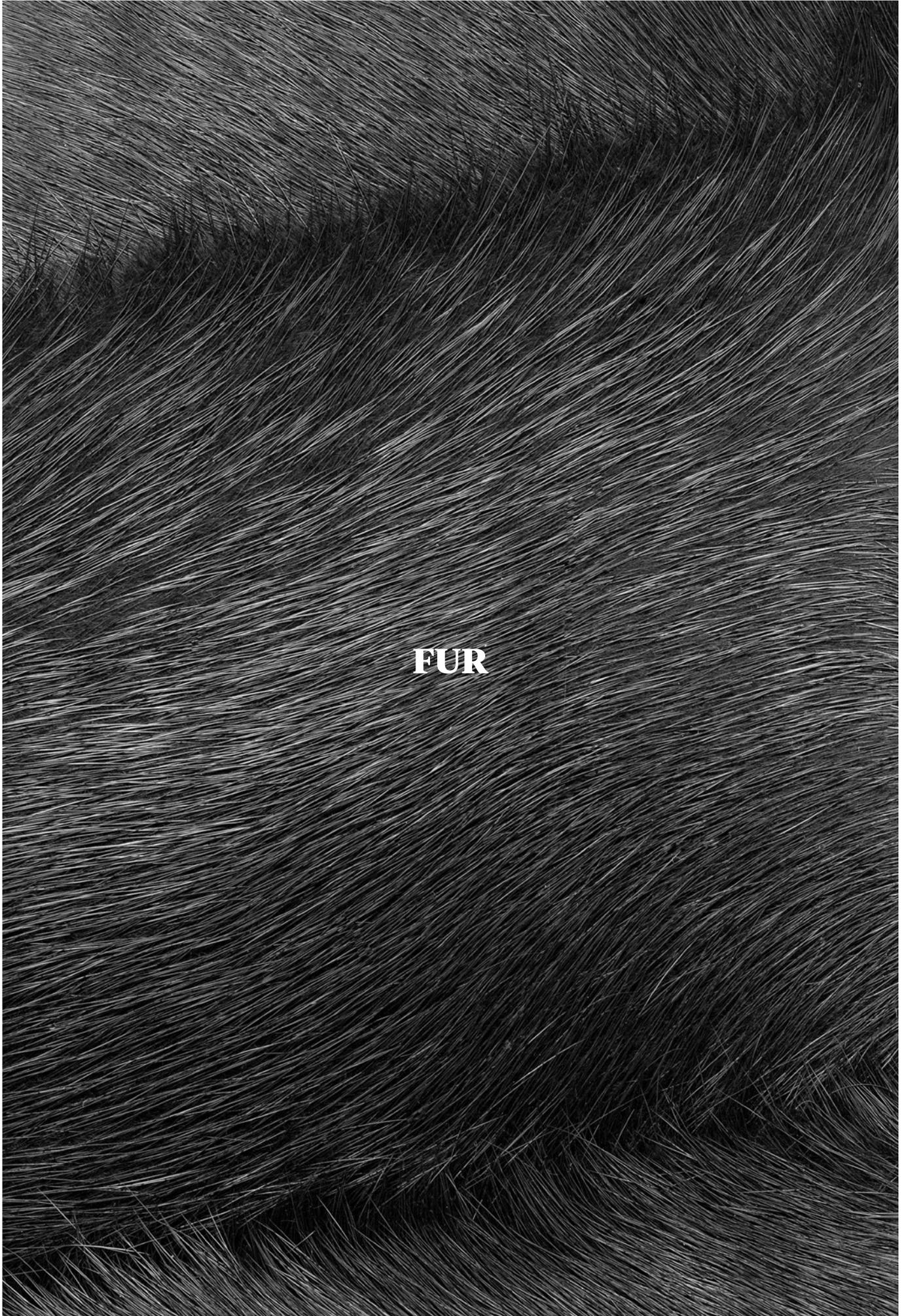


BOX 1: Indicative List of Preferred Sources for Precious Skins

This table lists the sources for key species that are preferred by Kering as they are most likely to fulfill the Minimum Requirements and Additional Conditions for precious skins. This list reflects the best knowledge available to Kering when writing this document. This list may evolve in the future based on third party auditing at farms and/or processing facilities. Every source of precious skin, whether on the list below or not, will need to be verified against the Kering Standards.

Common Names	Scientific Name	Source Location	Source Type	CITES Certificate required?
AMERICAN ALLIGATOR	Alligator mississippiensis	USA (Louisiana, Georgia)	Ranched	yes, Appendix II
		USA	Wild	
SPECTACLED CAIMAN	Caiman crocodilus	Bolivia	Wild	yes, Appendix II
		Columbia	Captive Bred	
YACARE CAIMAN	Caiman yacare	Argentina	Ranched / Wild	yes, Appendix II
		Bolivia	Captive Bred	
		Bolivia	Wild Tacana harvest program	
NILE CROCODILE	Crocodylus niloticus	Madagascar, South Africa, Zimbabwe	Ranched, Captive Bred	yes, Appendix II
YELLOW ANACONDA	Eunectes notaeus	Argentina	Wild	yes, Appendix II
BURMESE PYTHON	Python molurus	Vietnam	Captive Bred	yes, Appendix II
		Thailand	Captive Bred	
RETICULATED PYTHON	Python reticulatus	Indonesia, Malaysia	Wild	yes, Appendix II
		Thailand, Vietnam	Captive Bred	





FUR



Kering is ensuring the highest standards for the sourcing of fur for its brands that use fur. The most important issue is the humane treatment of animals, whether on farms or wild-caught, and Kering expects all of its suppliers of fur to follow and respect its Species-Specific Animal Welfare Standards (see the [Animal Welfare Appendix](#)). For those animals taken from the wild, Kering expects verification that this does not cause any detriment to wild animal populations or habitats. In certain countries, there are strict regulations about the treatment of animals and additionally there are labelling regulations for fur products. Kering expects its suppliers to adhere to all national and international regulations without exception.

The standards outlined below apply to the manufacturing of fur clothing by obtaining animal pelts where the hair is left on the animal's processed skins. Specifically, it covers (but may not be restricted to) the species listed below (Note: Shearling and other fur from livestock are covered in the [Kering Standard for hides and skins for leather](#)):

- Foxes
- Mustelids (e.g. Mink, Weasel, Ermine, etc.)
- Rodents (e.g. Orylag, Rabbit, Beaver, Nutria, etc.)
- Kangaroo
- Deer
- Possum

In summary, the key principles that underpin the Kering Standard for fur are:

- Ensure that there is no detriment to wild animal populations and habitats
- Ensure the highest standards of animal welfare in the managing, handling, raising, transporting and processing of animals
- Comply with all national and international laws and regulation



MINIMUM REQUIREMENTS

Do not source any species that are illegal or linked to wildlife trafficking

All fur must be sourced and traded legally according to national and international laws and conventions. Suppliers must commit to not trade in illegal animal products or support wildlife trafficking in any way.

Kering and/or its brands may request a written engagement from the supplier that outlines their commitment to the above sourcing standards around species threatened by trade.

Do not source any species that are threatened with extinction (with exceptions listed below)

Suppliers will not source any legally traded species that are near threatened, vulnerable, endangered or critically endangered (as identified on the [IUCN Red Data List](#)). Only animals listed as least concern can be sourced. This means that Kering does not allow sourcing of fur from CITES-listed species.

Animals that are on the [US Endangered Species Act](#) and/or are restricted by the European Union ([EU Wildlife Trade Regulations](#)) should not be sourced. Suppliers must ensure that their sub-suppliers have the same commitment and can guarantee verification.

Kering and/or its brands may request a written engagement from the supplier that outlines their commitment to the above sourcing standards around species threatened by trade.

For all species, align with labelling regulations

Suppliers must be able to provide evidence that they have adhered to all national and international labelling regulations. Suppliers must verify certificates from sub-suppliers to confirm the accuracy of the details, particularly with respect to the species scientific name and source code, and country of origin. Please note that if any of these are not correct, then the fur is technically “illegal” and does not comply with international regulations.

Use best efforts to align with Kering’s recommendations on preferred sources

Kering recommends suppliers to take a precautionary approach to sourcing with respect to animal welfare and encourages them to have their sourcing strategy align with [BOX 1: Preferred Fur Sourcing Strategy](#). A practical way to achieve alignment is to source from fur farmed or harvested in the countries listed in [BOX 2: Indicative List of Preferred Sources for Fur](#) and to source from auction houses listed in [BOX 3: Certifications & Recommended Suppliers](#) found below.



MINIMUM REQUIREMENTS

Advance Kering's standards for animal welfare

Suppliers must be aware of Kering's Species-Specific Animal Welfare Standards. Suppliers also are responsible for communicating the need for Kering to monitor and verify animal welfare to their sub-suppliers. This means that suppliers need to:

- Read the [Appendix on Animal Welfare](#)
- Share the appendix with their sub-suppliers and communicate the need for Kering to monitor and verify animal welfare
- Provide information on sourcing so that Kering can carry out monitoring and verification of the Kering Standards

Provide verifiable information on origin of the animal

Suppliers must be prepared to provide Kering/brands with details on the origin of the fur. Minimal information includes exact scientific name of the animal and the origin of the animal (country of farm/harvesting as well as country of operations/facilities and auction and type of source - captive, ranched or wild).

Adhere to specific requirements on certain species

Kering has some particular requirements for some sources of fur:

- **Angora** from rabbits cannot be sourced from Asia-based operations due to risk of negligence on animal welfare (e.g. live plucking). Angora can only be sourced from operations where there has been credible, third party verification conducted through audits against Kering's standards for animal welfare. Kering can provide guidance on preferred suppliers when requested.
- **Do not use furs obtained by killing foetal animals.** This means that sourcing astrakhan fleece from foetal lambs is banned from Kering's brands' products. An acceptable alternative is Swakara from young lambs in Namibia.



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Only source from Kering approved operations/facilities or from specific sources that have been verified against Kering's Species-Specific Animal Welfare Standards

By 2025, suppliers should only source fur:

- From Kering approved sources (see [BOX 2](#) and [BOX 3](#)), whereby regular updated information on recommended countries/sources will be provided by Kering. Please note that Kering preferred operations/facilities have certifications and practices in place that align with Kering's animal welfare protocols, and therefore should ensure that suppliers meet all of the Minimum Requirements and many of the Additional Conditions.

OR

- From sources that are fully traceable up to the farm and have been validated by Kering or a third party on sustainability aspects including high standards of animal welfare, environmental and social practices and ecological sustainability.

Ensure complete traceability to origin of animal

Complete traceability of all fur will be ensured back to wild source and/or captive operations. This traceability will need to be able to be verified through the provision of information on the source of fur as required. This information will include:

- Location of farm (country)/pelting operation (country)
- Name and location of auction house/processing facility
- Tag numbers or other means of tracing fur to farm/place of capture
- Environmental and animal welfare management standards in place at farm or capture

Systems of physical traceability need to be put in place that can verify the original source of the fur (e.g. tags, RFID tags, Saga STS traceability system) through the supply chain. In addition, systems of document management and traceability need to be in place. Full traceability requires collaboration across all the supply chain (auction house, dresser and manufacturer).

Suppliers will agree to third party verification of traceability and sourcing claims.

Ensure that animal welfare practices are aligned with Kering Standards

All suppliers/sub-suppliers dealing with live animals (e.g. farm and processing facilities) will agree with the implementation and verification by Kering or a third party of Kering's Species-Specific Animal Welfare Standards.



BOX 1: Preferred Sourcing Strategy

Kering recommends that suppliers take a precautionary approach to sourcing with respect to animal welfare. This includes the following:

- **Preferentially source fur from captive operations (i.e. farms) with verifiable and high standards of animal welfare**

Verifying and maintaining animal welfare standards in farms is possible, while this is generally not possible with wild-caught animals where the trapping methods can be inhumane. Kering recommends that suppliers only source fur from captive operations in Europe. Sources of fur from European farms must adhere to the EU Council Directive of 1998 as a minimum requirement. Sourcing from recommended suppliers, such as Saga Furs and Kopenhagen Furs (cited below) also helps ensure that animal welfare is being respected when pelts come from their network of farms.

Sourcing from farms in North America (Canada and USA) will require additional verification/information for Kering.

- **Sourcing wild-caught species is acceptable when the species is a "pest" and management of animal welfare is in place**

Pest species are those that have been introduced to a region where they would not normally be found and usually there are programs/standards in place to ensure welfare standards in their capture. Examples of this include *Nutria* from USA and Europe, and *Possum* and *Deerskin* from New Zealand.

- **Sourcing from wild-harvest programs of native species may be acceptable when there is management of animal welfare in place**

In some places, wildlife management programs and managed wild-harvest programs are in place with verifiable standards for animal welfare. In some cases, it is acceptable to source fur from these operations but this requires explicit approval from Kering. Examples of this include *Kangaroo* from Australia, and *Antelope* from South Africa.



BOX 2: Indicative List of Preferred Sources for Fur

This table lists the sources that are preferred by Kering as they are more likely to fulfill the Minimum Requirements and Additional Conditions for fur. Please note that sourcing from this list does not guarantee full alignment with the Kering Standards, and thus need to be confirmed by a third-party audit at farm level.

Trade/Common Name(s)	Species Scientific Name	Source
SWAKARA, KARAKUL LAMB	Ovis aries karakul	Only from Namibia
FINNRACCOON, RACCOON DOG, TANUKI, ASIATIC RACCOON	Nyctereutes procyonoides	Some farms in European countries
FOX, BLUE FOX, ARTIC FOX	Alopex lagopus	Some farms in European countries
FOX, RED FOX, SILVER FOX	Vulpes vulpes	Some farms in European countries
AMERICAN MINK	Mustela vison	Some farms in European countries and in the USA and Canada
NUTRIA, COYPU RAT, SWAMP BEAVER, RAGONDIN, SUMPFBIBER, BIBERATTE	Myocastor coypus	Wild harvest in countries where species is invasive/or farms in European countries
POSSUM, NEW-ZEALAND BRUSH- TAILED POSSUM	Trichosurus vulpecula	Wild harvest of this invasive species in New Zealand
RABBIT, CONEY, LAPIN	Oryctolagus cuniculus	Some farms in European countries
MUSKRAT	Ondatra zibethicus	Some farms in European countries and managed harvest where invasive



BOX 3: Certifications, Assessments and Recommended Suppliers

The following are current Kering recommended fur certifications and assessments as well as auction houses. This list will be periodically reviewed and updated:

Certifications and assessments:

- **WelFur** is a science-based animal welfare assessment program voluntarily initiated by the European fur sector in 2009. The pan-European implementation of WelFur began in 2015. They began certifying farms in 2017 and plan to certify over 4000 farms in the next five years. It is recommended that farms are only deemed acceptable for the supply chain when they have an overall classification of “good current practice” with no areas where they score “unacceptable current practice”. There may also be species-specific requirements that are not always completely aligned with the Kering Standards and may need additional supplementation.
- **Finnish Fur Breeders’ Association (STKL) also called Profur** requires documentation and continuous development of breeding standards above those contained in European legislation.

Kering has identified three recommended suppliers for fur that are able to demonstrate efforts in terms of animal welfare standards and traceability: Saga Furs (Finland), Kopenhagen Furs (Denmark) and Granges Can Rafael (Spain).

- **Saga Furs:** The company offers Finnraccoon, fox and mink collections coming from Saga certified farms (currently certified by Profur). Saga is currently transitioning to include the WelFur assessment in its certification scheme and they will be selling WelFur approved farmed fur by 2020. Saga also has the STS traceability system in place for all of its certified fur. Currently, Saga’s program is most aligned with the Kering Standards.
- **Kopenhagen Fur:** The animal welfare standards for fur in Denmark, where Kopenhagen Fur is located, are high compared to many countries. For example, all Danish mink farms are subject to annual, statutory veterinarian visits. Therefore, for certain species where Kopenhagen Fur owns farms, the standards are higher than in other European countries. In contrast, Kopenhagen Fur does not yet certify its furs but it is moving toward adopting the WelFur assessment with Saga furs and has undertaken research concerning animal welfare and other sustainability issues.
- **Granges Can Rafael:** This is a supplier of rabbit fur located in Spain that is committed to animal welfare practices and has helped create animal welfare standards specifically for rabbits. They have also created a traceability system.



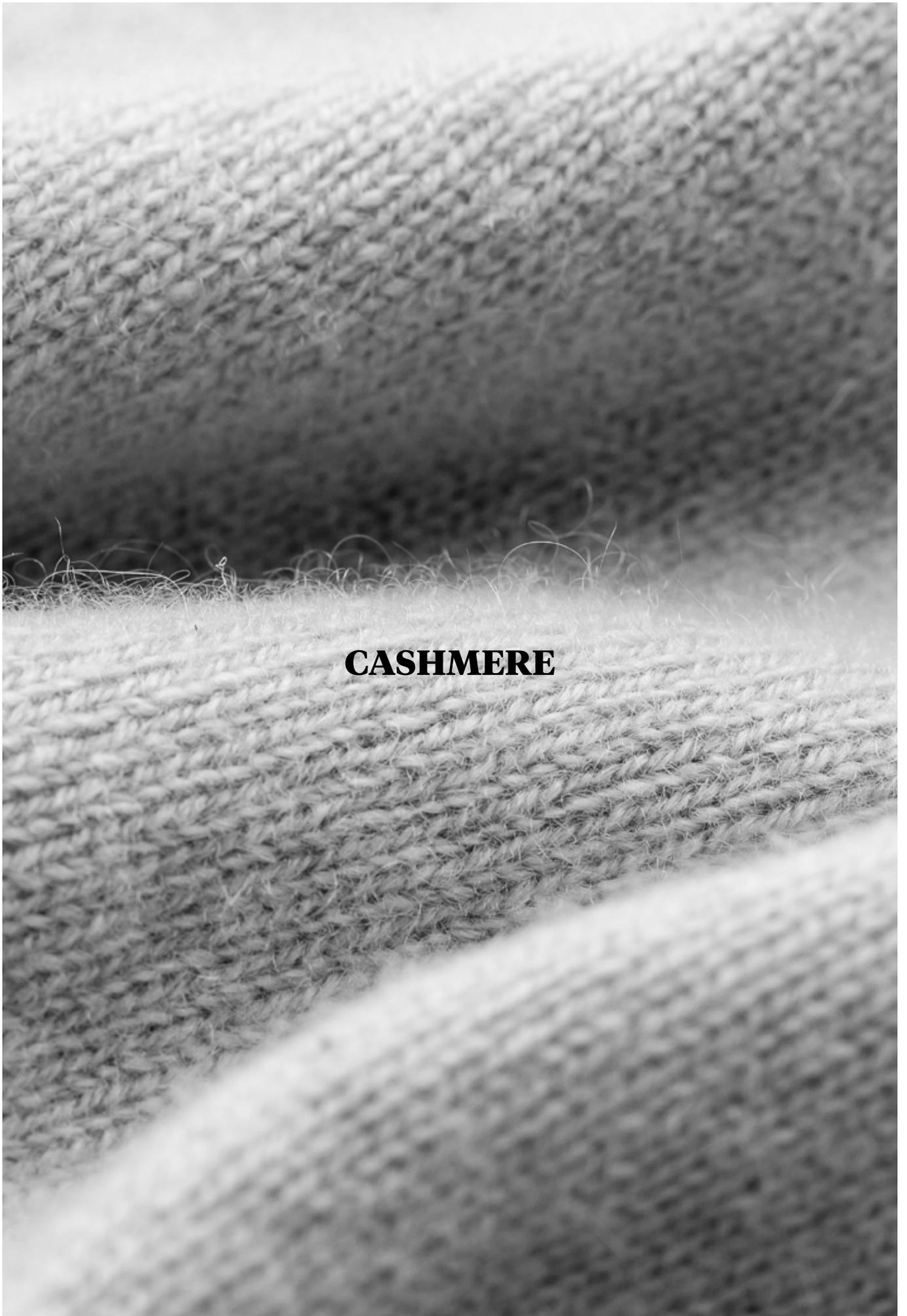
BOX 4: “Fake Fur” and other Fur Alternatives

Brands’ decisions and legal considerations, such as certain cities banning the sale of fur, are increasingly leading to a demand for “fake fur” or fur alternatives that do not use animal-based sources. Such fur alternatives also have sustainability considerations, since the majority of fur alternatives are composed of synthetic fibers such as acrylic, moda acrylic and polyester which are petroleum based.

Kering recommends that suppliers take a cautionary approach to sourcing fur alternatives:

- For **synthetic based** fur alternatives such as acrylic, moda acrylic, polyester or bio-based synthetics, please refer to the [Kering Standard for synthetics](#), which outlines the preferences and concerns regarding recycled synthetics and bio-based materials.
- For **natural fiber based** fur alternatives such as wool or cashmere, please refer to the [Kering Standard for wool](#) and the [Kering Standard for cashmere](#). For other natural fibers (i.e. Alpaca, Yak, Camel, etc.) not specifically covered by the Kering Standards, suppliers should refer to the Kering Materials Innovation Lab for guidance.
- For the **chemical and manufacturing processing** of fur alternatives, suppliers should refer to Kering’s [MRSL](#) and [PRSL](#) and to the [Kering Standard for textile processing](#) and the [Appendix: Summary of Kering Chemical Management Policy](#).





Goats producing cashmere are mostly found in Central Asia and particularly in Mongolia and Inner Mongolia, although some cashmere is also produced in India, Afghanistan and Iran. Cashmere is mainly produced by small-scale, traditional nomadic herders and these herding families may own anywhere between 100 and a few thousands goats. They need to move around the vast grasslands of Central Asia in order to find enough pasture for the goats, which has been a practice for many centuries. One of the most critical issues with cashmere production is the environmental degradation that has been taking place over the last 2-3 decades. With increased access to global markets and trading with China, cashmere herders were incentivised to increase their number of goats (over a 4 fold increase in 20 years). In turn, this has led to overgrazing and extensive degradation of the fragile grasslands and a reduction in productivity. Additionally, environmental consequences such as widespread dust storms fueled by significant soil erosion have had negative health and air quality impacts. This has contributed to the perception that cashmere production is currently environmentally unsustainable.

The Kering Standard for cashmere is designed to promote and encourage sourcing of cashmere from production systems that respect social and cultural values, support local livelihoods and drive more sustainable grazing practices and high standards of animal welfare.

In this Kering Standard, cashmere refers to the textile fiber from goats and covers the phases from the herding to the dehaired cashmere. Additional Kering Standards are available for the processing of dehaired cashmere further down the supply chain (See [Kering Standard for textile processing](#)).

In summary, the key principles that underpin the Kering Standard for cashmere are:

- Maximising ecological sustainability: support cashmere production that does not degrade natural ecosystems but rather restores and protects soil, plants and wildlife
- Ensuring the highest standards of animal welfare
- Ensuring social and cultural benefits and supporting local livelihoods



MINIMUM REQUIREMENTS

Inquire about the origin of the cashmere

Suppliers shall use best efforts to provide, at the very minimum, the country of origin (i.e. country of goat production) for all cashmere utilised in Kering's brands' products.

Advance Kering's standards for animal welfare

Suppliers must be aware of Kering's Species-Specific Animal Welfare Standards for goats. Suppliers are also responsible for communicating the need for Kering to monitor and verify animal welfare to their sub-suppliers. This means that suppliers need to:

- Read the [Appendix on Animal Welfare](#)
- Share the appendix with their sub-suppliers and communicate the need for Kering to monitor and verify animal welfare
- Provide information on sourcing so that Kering can carry out monitoring and verification of the Kering Standards



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Achieve traceability of cashmere

Kering is committed to achieving the highest level of transparency within its cashmere value chain. In this context, suppliers will make all reasonable efforts to provide Kering with the origin and the journey of the cashmere that they supply to Kering brands. This information includes:

- Where cleaning and dehairing was performed
- Information on the goats producers and/or herder cooperatives

Prioritise the use of cashmere from Kering's preferred sources

Suppliers will work with Kering to prioritise sourcing of cashmere from identified herding cooperatives that are committed to more sustainable practices, in particular in terms of animal welfare, land management and grazing practices. As of today, Kering has identified the following sources as being **more sustainable** and this list can be extended in new revisions of this document. Projects may require additional verification from Kering.

- Herding cooperatives of the Kering Sustainable Cashmere project in the Gobi Desert
- Producers/herding cooperatives working with the Sustainable Fiber Alliance (SFA) and achieving the SFA certification
- Herding cooperatives working with Agronomes & Vétérinaires Sans Frontières (AVSF) in the province of Bayankhongor in Mongolia
- Other cooperatives working with experts to improve grazing practices (i.e. The Nature Conservancy in the eastern steppe)
- Producers certified organic with the GOTS certification (very limited availability as of now, but growing in China)

Kering may require its cashmere to be segregated to make sure it is fully traceable and coming from these preferred sources.

Ensure that animal welfare practices are aligned with Kering Standards

All suppliers/sub-suppliers dealing with live animals shall agree with the implementation and verification by Kering or a third party of Kering's Species-Specific Animal Welfare Standards. In particular, cashmere suppliers will agree with Kering's animal welfare standards for goats in cashmere production. See [Appendix: Animal Welfare](#). Note that the Kering Standard for cashmere goats has some specific conditions to allow for cultural important practices in traditional herding communities.

The Sustainable Fiber Alliance certification program includes existing standards that meet some of Kering's requirements on animal welfare and are acceptable as proof of animal welfare by producers.

Ensure that land management and grazing practices are sustainable

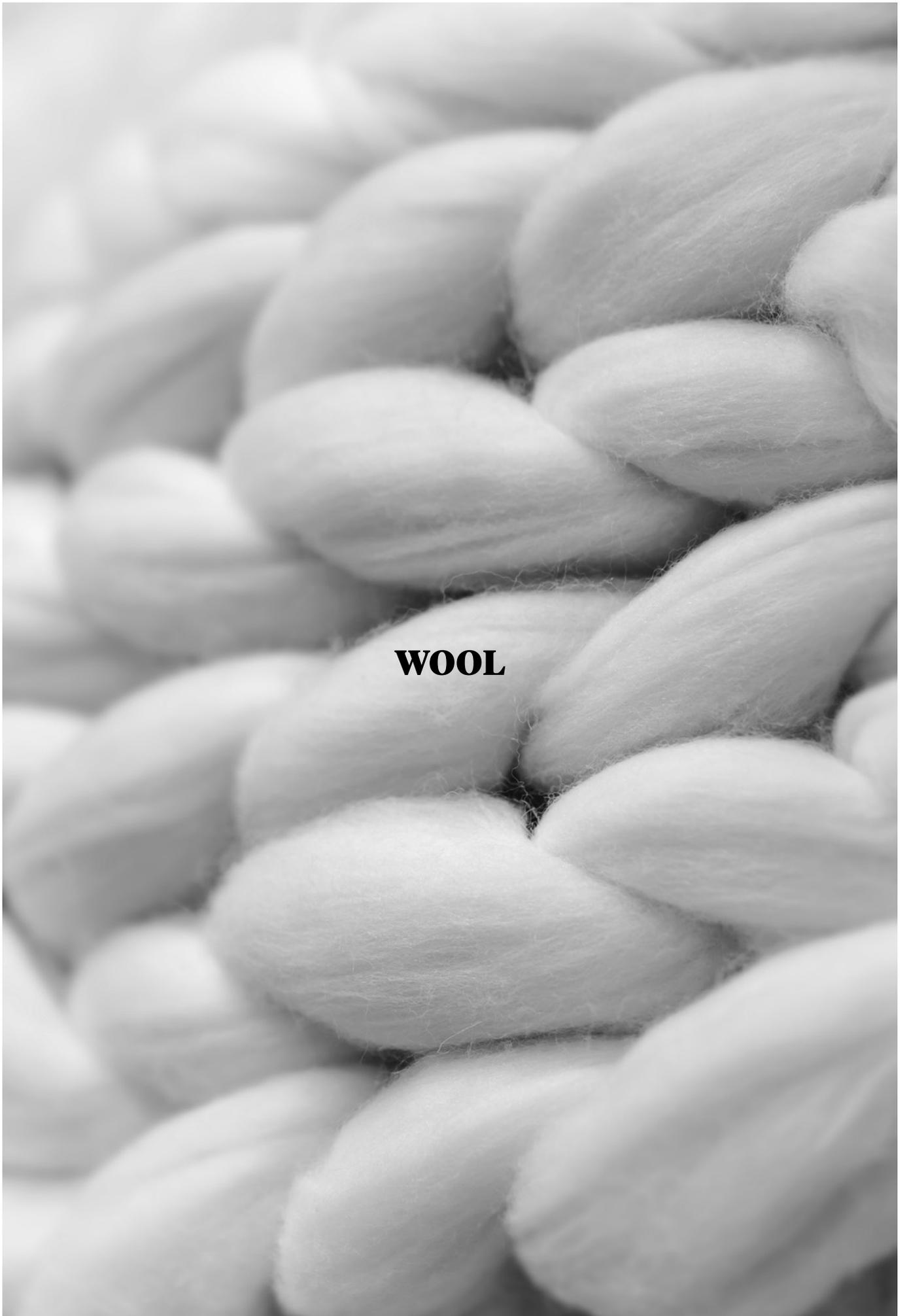
Kering requires evidence and verification that its cashmere is sourced from producers that are engaged in 'regenerative' grazing practices (i.e. grazing practices that do not lead to overgrazing and degradation of the land). Proof of sustainable grazing can be supplied in the following ways:

- Through certification against the Sustainable Fiber Alliance's grassland management protocol
- Through targeted verification of identified programs for sustainable cashmere under the management of local, national or international agencies and NGOs

Use recycled/regenerated cashmere where possible

Kering supports the use of recycled/regenerated cashmere. This type of cashmere is usually made with a high percentage of high-grade, pre-consumer cashmere offcuts. This enables the reduction of the demand for virgin cashmere and the associated environmental and social impacts.





Wool is produced in extensive farming systems in over 100 countries around the world but the highest quality and quantity of wool fiber comes from Australia, New Zealand, South America and South Africa. Wool production can be judged as more or less sustainable based on the impact of the farming system and on animal welfare issues, with a particular focus on the practice of mulesing (i.e. the removal of skin from the breech and/or tail of a sheep using mulesing shears). The methods used to clean or scour the raw (greasy) wool can also be a factor in assessing the sustainability of a source. The relative impacts and significance of farming systems, animal welfare and scouring methods varies by country and region.

The factors contributing to the environmental impacts of the farming system include the conversion of land from natural ecosystems, the degradation of pastureland, and the chemical treatment of pasture and sheep. Wool production in countries such as Australia, New Zealand, UK and Europe have been carried out for a long time, sometimes centuries, and thus the conversion of land from natural ecosystems (grasslands and forests) to agricultural land in these areas is less of an issue. However, partly due to this longevity there is often increasing levels of degradation of the pasture and ecosystems in and around farms. Additionally, sheep farming is relying more and more on chemical inputs (e.g. petroleum-based fertilisers) for the maintenance of pasture condition. In addition, in some areas, wool growers also rely heavily on chemical applications to manage sheep pests like lice and blowflies. Most chemicals used to treat these external parasites bind to the wool grease rather than the fiber itself and are removed during the initial cleaning of the wool (“scouring”) resulting in contaminated scour effluent. In other countries, the issue of conversion of natural ecosystems is still a concern because sheep production is on natural grasslands that are being degraded through overgrazing. Another aspect of sheep farming that is important to consider is the way that farms live with and/or manage native animals and whether they are regarded as “pests” (e.g. some predators) or other grazing animals (e.g. kangaroos).

In this Kering Standard, wool refers to the textile fiber from sheep and covers the phases from the farm to the scoured/combed wool. Additional Kering Standards are available for the processing of wool further down the supply chain (See [Kering Standard for textile processing](#)).

Wool has the potential to be a very sustainable natural raw material if the chemical inputs are limited, the scouring process is well managed and sustainable grazing practices are put in place.

In summary, the key principles that underpin the Kering Standards for wool are:

- Maximising ecological sustainability: supporting wool production that does not degrade natural ecosystems but rather restores and protects soil plants and wildlife
- Reducing chemical inputs: wool production with limited use of toxic chemicals
- Ensuring high standards of animal welfare
- Ensuring high standard of labor and working conditions for farm and scouring mills workers
- Using water efficiently and responsibly at farm level and scouring level



MINIMUM REQUIREMENTS

Inquire about the origin of the wool

Suppliers shall use best efforts to provide, at the very minimum, the country of origin (i.e. country of sheep production) for all wool utilised in Kering's brands' products.

Advance Kering's standards for animal welfare

Suppliers must be aware of Kering's Species-Specific Animal Welfare Standards for sheep on farms and in transport. Suppliers are also responsible for communicating the need for Kering to monitor and verify animal welfare to their sub-suppliers. This means that suppliers need to:

- Read the [Appendix on Animal Welfare](#)
- Share the appendix with their sub-suppliers and communicate the need for Kering to monitor and verify animal welfare
- Provide information on sourcing so that Kering can carry out monitoring and verification of the Kering Standards



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Achieve traceability of the wool

Kering is committed to achieving the highest level of transparency within its wool value chain. In this context, suppliers will make all reasonable efforts to provide Kering with the origin and the journey of the wool that they supply to Kering brands. This information includes:

- Where cleaning and scouring was performed
- Information on the farms and movement of wool through the supply chain

Prioritise the use of wool from Kering's preferred sources

Suppliers will work with Kering to prioritise sourcing of wool from identified farms that are committed to more sustainable practices, in particular in terms of traceability, animal welfare and land management. As of today, Kering has identified the following sources as being more sustainable, which can be extended in a new revision of this document:

- Farms certified to Responsible Wool Standard (RWS, see [BOX 1](#)), including ZQ Merino wool
- Farms certified to Organic Standards (GOTS)

Kering may require its wool to be segregated to make sure it is fully traceable and coming from these preferred sources.

Ensure that animal welfare practices are aligned with Kering Standards

All suppliers/sub-suppliers dealing with live animals will agree with the implementation and verification by Kering or a third party of Kering's Species-Specific Animal Welfare Standards. In particular, wool suppliers will agree with Kering's welfare standards for sheep farming and transport. See [Appendix: Animal Welfare](#). Please note that Kering's animal welfare standards for sheep cover more than mulesing.

There are some existing wool animal welfare standards that meet some of Kering's requirements and are acceptable as proof of animal welfare on farms. However, Kering may require additional verification and auditing on these farms and this will be evaluated on a case-by-case basis.

Ensure that land management and grazing practices are sustainable

Kering requires suppliers to engage in farm production practices that improve and restore ecosystem function on the farm. Proof of best practices in grazing management will need to be provided to Kering.

Use recycled/regenerated wool where possible

Kering supports the use of recycled/regenerated wool. This type of wool is usually made with a high percentage of high-grade, pre-consumer wool offcuts. This enables to reduce the demand for virgin wool and the associated environmental and social impacts.



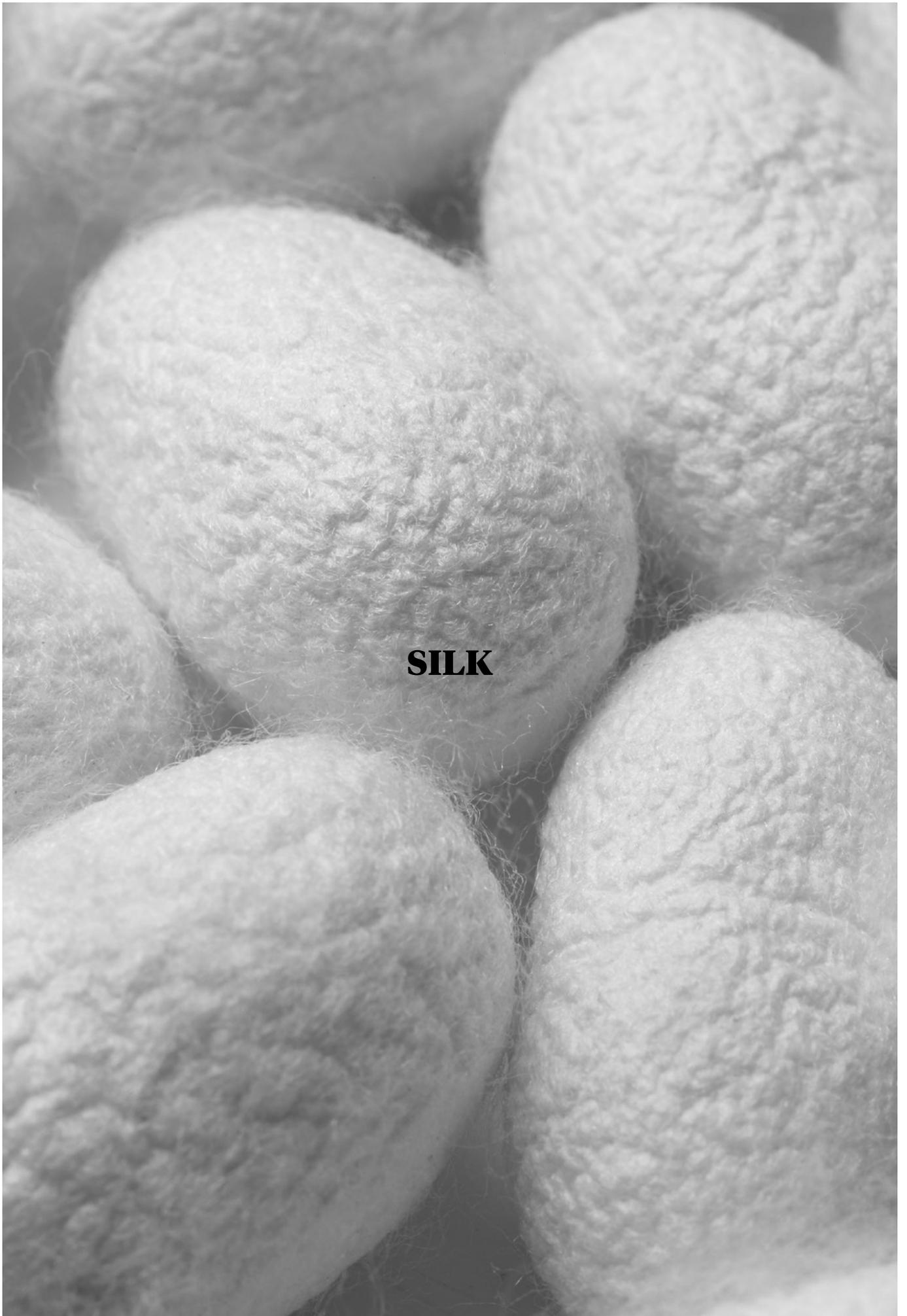
BOX 1: Responsible Wool Standard

The **Responsible Wool Standard (RWS)** is a voluntary global standard that addresses the welfare of sheep, land management practices, and traceability of the wool. It was launched in summer 2016 by the non-profit organization Textile Exchange. The standard was created to provide a global benchmark for animal protection and agriculture in the field of sheep farming. Other goals include helping dedicated sheep farmers worldwide by recognizing examples of best practice as well as increasing transparency along the global value chain. The RWS is intended to be used by farms involved in the production of wool from sheep, certification bodies contracted to provide certification services to the standard and companies buying and selling wool products. This is a voluntary standard and is not intended to replace the legal or regulatory requirements of any country.

The goals of the Responsible Wool Standard are to:

- Provide an industry tool to identify best farm practices
- Ensure wool is from responsibly treated sheep
- Confirm that farms follow enhanced land management methods that protect soil health, biodiversity and native species





SILK



As a versatile and luxury fiber, silk has been widely used and cherished around the world for centuries due to its soft quality, elegant drape, lightness and comfort, warmth retention and tensile strength. Silk primarily comes from silkworms, which are the larvae or ‘caterpillars’ of moths. There are many kinds of silk with differing characteristics based on the species of moths and the ways in which the silk is produced (see below). There are over 30 countries that produce these different types of silk - China is the largest producer, followed by India and Japan. Most of the silk used in the luxury sector comes from the *Bombyx mori* species of moth which are fed mulberry leaves cultivated on farms. The larvae that hatch from the eggs of the moth produce a single long filament of protein fiber (silk) of around one thousand meters in length that they use to create a cocoon to completely enclose themselves for their next stage of metamorphosis into a chrysalis. The filament is stuck together with a gum known as sericin that is also produced by the silkworm. It is important to note that *Bombyx mori* used in most sericulture has been domesticated over thousands of years and has been selected through generations of breeding programs. It is entirely dependent on farming systems for survival and could not survive in the wild. There are a number of inherent sustainable attributes of silk. Silk is a natural, biodegradable fiber and the mulberry trees used for feed grow well on land of little agricultural value and their deep roots can prevent soil erosion. In addition, compared to many other bio-based fibers less water is used in farming mulberry trees. However, in silk production there are important sustainability issues to consider including: water consumption, chemical use, which type of energy is used, how the land is treated and the resulting impacts on natural ecosystems, and, significantly, the conditions and livelihoods of the silk farmers. These are all issues in the silk supply chain that Kering is focused on and committed to ensuring best practices via the Kering Standard for silk.

The Kering Standard for silk is focused on the commercial production of ‘mulberry silk’ from the *Bombyx mori* moths which represents around 95% of the world’s silk production (See [BOX 2](#) for some guidance on other types of silk). The production of mulberry silk is a complex and multi-step process and this Kering Standard deals with the initial steps of silk production (‘sericulture’) including:

1. Cultivation of the cocoons: rearing the silk worms from eggs, mulberry tree cultivation and the production of cocoons.
2. Filature operations: sorting cocoons, processing with steam or hot air to eliminate the larvae, de-gumming in soap solution to soften the sericin, extracting the silk threads from the cocoon and combining several filaments (‘reeling’).

Please note that the next stages in silk production including spinning/twisting, use of silk schappe, dyeing and finishing are covered in the [Kering Standard for textile processing](#).

In summary, the key principles that underpin the Kering Standard for silk are:

- Maximizing ecological sustainability: supporting silk production that does not degrade natural ecosystems but rather restores and protects soil, plants and wildlife
- Reducing chemical inputs: silk production with no use of toxic chemicals including synthetic pesticides and fertilizers in mulberry cultivation and chemicals in the initial stages of sericulture processing
- Using water and renewable energy efficiently and responsibly at farm level and in filature processes
- Ensuring high standard of labor conditions including gender equity for all workers



MINIMUM REQUIREMENTS

Inquire about the origin of the silk

Suppliers shall use best efforts to provide the country of origin (i.e. country of cultivation and the initial phases of sericulture) for all silk utilized in Kering's brands' products.

Use best efforts to include certified organic silk in your sourcing

Kering brands are encouraged to use as much certified organic silk (fiber certification) as possible in their products. This means having GOTS certification through to yarn or fabric and OCS or GOTS certification for other processes such as dyeing, finishing, etc. (See [BOX 1: Organic silk](#) for more details). Kering's Materials Innovation Lab can recommend suppliers of organic silk.



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Source only organic certified silk

In order to fully align with Kering Standards, suppliers should only source certified organic silk that shows that the farming practices have been verified against organic farming practices and that there is traceability of the silk throughout the supply chain (preferred certification is GOTS, see [BOX 1: Organic silk](#) for more information).

Ensure best environmental practices of the filature operations

The first phases of silk filature, in particular silk reeling, can have a significant impact on the environment mostly due to water use, energy use and chemicals. Ensure that these impacts are monitored and minimized. In particular:

- Engage with the 'Clean by Design' program at reeling level for water and energy efficiency
- At the filature operations stages, the chemicals used need to be verified against the [Kering Manufacturing Restricted Substance List \(MRSL\)](#). See [Appendix: Summary of Kering Chemical Management Policy](#) for more info on the MRSL

Source from producers with high social and labor conditions

Sourcing silk enables the support of traditional ways of working, and in particular the work of women, as long as social and labor conditions are excellent. Therefore, suppliers need to verify these conditions against Kering Standards in the farming and reeling processes. This criteria for social excellence is detailed in [Appendix on Social Compliance and Enforcement of Code of Ethics in Supply Chain](#).



BOX 1: Organic Silk

It is important to note the difference between “organic” and “certified organic”. There are many suppliers of silk that claim it is “organic”. Often this claim is based on the way that the silk is dyed with the use of natural dyes being equated with “organic”. In fact, truly organic silk is that which has been certified against organic standards. This means that the cultivation of mulberry trees has been done in accordance to organic standards and the sericulture process is without the use of any synthetic chemicals or growth hormones. The national laws governing organic production are EEC Organic Regulation 834/2007 in Europe, USDA NOP in the United States, NOPO in India and JAS in Japan. In addition, a certification for the product’s chain of custody needs to be in place, and would normally follow the Global Organic Textiles Standard (GOTS) or the Organic Content Standard (OCS). The GOTS is recognized as the world’s leading processing standard for textiles made from organic fibers. It defines high-level environmental criteria along the entire organic textiles supply chain and requires compliance with social criteria as well as to traditional organic farm certification.

BOX 2: Other Silks

Wild silks tend to be produced in smaller production systems than mulberry silk. Many of these silks have their own unique characteristics in terms of texture, color and uptake of dye. They should be treated as unique raw materials and not as a replacement for the conventionally farmed mulberry silk. Some are produced in farming systems and some are wild whereby the moth is attracted to certain plants to lay eggs. These species of moths have not been domesticated in the same way as *Bombyx mori* and so can survive in the wild. There can be many positive aspects of harvesting wild silk, including the protection of natural ecosystems, but this along with labor conditions and processing impacts need to be verified.

Honan silk (region of China): some of the best quality wild silk is produced by silkworms from Honan, which is the only type of wild silk that can be easily dyed.

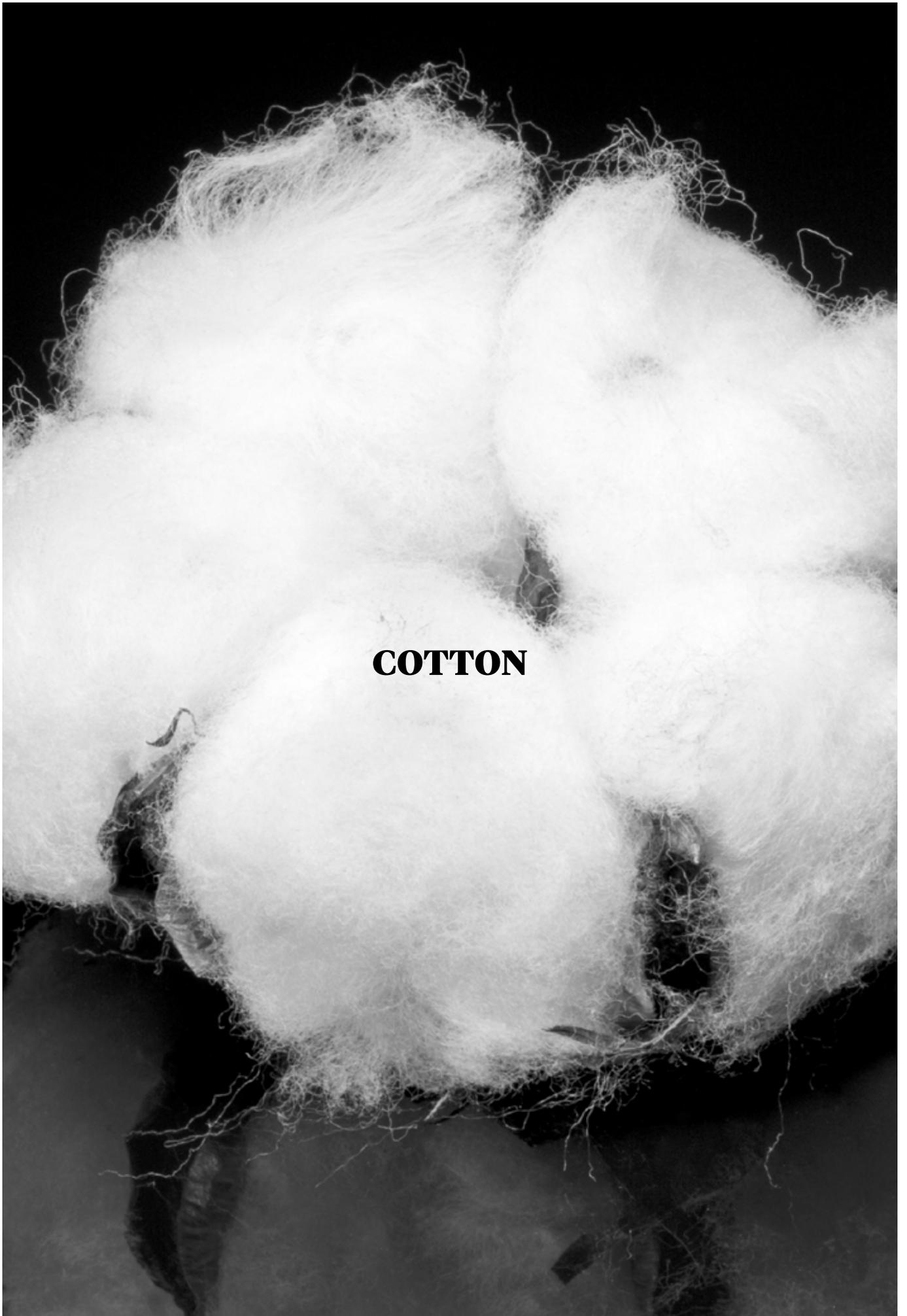
Assam silk (region of India that is especially noted for its exceptional and unique silks): including:

- **Muga silk:** glossy fine texture, durability and natural golden amber glow. This is the second most costly fabric after Pashmina. The golden hue increases with time and washing and the silk is naturally stain-resistant.

- **Eri silk:** almost as white in color as the *Bombyx mori* silks. Sometimes known as “peace silk” because the moth lives a full lifecycle. The filaments are shorter and the silk has the look of wool mixed with cotton but the feel and softness of silk.

Tusar (‘tussah’) silk: this has natural shine, is often a golden color and is very durable. It is produced in many countries (India, China, Japan, Africa) by different species of tussah silk moths which feed on oak leaves and other leaves rich in tannin. These tannins give the golden color to the silk.





COTTON



Cotton is an important basic raw material for Kering's brands' products. Globally, cotton is grown in some 80 countries, on 33 million hectares (around 2.5% of global arable land) and represents 36.5% of the global fiber demand. The majority of the cotton grown in the world is grown with the use of vast quantities of pesticides and fertilisers. Compounding the obvious environmental and human health impacts of this synthetic chemical use, is the unsustainable water use for much of this cotton cultivation. Additionally, cotton supply chains represent significant sustainability challenges with examples of forced labor and child labor in cotton cultivation. A very small proportion of cotton production (less than 1%) is truly sustainable. An example of this is organic and/or Fairtrade certified production where the cultivation is done without synthetic chemicals, water use is reduced and social/labor conditions are well-managed. Kering's Environmental Profit and Loss (EP&L) account shows clearly that organic cotton has up to 80% less environmental impact than conventional cotton. Both social and environmental considerations are driving Kering's strong commitment to using only traceable and sustainably cultivated cotton in its supply chains.

Additional Kering Standards are available for processing fabrics and chemical management (See [Kering Standard for textile processing](#) and [Appendix: Summary of Kering Chemical Management Policy](#)). This Kering Standard for cotton and lists of preferred and high-risk countries will be reviewed annually.

In summary, the key principles that underpin the Kering Standard for cotton at the farm/cultivation level are:

- Complying with all applicable laws, conventions and regulations
- Ensuring high standards of labor and working conditions for farm workers
- Reducing the environmental and health impacts of synthetic chemicals
- Using water efficiently and responsibly
- Restoring soil biodiversity and ensuring no detriment to natural ecosystems



MINIMUM REQUIREMENTS

Inquire about origin of the fiber

Suppliers shall use best efforts to provide the country of origin (i.e. country of cultivation) for all cotton utilised in Kering's brands' products.

Do not source cotton from high risk countries

No cotton should be sourced from Uzbekistan, Syria, Turkmenistan or from other countries that are considered "high risk" for child labor or forced labor systems of cotton production. Kering will update suppliers as necessary on sourcing countries that are considered "high risk". Kering is a signatory to the [Pledge Against Forced Child Labor in Uzbekistan Cotton](#) and firmly opposes the use of forced child labor in the cotton supply chain.

Suppliers should also be prepared to show evidence of their compliance and the compliance of their sub-suppliers (i.e. show documentation of traceability to country or countries of origin).

Use best efforts to include certified organic cotton in your sourcing

Kering brands are encouraged to use as much certified organic cotton (fiber certification) as possible in their products because studies done by Kering have shown that organic cotton has up to 80% less environmental impact than conventional cotton (please see environmental profit and loss [EP&L] appendix for more information). Suppliers should work to source materials containing organic cotton, whether at fiber stage through IFOAM family of standards or ideally beyond during processing through GOTS certification, and proactively offer them to the brands when possible.

Moreover, Kering does not support genetically engineered (GE) fiber and food as raw materials for its brands' products and packaging. This includes genetically modified cotton, which is often present when cotton is not certified organic.



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Source only organic-certified cotton

Suppliers should source **GOTS certified** organic cotton throughout the textile supply chain. When this is not possible, a combination of GOTS certified and Organic Content Standard (OCS) certified organic cotton is acceptable (i.e. products can have GOTS certification through to yarn or fabric and OCS certification for all other processes such as dyeing, finishing, etc.) through to final product. This will ensure the integrity of the organic cotton at each level of the supply chain.

See [BOX 1: Explanation of Sustainable Cotton Standards and Preferences of Kering](#) below for additional information on possible standards.

If sourcing organic cotton is not possible, consider other certifications for cotton

Certified recycled cotton is another acceptable certification. For recycled cotton, the GRS Certification is preferred and recycled cotton should have clear, verifiable traceability for integrity within the supply chain and verification of compliance to Kering's chemical standards (see [Appendix on Chemical Management](#)).

Other certified cotton, such as **Cotton made in Africa (CMiA)** and **Better Cotton Initiative (BCI)**, are not preferred choices compared to the above mentioned certifications unless evidence of sustainability can be provided (e.g. evidence-based reports that the certification is an improvement over conventional cotton in terms of environmental impact). Additionally, as stated above, Kering does not support genetically engineered (GE) or modified (GMO) fiber and/or food for the livestock that provide raw materials for its brands' products and packaging in keeping with the precautionary principle, with respect to its environmental and social impacts. As BCI cotton allows GMO seeds, this is not a preferred certification for suppliers.

Source from producers with high social and labor conditions

In line with Kering's stance on social compliance, all cotton sourced for Kering's brands' products should undergo social audit procedures or be certified Fairtrade (certified to at least the ginning stage), which is an acceptable certification for social standards.

Support in-conversion / transitional organic cotton programs

Currently, less than 1% of cotton is organically grown. As Kering's objective is to use as much organic cotton as possible in its brands' products, it is important to help support programs and farmers that are making the transition from conventional to organic cotton production. This process takes approximately three years and can sometimes mean that farmers see a drop in yield in the first couple of years while their crops adjust to organic production practices. However, long-term benefits outweigh this possibility. Kering encourages suppliers and brands to source from verifiable in-conversion / transitional organic cotton programs to ensure a robust supply of organic cotton for the future. For information on potential sources, please ask the Kering Materials Innovation Lab.

Be transparent and smart

Suppliers should be prepared to provide all appropriate documentation to support certification claims (i.e. scope certificates, transaction certifications). For further detail, please see the [BOX 1: Explanation of Sustainable Cotton Standards and Preferences of Kering](#).

All certified cotton should meet Kering brands' quality criteria and sourcing certified cotton should not lead to lower quality cotton.



BOX 1: Explanation of sustainable cotton standards and preferences of Kering

What is the difference between the Global Organic Textile Standard (GOTS) and the Organic Content Standard of Textile Exchange (OCS) and the related certification systems?

While GOTS is a comprehensive standard for a “full product claim” that is setting detailed environmental and social criteria throughout the entire textile supply chain for textiles using a minimum of 70% organic fibers, OCS traces the organic fiber flow throughout the entire textile supply chain to allow a corresponding organic “fiber claim” in the final textile product without adding environmental or social criteria in processing.

Brands and retailers may use OCS as a stepping stone to GOTS (e.g. a certification to cover tracking and handling while supply chains organize themselves to comply with GOTS). Many companies in the supply chain even choose to be certified to both standards - GOTS and OCS - so that they can better meet the needs of their customers. There may be cases where a specific product cannot meet all demanding processing requirements of GOTS (e.g. because not all dyestuffs and auxiliaries used can comply with GOTS processing criteria or the minimum percentage of 70% organic fibers is not met). In that case the product could still be certified to OCS, which still allows verification and a labelling possibility for the organic fiber content. GOTS and OCS may therefore be seen as complementary rather than competing certification systems.

For more information, see the [GOTS website](#).

What is Fairtrade?

Fairtrade is about better prices, decent working conditions, local sustainability and fair terms of trade for farmers and workers in the developing world. By requiring companies to pay sustainable prices, which must never fall lower than the market price, Fairtrade addresses the injustices of conventional trade, which traditionally discriminate against the poorest, weakest producers. It enables them to improve their position and have more control over their lives.

Fairtrade standards require sustainable farming techniques and higher prices to be paid for organic products. The Fairtrade system’s environmental standards and guidelines currently forbid the use of GM seeds by farmers and encourage active monitoring in nearby fields.

For more information, see the [Fairtrade UK website](#).

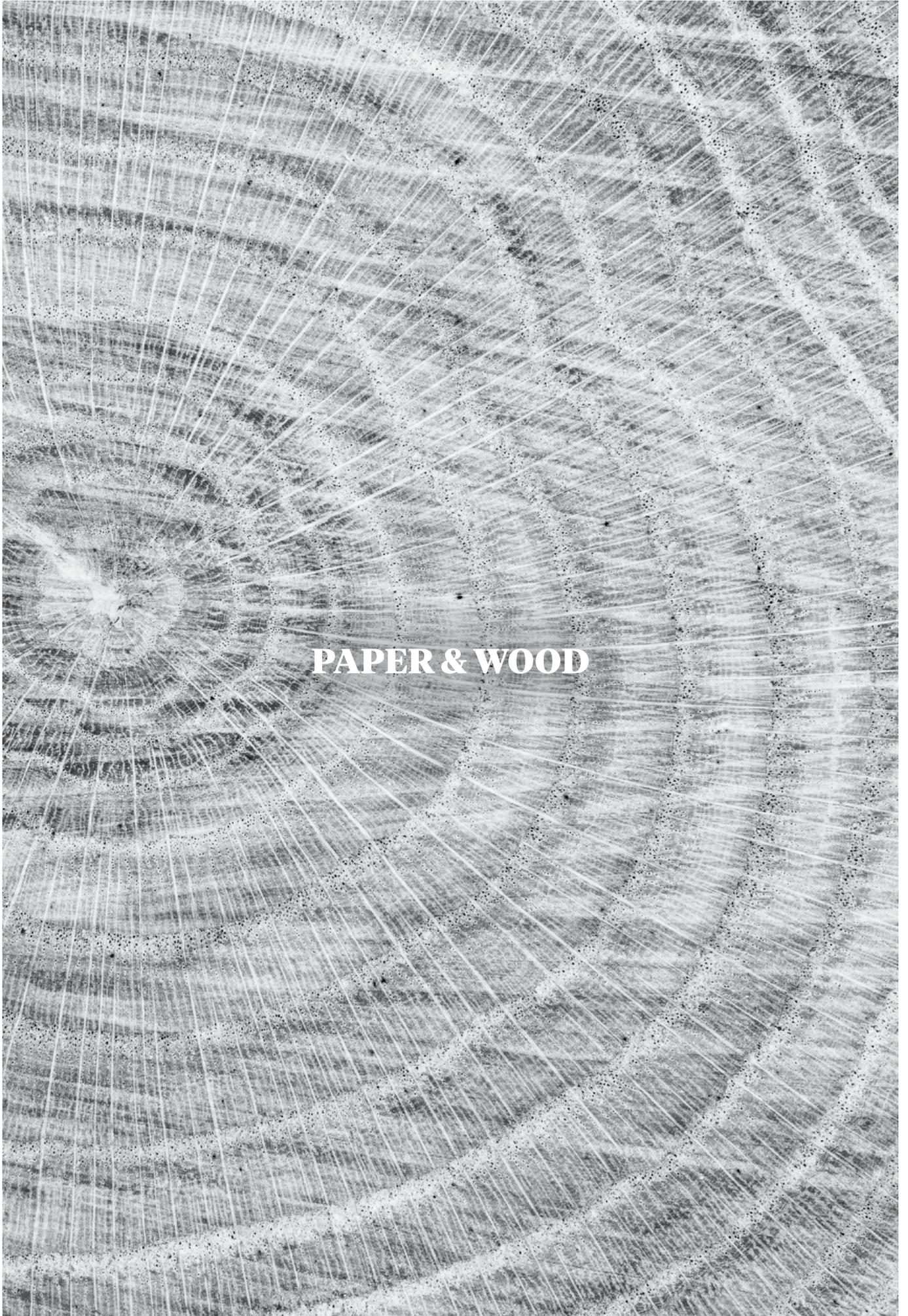
What is the Global Recycled Standard (GRS)?

The GRS was developed with the textile industry in mind but it may also be applied to products from any industry. It applies to any product made from recycled materials, including natural fibers (e.g. recycled cotton or recycled wool), synthetic materials (e.g. recycled polyester, recycled polyamide/other recycled polymer) and other products such as recycled paper, recycled glass, etc.

The standard applies to the full supply chain and addresses criteria relating to five key elements: traceability, environmental principles, social requirements, chemical inputs and labelling.

For more information, see the textileexchange.org/integrity website.





PAPER & WOOD



The degradation and destruction of forests leads to the significant loss of important biodiversity and ecosystems that offer a range of “services” that are essential to survival, including regulating climate. There are several drivers of deforestation including unsustainable extraction of wood for paper and pulp production, particularly in tropical countries.

Kering is committed to ensuring that its sourcing does not support the degradation or destruction of forest ecosystems and that Kering maximise the opportunities for sustainable forest management. The Kering Standard for sourcing paper and wood-based products is grounded on a commitment to source from sustainably-managed forests, as well as a commitment to reduce Kering’s need for forest-based natural resources through increasing the recycled content of paper and packaging.

The requirements for the Kering Standard for paper and wood apply to paper as a raw material for production, as well as finished paper products such as office paper, shoeboxes, shopping bags, etc.

In summary, the key principles that underpin the Kering Standard for paper and wood are:

- Complying with all applicable laws, conventions and regulations
- Reducing pressure on forest ecosystems by using recycled paper where possible
- Preferring virgin wood products that are from certified sustainably managed forests
- Ensuring no forced labor in making forestry products
- Complying with Kering chemical management policies to control dangerous substances



MINIMUM REQUIREMENTS

Have wood-based products comply with Kering Product Restricted Substances List (PRSL)

Compliance with the [PRSL](#) is requested for all wood-based products, whether a raw material, component or finished product. Compliance with the PRSL must be ensured by the supplier through product testing and each Kering supplier must guarantee PRSL compliance of its brands' products. Moreover, Kering oversees an internal testing program of the products as an additional auditing measure.

The PRSL is an appendix to your supplier agreement (contract or purchasing terms and conditions) with Kering brands. More information is available in the [Appendix: Summary of Kering Chemical Management Policy](#).

Where possible, use raw materials (paper and wood-based) with recycled content

Kering is committed to reducing its dependency on primary ("virgin") raw materials. Recycled content greater than 50% and up to 100% is recommended especially for products such as office paper, B2B packaging and hangtags and labels.

For recycled paper and wood-based products, Forest Stewardship Council (FSC) recycled and Blue Angel are the preferred certifications. See [BOX 1: Explanation of FSC Labels](#).

Choose paper and wood-based products that are certified from sustainably-managed sources

The certification that Kering recommends is from Forest Stewardship Council (FSC). An important feature of certification is that it can provide traceability of the raw material. Having confidence in the traceability of Kering's raw materials and therefore the ability to verify sustainability of the material is critical for Kering.

FSC certification is in line with Kering's commitment to sustainable management and also avoids the most destructive forestry practices: illegal logging, natural forest conversion to other land uses, liquidation of high conservation value forests, civil rights violations, and genetic modification of forest species.

FSC 100% is preferred to FSC Mix. See [BOX 1: Explanation of FSC Labels](#).

The Program for the Endorsement of Forest Certification (PEFC) is not the preferred certification for Kering as it is not as strong as the FSC certification in terms of traceability.



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Comply with Kering Manufacturing Restricted Substances List (MRSL) and in particular, make sure paper and paper products are processed without chlorine

Kering is committed to ensuring all hazardous chemicals have been phased out and eliminated from its brands' processes and products by 2020. To this end, Kering has adopted a [Manufacturing Restricted Substances List \(MRSL\)](#). Suppliers will be required to ensure that all chemicals listed in the Kering MRSL are not intentionally used in the various process steps of production. This is the case whether the processing is taking place under the suppliers' control or upstream in the supply chain with sub-suppliers.

In particular, when chlorine is used to bleach paper, the process can result in the formation of harmful chemicals such as dioxins and furans which are known to cause cancer in humans. It is recommended to source paper that has been produced by a bleaching process that has been verified as totally chlorine-free (TCF) or process chlorine-free (PCF).

Preferentially source FSC certified wood from small-holders

Sourcing FSC certified wood can support ecological sustainability and livelihoods but there may be opportunities to do more by supporting certified sustainable small-scale forestry operations. Where possible, Kering recommends that suppliers seek to source wood products that are from FSC certified "small and low intensity forest management systems" and/or FSC certified community-managed forestry production.



BOX 1: Explanation of FSC Labels

FSC 100%: Containing nothing but fiber from FSC certified forests. FSC certified forests have been independently audited to meet FSC's 10 Principles and Criteria for Forest Management.

FSC Mix: The timber or fiber in the product is a mixture of some/all of the following:

- Timber or fiber from an FSC-certified forest
- Reclaimed timber or fiber
- Timber or fiber from other controlled sources

FSC Recycled: All the timber or fiber in the product is reclaimed material. This represents both pre and post-consumer recycled material.





PLASTICS



Plastic is a versatile and important material that may be irreplaceable for some purposes. However, plastic presents sustainability challenges across its lifecycle. Plastic is mainly made from non-renewable fossil fuel resources, whose extraction can have major environmental impacts. Production of plastic can also cause environmental and health impacts through the release of toxic chemicals during manufacturing. Perhaps most importantly, plastic has a very short lifespan and over half of plastic products are thrown away after a single use even though plastic is permanent and does not biodegrade. About 10% of plastic ends up in the ocean where it forms large “islands” or is eaten by marine life with devastating impacts and eventually ends up in the human food chain.

Kering is focused on reducing its use of plastic and moving to more sustainable, bio-based materials. The Kering Standard for plastic is grounded in the commitment to minimize use and release of toxic substances during manufacturing and to entirely avoid the most hazardous types of plastic (i.e. ban of PVC). Kering supports efforts to understand the life cycle impacts of different sustainable plastic options.

The Kering Standard for plastic applies to all plastic types used in products, packaging and visual merchandising.

In summary, the key principles that underpin the Kering Standard for plastic are:

- Complying with all national and international laws and regulations
- Avoiding PVC entirely
- Avoiding the most damaging substances in product use and manufacture through a Product Restricted Substances List (PRSL) and Manufacturing Restricted Substances List (MRSL)
- Encouraging the use of recycled content plastics and bio-plastics
- Address the end of life of plastics



MINIMUM REQUIREMENTS

Do not use PVC in products or packaging

PVC poses potential environmental and health threats because of the chlorine containing by-products (e.g. dioxins) that are produced during the manufacturing of PVC and burning of products that contain PVC. Chlorine by-products are carcinogenic and extremely dangerous to human health and the environment, and to wildlife more broadly. Because of these risks, Kering has had a public target since 2012 for eliminating PVC from collections and products.

Comply with Kering Restricted Substances List (PRSL)

Compliance with the [PRSL](#) is requested for all plastic products, be this a raw material, component or finished product. Compliance with the PRSL must be ensured by the supplier through product testing and each Kering supplier must guarantee PRSL compliance of its products. Moreover, Kering oversees an internal testing program of the products as an additional auditing measure.

The PRSL is an appendix to your supplier agreement (contract or purchasing terms and conditions) with Kering brands. More information is available in the [Appendix: Summary of Kering Chemical Management Policy](#).

Apply the precautionary principle for nanotechnologies

Kering follows the precautionary principle and will not use any nanotechnology applications unless such applications are analyzed and proved to have no potential impact on human health and the environment, including an evaluation of end-of-life impacts. Suppliers are requested to proactively share information on nanotechnology uses in their manufacturing. More information is available in [Appendix: Summary of Kering Chemical Management Policy](#).



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Comply with Kering Manufacturing Restricted Substances List (MRSL)

Kering is committed to ensuring all hazardous chemicals have been phased out and eliminated from its production by 2020. To this end Kering has adopted a Manufacturing Restricted Substances List (MRSL). By 2020, suppliers must make sure that the chemicals listed in the MRSL are not intentionally used in the different process steps of the production, should this process step be taking place at the supplier's location or upstream in the supply chain. In particular for plastics, chemical categories of concern include: aromatic and aliphatic VOCs, azo dyes, ortho-phthalates, PAH, heavy metals, flame retardants, alkylphenols and organotin.

Prioritise the use of bio-plastics and recycled plastics

Suppliers should prefer bio-plastics and recycled plastics over conventional fossil-based plastics. These alternative plastics can have different features (e.g. bio-content, recycled content, biodegradable, etc.). These features are listed hereunder with a decreasing level of importance for Kering:

- Prefer plastics that are made with recycled content. If not possible, source plastics with bio-content (non-fossil/petrol content)
- Prefer plastics that are biodegradable or compostable (and use an official test method to assess biodegradability such as the family of standards ISO 14850)
- Prefer plastics that are recyclable

Plastics with bio-content in today's market are composed of a mix of fossil content and bio-content. When sourcing this type of plastic, suppliers should prefer plastics with a higher percentage of non-fossil content and inquire about the feedstock that goes into producing the biological component of the plastic (crops, organic wastes, proteins, etc.).

- Prefer second-generation plastics using feedstock that is not a food source but is rather from non-edible parts of the plant, resources from forestry, proteins from discarded sources, etc. Ask your supplier of plastics for information on the bio-content of their products.
- Make all efforts to ensure that the feedstock is not a genetically modified organism (GMO). Kering does not support GMO in this context.

Suppliers should use an official test method to assess the percentage of bio-content (i.e. method ASTM D8666) and should be able to provide test results that assess the percentage of bio-content.

Address the end-of-life of plastics

Avoid Oxo-fragmentable plastics. Oxofragmentable plastics are not proven to biodegrade and the fragments could increase the level of microplastics in the oceans and hence their environmental benefits are questionable.



BOX 1: Plastics and bio-plastics, definitions

Bio-plastics refer to two types of plastics:

- Plastics with **bio-content**, also called bio-based polymer, are made from renewable biomass such as corn starch, woodchips, vegetable oil, food waste, etc. The resulting polymer can be starch-based, cellulose-based, protein-based, etc.
- Biodegradable plastics

Some bio-plastics can be both bio-based and biodegradable.

A **biodegradable** plastic is a plastic that can be broken down by microorganisms (bacteria or fungi) into water, gases (carbon dioxide and methane) and biomass. Biodegradability depends strongly on the environmental conditions such as temperature, presence of microorganisms, presence of oxygen and water.

A **recyclable** plastic is a plastic that can potentially be reprocessed after the initial use phase into new materials and objects. Nearly all types of plastics are recyclable, but in reality only a few types are recycled as the extent of recycling in different regions depends on economic, logistics and technical factors.

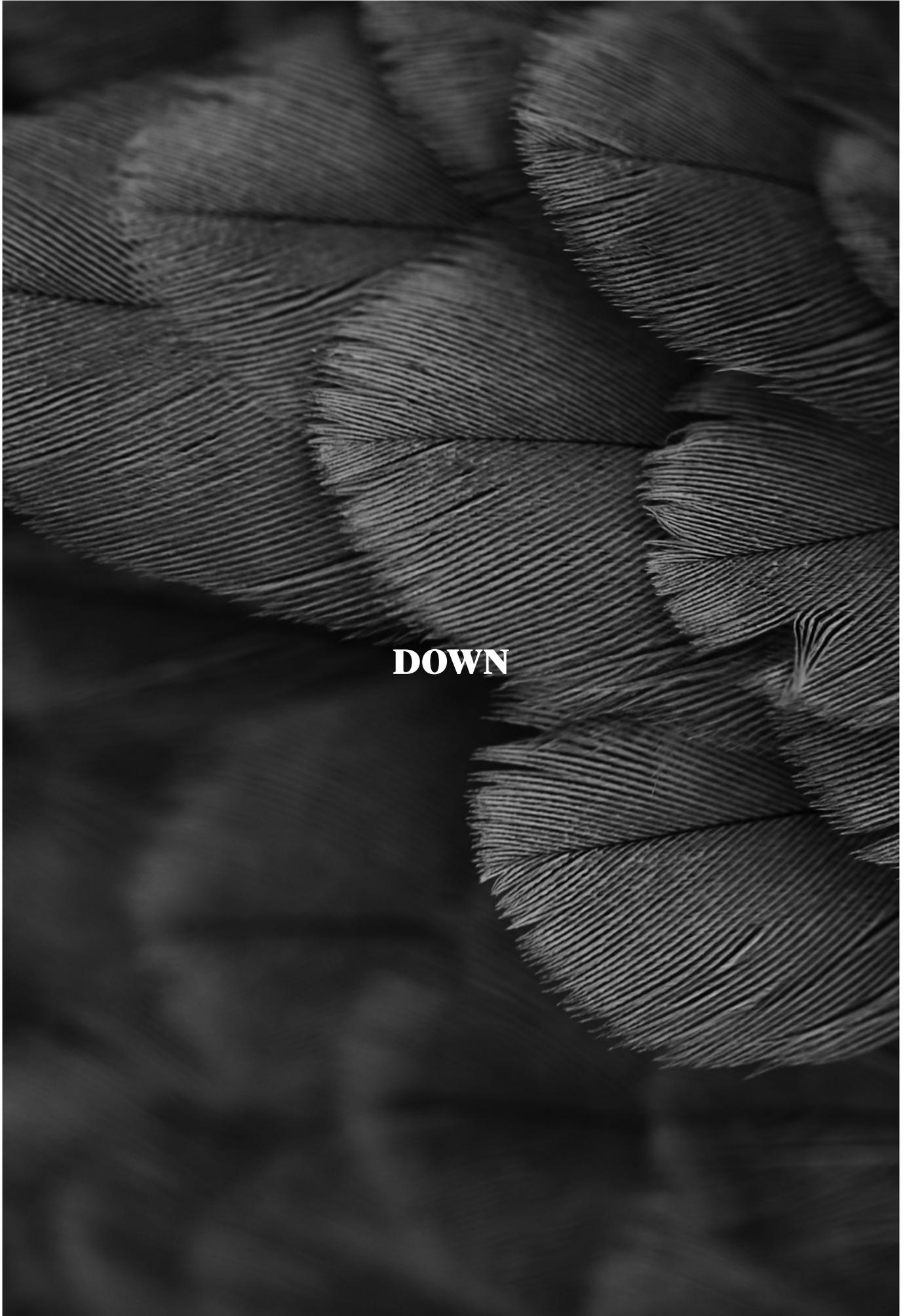
A **compostable** plastic is a plastic that can break down in composting conditions. The disintegration of the plastic must take place in a composting process for organic waste within a certain time period. The result of the decomposition must be indistinguishable in the compost and cannot leave any toxic material behind. Composting is a specific form of recycling, sometimes referred to as organic recycling.

All bio-based plastics are not biodegradable. Some petrol-based plastics are biodegradable. All compostable plastics are biodegradable, but not all biodegradable plastics are compostable.

The table hereunder helps to navigate between the different types of plastics and bioplastics:

	Petroleum based	Partially bio-based	Bio-based
Recyclable	PA, PE, PP, PET	BioPET, bioPTT	bioPE, bioPP, bioPA, bioPEF
Biodegradable	PBAT, PBS, PCL	Starch blends	bioPBS, PLA, PHA, cellophane
Compostable			PLA





Down comes from different species of farmed geese and ducks and is most often a by-product of the food industry. The major consideration when sourcing down is the animal welfare, from the parent birds through to the down/feather producing birds. While all aspects of animal welfare need to be at the highest standards (including housing, handling, nutrition, etc.), the key issues are to ensure that there is no force-feeding of the animals and that there is no live plucking. Kering is wholly against these practices and committed to ensure they are not occurring in its supply chain.

This Kering Standard for down covers down from geese and ducks used in any product. Kering only accepts down that is from certified and verified sources. See the [Appendix: Animal Welfare for more information](#).

In summary, the key principles that underpin the Kering Standard for down are:

- Complying with all applicable laws, conventions and regulations
- Understanding origin of down and working towards full traceability
- Preferring down that is certified to meet Kering's animal welfare standards



MINIMUM REQUIREMENTS

Provide information on the origin of the down

Kering is committed to achieving the highest level of transparency when sourcing down because of the animal welfare risks associated with down production. In this context, suppliers using down are required to provide information on the origin of the down up to the farm and/or processing facility level.

Preferably source down that has been certified according to the Responsible Down Standard (RDS) or Traceable Down Standard (TDS)

Kering prefers to source from suppliers with certified chain of custody to the standards of RDS and/or TDS. Suppliers claiming this certification need to show evidence with the appropriate certificates, document traceability and demonstrate proof of recent audits.

The certification “Downpass” currently is not preferred and does not meet the Kering Standards because there is no third party verification and it does not cover the entire supply chain. If this should change, suppliers will be notified. See [BOX 1](#).

When not sourcing RDS or TDS certified down, work with Kering on deeper investigation on the down origin

When sourcing down that is not RDS or TDS certified, suppliers will work in a constructive, pragmatic and mutually-beneficial partnership with Kering to better understand the sourcing origin and evaluate whether it meets the Kering Standards in terms of animal welfare. Note that down from an unknown origin, or down that is not up to the Kering Standards for Animal Welfare (see [Appendix: Animal Welfare](#)), will not be accepted.



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

For new down, only source RDS or TDS certified down

From 2020 onward, for new down (down that has not been recycled) only down that has been certified under RDS and/or TDS Standards will be allowed. Kering will also require evidence of the location of farms and certification of animal welfare standards to the parent farm.

For recycled down, use GRS certified down

Recycled down is also a sustainable alternative accepted by Kering when there is a certification on chain of custody. In particular, GRS certified recycled down is an acceptable option.



BOX 1: Explanation of Down Certifications

The **Responsible Down Standard** ensures that down and feathers come from ducks and geese that have been treated well. This means enabling them to live healthy lives, express innate behaviors, and not suffer from pain, fear or distress. The standard also follows the chain of custody from farm to product, so consumers can be confident that the down and feathers in the products they choose are truly RDS.

More information available on [Responsible Down's](#) website.

The **Traceable Down Standard** was developed by the brand Patagonia with the goal of providing their customers with the highest assurance that the down in their garments comes from a responsible source that respects animal welfare. The only way to achieve this is to evaluate every link in the supply chain from the parent farm to the garment factory for: 1) animal welfare including non-force feeding and non-live plucking and 2) traceability management systems including documents showing an unbroken chain of custody of the down.

More information available on [Patagonia's Down Standard](#) on their website.

The first version of the **Downpass Standard** was completed in June 2016. As part of a continuous improvement process, a new version of the standard is valid from 01 January 2017 and stands for the exclusion of feathers and down from live animals, material from foie gras production as well as rearing control. Although the revised standard is an improvement, Downpass is not third-party verified and still allows certain practices that are not accepted by Kering (e.g. de-beaking), and therefore is not a preferred certification for Kering brands.



CELLULOSIC FIBERS



The Kering Standard for cellulosic fibers covers man-made cellulosic fibers from forestry sources, including viscose or rayon, lyocell, modal, acetate and other trademarked brands of these fibers. These fibers can sometimes come from other sources such as bamboo or recycled materials, but a wide majority of the cellulose used to create them comes from forests. This is where the risks are the highest in terms of environmental and social aspects. One of the main issues in using these fibers is that the wood pulp may be sourced from endangered forests such as the Canadian and Russian Boreal Forests, Coastal Temperate Rainforests of British Columbia, Alaska and Chile, and the tropical forests and peat lands of Indonesia, the Amazon and West Africa. Kering is supporting the approaches and systems that do not use ancient and endangered forests in man-made cellulosic fibers. Another main issue of cellulosic fibers arises from the production process during which the cellulose of the wood pulp is turned into a liquid from which the fiber is then extruded. A lots of chemicals are used to dissolve the pulp and to obtain a finished filament and the chemical substances and gases produced during this process can potentially harm the environment and the workers.

This Kering Standard for cellulosic fibers is aligned with and builds on the work of not-for-profit organization Canopy, which collaborates with brands and retailers to ensure that their supply chains are free of ancient and endangered forests as part of the CanopyStyle Initiative.

Kering is aware that both the wood feedstock for cellulosic fibers and chemicals used to turn that feedstock into fiber must be addressed to improve the total sustainability of cellulosic fibers including viscose. By design, Kering has split these issues across two Standards: 1) the Kering Standard for cellulosic fibers, which focuses on sourcing wood pulp from sustainably managed forests investigating new feedstocks that may have an even better sustainability profile and extrusion of the fiber, and 2) the [Kering Standard for textile processing](#), which focuses on minimizing hazardous chemicals in production and in wastewater by requiring Kering suppliers to conform to its [Manufacturing Restricted Substances List \(MRSL\)](#) and [Product Restricted Substances List \(PRSL\)](#). Kering will continue to work collaboratively to improve the sustainability of the cellulosic supply chain and will proactively respond to human rights or environmental concerns in this sector. Non-wood cellulosic fibers (i.e. cupro) are not covered under this Standard because of the differences in supply chain and impacts. The greatest concern surrounding most of these fibers is related to chemicals so please refer to Kering’s MRSL and PRSL when analyzing the sustainability of non-wood cellulose. For non-wood cellulosic fibers, which can be derived from cotton, for instance acetate from cotton (eyewear) or cupro, please also refer to the [Kering Standard for cotton](#). Bamboo can also have significant biodiversity and land use impacts, which should be taken into consideration.

Additional Standards are available for the processing of fabrics and chemical management (See [Kering Standard for textile processing](#) and [Appendix: Summary of Kering Chemical Management Policy](#)).

In summary, the key principles that underpin the Kering Standard for cellulosic fibers are:

- Complying with all applicable laws, conventions and regulations
- Eliminating controversial supply chains that may negatively impact forest resources or endangered species habitats
- Ensuring that the processes used during fiber production do not have negative impacts on the environment or on the health of factory workers
- Ensuring no forced labor in cellulosic fibers supply chains
- Relying on third-party methodologies to select the best managed forest resources
- Exploring alternate raw materials (i.e. recycled content, agricultural residues)



MINIMUM REQUIREMENTS

Inquire about cellulosic fiber origin

Kering is committed to achieving the highest level of transparency within its cellulose supply chain. In this context, suppliers are required to make all reasonable efforts to provide Kering with information about the origin of these fibers to evaluate the associated sourcing risk. This information includes:

- Name and address of the viscose/cellulosics producer
- Name, address and list of sourcing countries of dissolving pulp producer

Put in place a sourcing policy

Suppliers must put in place sourcing policies committing to not source cellulosic fibers from ancient and endangered forests or controversial sources. Suppliers will work with their supply chain to eliminate viscose/cellulosics coming from controversial supply chains that are not complying with national and international laws on legal trade, human rights and the protection of endangered forests.

In accordance with Kering's commitment to ensure that it does not source from endangered forests, suppliers of viscose or rayon and other cellulose will use best efforts to eliminate sourcing fiber made with dissolving pulp from:

- Companies that are logging forests illegally, from tree plantations established after 1994 through the conversion or simplification of natural forests, from areas being logged in contravention of indigenous peoples' rights, or from other controversial suppliers. Kering requests that its suppliers acknowledge the right of Indigenous People and rural communities to give or withhold their Free, Prior and Informed Consent (FPIC) before new logging rights are allocated or plantations are developed. Kering requests that its suppliers resolve complaints and conflicts, and remediate human rights violations through a transparent, accountable, and agreeable dispute resolution process.
- Endangered species habitats and ancient and endangered forests areas such as the Canadian and Russian Boreal Forests, Coastal Temperate Rainforests, tropical forests and peatlands of Indonesia, the Amazon and West Africa.

Evaluate your supply chain vis-à-vis the CanopyStyle methodology

Kering strongly encourages its suppliers to evaluate their own supply chain vis-à-vis the CanopyStyle methodology and to aim for continuous improvement. This means sourcing from the highest-ranked producers and/or supporting the current producers to improve their practices. See [BOX 1: The Work of CanopyStyle on improving the cellulosic supply chain](#).

Source from producers who can provide verified sustainable feedstock

Producers meeting CanopyStyle Audit expectations have demonstrated a higher performance level on sustainability aspects. Kering expects suppliers using cellulose from wood pulp to source from producers who can provide verified sustainable feedstock, such as those meeting the CanopyStyle Audit expectations. Currently, approximately 60% of the market fulfills this requirement.

See [BOX 1: The work of CanopyStyle on improving the cellulosic supply chain](#).

Producers sourcing from EU plantation forests will need to show verification of this supply chain and sustainable management of plantation forest feedstocks.

Use best efforts to source from producers that have a closed-loop chemical management system

Suppliers are expected to propose cellulosic fibers made from a closed-loop chemical management system so that the chemicals that are used and produced during the transformation of wood pulp to cellulosic filament do not escape into the environment and also potentially harm workers. A closed-loop chemical management system means preventing and reducing chemical air emissions, decreasing water consumption, minimizing chemical impacts and phasing out and eliminating hazardous waste, with the goal to achieve a complete closed-loop production system.

Once the above conditions have been met and Kering is certain no sourcing is coming from ancient and endangered forests, endangered species or controversial sources Kering will look for the following additional conditions.



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

For virgin fibers only use fibers sourced from certified sustainably managed forests

Forest Stewardship Council's (FSC) forest management certification is in line with Kering's commitment to sustainable management and avoiding destructive forestry practices such as illegal logging, natural forest conversion to other land uses, liquidation of high conservation value forests, civil rights violations, and genetic modification of forest species standards. Suppliers should request fibers sourced from forests that are certified to FSC standards when sourcing virgin cellulosic fibers. Please note that this recommended standard is different from the FSC chain-of-custody certification, which applies to businesses that manufacture or sell forest products and confirms that FSC-certified material is handled and tracked correctly throughout the entire supply chain.

As an example, products from the suppliers Lenzing, Enka, Eastman and Mitsubishi come from certified forests.

As suppliers move towards FSC Certified sourcing, please refer to the Kering Materials Innovation Lab for updated information.

Propose alternative fibers made from recycled materials or agricultural residues

Suppliers should work toward developing sources of cellulosic fibers with lower environmental impacts, such as recycled materials and agricultural residues to reduce dependence on natural resources. Cellulosic fabrics certified to Global Recycled Standards (GRS) are also acceptable although cannot guarantee wood pulp source.

Ask producers if they have conservation solutions in place

Suppliers should demonstrate further commitment to ensure that producers and pulp suppliers are working to prevent further forest destruction by asking them whether they have meaningful conservation planning in place based on independent science for long-term sustainability of ancient and endangered forests.

Kering is committed to playing an active role in advocating conservation solutions for the world's ancient and endangered forests through its partnership with Canopy.



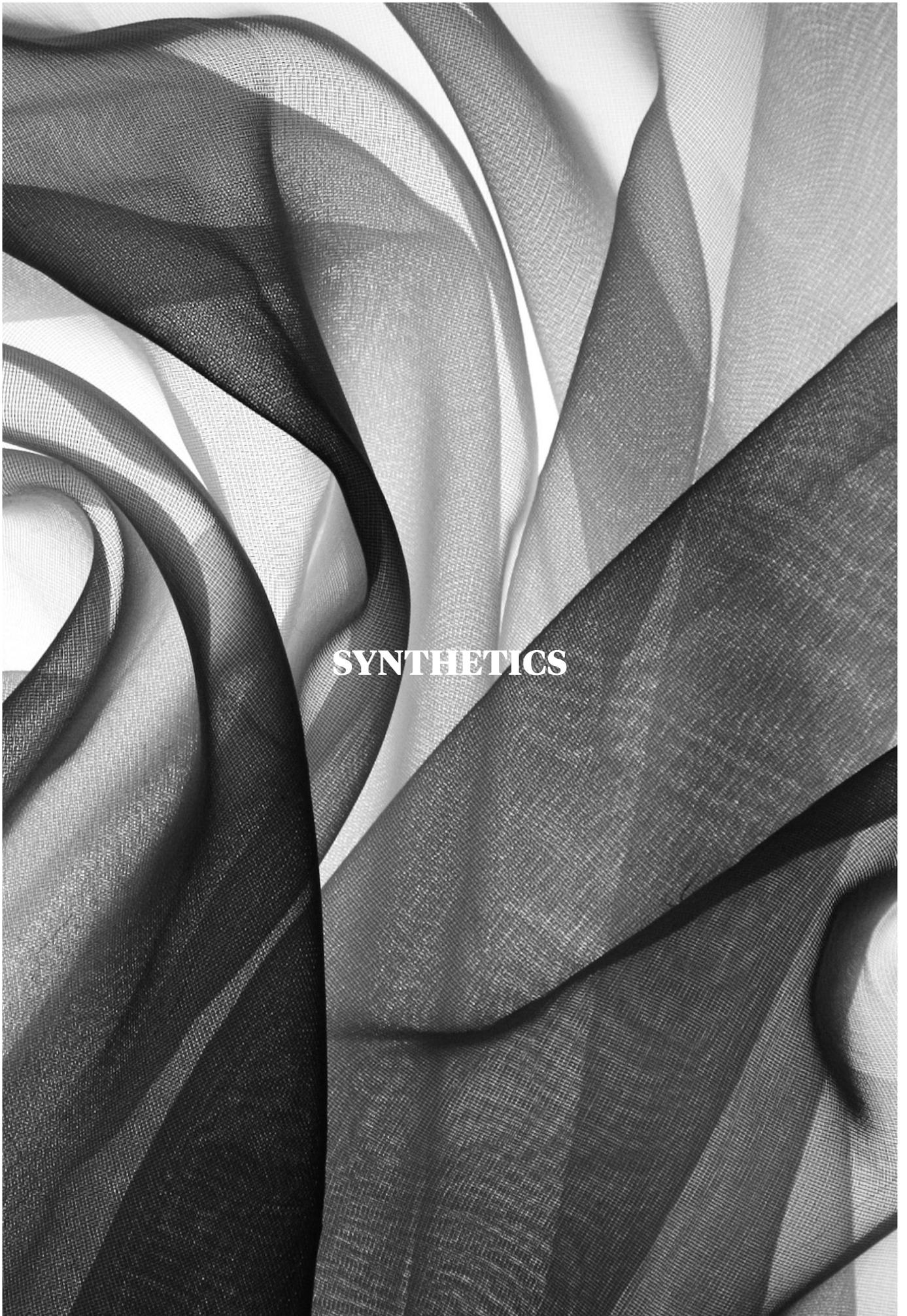
BOX 1: The Work of CanopyStyle on Improving the Cellulosic Supply Chain

Canopy is a non-profit environmental organization created in 1999, which is dedicated to protecting forests, species and the climate. Since 2013, Canopy has been working with brands and suppliers to improve the viscose (and other cellulose) supply chain and halt their impact on ancient and endangered forests through a collaborative initiative called CanopyStyle. To further this goal, CanopyStyle has developed a methodology to assess viscose/cellulose producers and has policies in place with nine out of the top ten largest producers representing approximately 70% of the global market share of these fiber types.

The methodology of CanopyStyle and the corresponding ranking of viscose producers performance released in December 2018 is available at:

<http://hotbutton.canopyplanet.org/2018-hot-button-report/>





Unlike natural fibers, such as cotton, wool and silk, which are cultivated from plant or animal resources, synthetic fibers are man-made. They are created through polymerization, which is the process of chemically combining monomers, or building block molecules, that can bind together to create polymer chains. Conventional synthetics such as nylon, acrylic, polyester and elastane are produced using by-products of petroleum and/or natural gas. The manufacturing process of synthetic yarns includes chemical polymerization, drying into chips, and the liquification of the chips prior to a melt spinning process. Synthetic yarns developed from petrochemicals were commercially introduced in the early to mid 20th century and created new alternatives to natural fiber-based fabrics with different performance attributes. Synthetic fibers currently account for approximately 65% of the total worldwide fiber use and polyester accounts for over 70% of all synthetic fibers used. Synthetic fibers provide valuable performance attributes such as strength, abrasion resistance, stretch and recovery, as well as other important characteristics like flame resistance. There are a number of sustainability issues associated with conventional synthetic fibers, including the use of fossil fuels as their raw material feedstock (a non-renewable resource), the amount of carbon emissions released during production, as well as chemical, energy and water use. Furthermore, synthetic fibers shed microplastics and there are end-of-life issues, as they do not biodegrade.

In acknowledgement of these issues, the Kering Standard for synthetics is supporting the use of recycled synthetic fibers and also bio-derived feedstock to avoid the dependency on virgin fossil fuel feedstock. Recycled materials include both pre and post-consumer waste and bio-derived synthetic fibers include those from sugars, starches and lipids, which are becoming more available and can be indistinguishable from conventional synthetic fibers from a performance and processing perspective.

The Kering Standard for synthetics covers synthetic fibers from petroleum (fossil fuels), recycled materials and bio-based feedstock. The fibers covered in the Kering Standard for synthetics include polyester, polyamide (nylon), acrylic, modacrylic, elastane (spandex), polyurethane, metallic yarns (i.e. Lurex) and other trademarked brands associated with these fabrics. Kering is aware that synthetic feedstocks and chemicals used to turn those feedstocks into fabrics must be addressed to improve the total sustainability of its synthetic fabrics. By design, Kering has split these issues across two Kering Standards: 1) the Kering Standard for synthetics, which focuses on sourcing feedstock from recycled or bio-based materials and extrusion of the fiber and 2) the Kering Standard for textile processing, which focuses on minimizing hazardous chemicals in production and in wastewater through requiring Kering suppliers to conform to its [Manufacturing Restricted Substances List \(MRSL\)](#) and [Product Restricted Substances List \(PRSL\)](#) and by meeting the ZDHC wastewater standards. Kering will continue to work collaboratively in the industry to improve the sustainability of the synthetic fabric supply chain, including any issues around human rights and environmental concerns in this sector. Additional Kering Standards are available for the processing of fabrics and chemical management (See [Kering Standard for textile processing](#) and [Appendix: Summary of Kering Chemical Management Policy](#)).

In summary, the key principles that underpin the Kering Standard for synthetics are:

- Complying with all national and international laws and regulations
- Phasing out hazardous substances in product use and manufacturing through a [Product Restricted Substances List \(PRSL\)](#) and [Manufacturing Restricted Substances List \(MRSL\)](#)
- Advocating the use of recycled content and bio-based materials
- Addressing the end-of-life for synthetic fibers



MINIMUM REQUIREMENTS

Provide information about synthetic fabric origin

Kering is committed to achieving the highest level of transparency within its synthetic supply chain. In this context, suppliers are required to make all reasonable efforts to provide Kering with information about the origin of these fabrics to evaluate the associated sourcing risk. This information includes:

- Name and address of the synthetic fabric producer.
- Name and address of the synthetic yarn producer.

Comply with Kering Product Restricted Substances List (PRSL)

Compliance with the Kering Product Restricted Substances List (PRSL) is required for all synthetic fibers. Compliance with the PRSL must be ensured by the supplier through product testing and each Kering supplier must guarantee PRSL compliance of its products. Moreover, Kering will oversee an internal testing program of the products as an additional auditing measure.

The PRSL is an appendix to the supplier agreement (contract or purchasing terms and conditions) with Kering brands. More information is available in the [Appendix: Summary of Kering Chemical Management Policy](#).



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Comply with Kering Manufacturing Restricted Substances List (MRSL)

Kering is committed to ensuring all hazardous chemicals have been phased out and eliminated from its production by 2020. To this end, Kering has adopted a [Manufacturing Restricted Substances List \(MRSL\)](#). By 2020, suppliers must make sure that the chemicals listed in the MRSL are not intentionally used in the different process steps of the production, should this processing be taking place at the supplier's location or upstream in the supply chain. In particular for plastics, chemical categories of concern include aromatic and aliphatic VOCs, azo dyes, ortho-phthalates, PAH, heavy metals, flame retardants, alkylphenols and organotins.

Prioritize the use of recycled and bio-based synthetics

Suppliers should propose recycled and bio-based synthetics, with the highest possible percentage over conventional fossil-based synthetic fabrics. These alternative synthetics can have different features (i.e. bio-content, recycled content, biodegradable, etc.) and they are listed below with a decreasing level of importance for Kering:

- Prefer synthetics that are made with recycled content. If not possible, source synthetics with bio-content (non-fossil/petrol content) certified to the Global Recycled Standards (GRS).
- Prefer synthetics that are biodegradable or compostable and use an official test method to assess biodegradability, such as the family of standards ISO 14850.

Synthetics with bio-content in today's market are often composed of a mix of fossil content and bio-content. When sourcing these types of synthetics, suppliers should prefer yarns and fabrics with a higher percentage of non-fossil content and inquire about the origin of the feedstock that goes into producing the biological component of the synthetics (i.e. crops, organic wastes, proteins, etc.).

- Prefer second-generation synthetics using feedstock that is not a food source but is rather from non-edible parts of the plant, resources from forestry, proteins from discarded sources, etc. Ask the supplier of synthetics for information about the bio-content of their products.
- Make all efforts to ensure that the feedstock is not from genetically modified organisms (GMO). Kering does not support GMO.

Suppliers should use an official test method to assess the percentage of bio-content, such as ASTM D8666 method (American Society of Testing and Materials) or EN 16785-1:2015, and should be able to provide test results that assess the percentage of bio-content.

Whenever possible, suppliers should provide Kering brands with life cycle analysis of the synthetic material used in the product to scientifically show how it compares to its conventional equivalent.

More information on terminology for synthetics is available in the [Glossary](#).

Preferably source synthetics that have been certified

Suppliers should preferably source synthetics that have been certified according to:

- The Global Recycled Standard (GRS), which is a voluntary standard from Textile Exchange. It is applicable internationally for recycled content, chain-of-custody, social and environmental practices and chemical restrictions.
- One or more of the following certifications for bio-based fabrics:
 - Bio-based content certification as specified by EN 16785-1:2015
 - Roundtable on Sustainable Biomaterials (RSB)
 - USDA Certified Biobased Product



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Address end-of-life issues

Suppliers should move to recycling technologies which have the ability to deliver virgin-equivalent fibers in quality and in order to promote the circular economy. Suppliers will also stay up to date on various test methods for microfiber shedding. Test methods are currently being developed by The ASTM (American Society for Testing and Materials), The AATCC (American Association of Textile Chemists and Colorists) and The University of Leeds.

Please note that oxo-fragmentable fibers are to be avoided as the micro fragments released could increase the level of microplastics in the oceans. Additionally, they should not be considered to be bio-based because they are petrol-based and have supplemental additives to facilitate fragmentation that are not biodegradable.

In the future, when there are viable options and technology to recycle synthetics back into synthetics, suppliers should prefer synthetics that are able to be recycled (i.e. not blended or with minimum blend).



BOX 1: Recommended Bio-based Certifications

	Status	Certifier	Scope
USDA Certified Biobased Product	Voluntary Standard	USDA	United States verified bio-based content
RSB Standard	Voluntary Standard	RSB Secretariat	International which covers the production of any bio-based feedstock, biomass-derived material and advanced fuel, as well as complete supply chain and novel technologies
Biobased Content Certification	Voluntary Standard	Biobased	EU scheme to demonstrate the bio-based content in a product and labeled with this claim based on European standard EN 16785-1

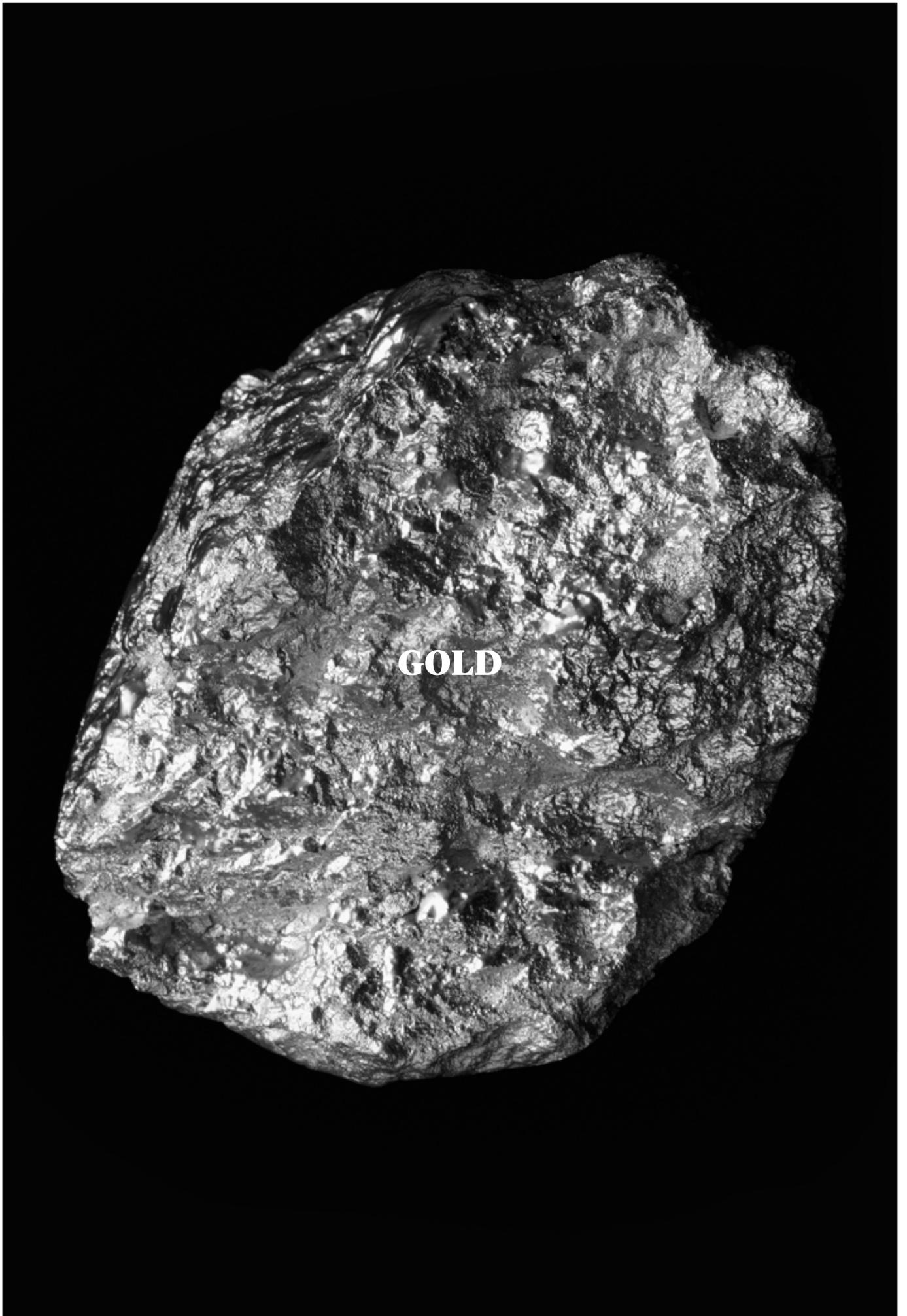
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BOX 2: Bioplastics vs Biodegradability

	Fossil Based	Bio-based
Not Biodegradable	Polyester (PET) Polyamide (PA) Polypropylene (PP)	Bio-PET Bio-PA Bio-PP
Biodegradable	Non textile	Bio-Polylactic Acid (PLA)

This area is in a state of flux as more biodegradable products are being developed from both types of feedstock.





Several Kering brands use gold in their jewelry and watches and in the metallic accessories of leather goods. Gold is mined in many countries around the world and on every continent except Antarctica, with China being the largest producer with over 450 tons of pure gold mined each year. The global average production of gold over the past ten years is around 4000 tons per year, 66% coming from mining and the remaining 34% from recycling. The mining of gold can be associated with social issues linked to the difficult working conditions of miners and to environmental damages of the natural zones where mining occurs. Most of the gold used by the Kering brands comes from recycled sources transformed by refiners; however, Kering's sustainability strategy also includes sourcing new gold from mines which operate under good environmental and social conditions. Millions of miners worldwide depend on gold mining, with 80% of them working in Artisanal and Small-scale Mines (ASM) and producing less than 20% of newly mined gold. The remaining 80% of newly mined gold is extracted by Large-Scale Mining operations (LSM), mostly in large open-pit surface mines.

Kering brands can source responsible gold according to the Kering Standard for gold in two ways:

- Through the [Kering Responsible Gold Framework](#) which provides a mix of recycled Chain-of-Custody gold and certified/verified artisanal sources. These sources are mixed at refiner's level, resulting in a gold mix specific to Kering's requirements.
- Or, if there is a need to allocate specific gold up to final product, brands can source directly from RJC, Fairtrade and Fairmined certified mines under their specific traceability programs and licenses.

In summary, the key principles that underpin the Kering Standard for gold are:

- Complying with all applicable laws, conventions and regulations
- Facilitating the sourcing of responsible gold by its brands via a platform called the Kering Responsible Gold Framework
- Purchasing recycled gold from refiners who are RJC Chain-of-Custody certified, which guarantees legal and conflict-free sourcing
- Supporting best practices in the industrial gold mining industry by sourcing from RJC certified large and medium scale mines and operations
- Supporting the social development of artisanal and small-scale miners, and their communities by sourcing gold through social programs such as Fairtrade and Fairmined schemes, and from other eligible initiatives that have been verified by Kering



MINIMUM REQUIREMENTS

Source gold through Kering Responsible Gold Framework

Kering brands and their suppliers can comply with the Kering Standard for gold by sourcing their gold through the Kering Responsible Gold Framework (see [BOX 1](#)). This framework has been developed to create an innovative way to source gold that is ethical, responsible and traceable. Kering brands can source responsible gold directly from selected refiners, or indirectly through components or finished products suppliers. The KRGF is designed to fit both sourcing avenues.

Written agreements have been developed to clearly define this innovative sourcing framework for refiners and to provide access to Kering's customized Responsible Gold Mix to suppliers of components and finished products containing gold. Kering encourages gold suppliers to support the KRGF and to facilitate its expansion within their own supply chains.

Purchase gold via other sources of responsible gold

Kering brands also have the possibility of purchasing gold directly from **certified mining sources** through the brands' preferred refiners. These certifications include:

Fairmined and Fairtrade Gold:

- Kering recognizes the valuable contribution that Fairmined (FM) and Fairtrade (FT) certification standards are playing in improving the working conditions of artisanal and small-scale miners, positively developing their local communities, as well as encouraging extractive practices that limit and control the use of hazardous chemicals like mercury and cyanide.
- Some FM/FT mines may also offer "ecological gold", which goes a step further by avoiding the use of mercury/cyanide in their extractive processes (e.g. water centrifugation and gravimetric techniques).

Gold from RJC certified mines:

- Kering recognizes the Responsible Jewellery Council's (RJC) Principles and Certifications (Code of Practice and Chain-of-Custody) as an advanced and independent international program to encourage transparency and traceability in the gold supply chain.
- This is coherent with Kering's sourcing principles if the refiner providing the gold can guarantee and trace its origin all the way back to a RJC certified mine, or mining company, and treat this gold in a segregated way throughout the refining processes.

Source gold in a way that meets all legal requirements (See [Box 2](#))

Kering eschews corruption in all its forms. As such, gold suppliers will:

- Comply with all relevant laws in all of their activities, including (but not limited to) those relating to anti-corruption, anti-money laundering and counter-terrorist financing
- Never knowingly supply gold or products containing gold to Kering or its brands that have been subject to or involved in any form of bribery or corruption
- Actively avoid any conflict of interest or the exercise of illegitimate influence when doing business with Kering and its brands, including as a result of payments and gifts made or received, pre-existing relationships or other means
- Inform Kering as soon as the supplier becomes aware of any incident in which it has not met, or is not likely to meet, these requirements

Ensure human rights are respected in the entire gold supply chain

Kering is committed to respecting internationally recognized human rights, both in its own business activities and through its business relationships. Gold suppliers will:

- Never knowingly supply Kering or its brands with gold or products in gold that they know have been associated with human rights abuses during their mining, trading, refining and manufacturing phases
- Confirm that all of the gold and products in gold that they supply to Kering are free from association with human rights abuses at all stages of the value chain, and provide relevant evidence to support their statement

Allow inspection and auditing

Gold suppliers will:

- Allow Kering, its brands and their representatives to check the supplier's adherence to this Kering Standard for gold, including by physical and documented inspections
- When requested, provide, if applicable, their RJC, Fairtrade, Fairmined or any other applicable certifications' latest reports, including major and minor non-compliance sections
- Correct any identified instances of non-compliance with this Kering Standard for gold and enhance existing practices, where Kering and its brands have identified non-conformities but have decided not to exercise their resulting right to terminate contractual relations



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Achieve traceability in the brands' gold supply chains

Kering is committed to achieving the highest levels of transparency within its gold value chain. In this context, gold suppliers will:

- Work in constructive, pragmatic and mutually-beneficial partnerships with Kering to continuously improve transparency within its gold supply chains
- Make all reasonable efforts to provide Kering with information when requested about the origin and the journey of the gold that they supply to Kering brands. This information may include but is not limited to:

- Where gold is mined and by whom
- Who has traded gold and where
- Who has refined gold and where
- What ethical standards or initiatives have been applied to gold and to entities that handle gold during each step of the supply chain (e.g. RJC certifications, Fairmined or Fairtrade certifications, OECD Guidance and Supplement on Gold applications, or other relevant standards and initiatives such as the LBMA, IRMA and RBA-RMI programs)

Minimize the environmental impacts of gold sourcing

Kering believes that future technological developments will allow gold to be mined without the use of highly hazardous chemicals such as mercury and cyanide. Some FM/FT certified mines already offer "ecological gold", which limits and eventually prohibits the use of mercury/cyanide into their extractive processes (e.g. water centrifugation and gravimetric techniques). Suppliers should use best efforts to source this gold when using FM/FT sources.

Kering will support actions and initiatives that aim to better manage the use of water, reduce water consumption in areas where it is scarce and avoid environmental impacts caused by the use of water in extractive and processing activities.

Kering also supports all initiatives targeted at safeguarding biodiversity and natural habitat potentially affected by mining operations. Remediation and rehabilitation of natural flora and fauna will be considered in future supply chain developments as a key criteria in Kering brands' sourcing decisions.

Gold refining includes energy-intensive processes. In future discussions and developments with selected refiners, Kering and its brands will positively value efficient production processes and the use of renewable and green energies, with the goal of reducing GHG emissions and lowering the impact on climate change.

Encourage and develop closed loop recycling

Kering encourages its brands and their suppliers to develop new ways of maximising closed loop recycling of responsible gold from the jewelry sector and/or other sectors. Newly mined gold is predicted to reach high scarcity levels within a few decades. Kering foresees this evolution as a challenge but also as an opportunity to develop innovative ways of recycling gold while keeping full traceability of a metal that has been sourced responsibly when it entered supply chains. New refining processes ought to be defined in partnership with proactive refiners and manufacturers in order to offer the segregation of recycled responsible gold all the way into new products.



BOX 1: Kering Responsible Gold Framework

The Kering Responsible Gold Framework has been developed to create an innovative and smart way to source gold that is ethical, responsible and traceable at a business-acceptable cost for the brands. This sourcing framework is based on the principle of the RJC-CoC (Responsible Jewellery Council - Chain-of-Custody) certification of gold, supplemented by a financial mechanism that directly supports artisanal and small-scale mining (ASM) through the Kering Gold Fund.

Kering encourages its brands to source gold from refiners who are RJC certified under the Chain of Custody Standard, and who have been selected by the group to enter the KRGF. Selected refiners engage in supplementing the traditional CoC certified flow of gold with input from ASM mines, supported by Kering and its brands.

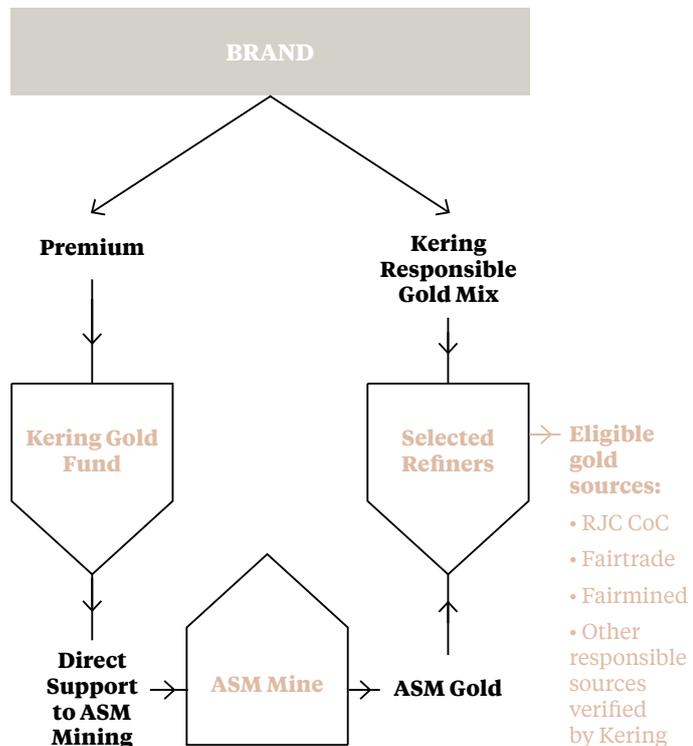
Therefore, Kering has customized its own CoC Gold Mix that may include:

- **RJC Recycled gold:** Gold that is recycled by a CoC certified entity, based on audit of the entity's (usually gold refiner) due diligence practices that guarantee the legitimate origin of the gold.
- **RJC Mined gold:** Gold that is extracted by a RJC certified mine or mining company.
- **ASM Fairmined or Fairtrade gold:** Gold that is extracted by an ASM mine or mining company that is certified under the Fairmined or Fairtrade Standards, or well advanced in the process of certification.
- **Verified artisanal gold:** Gold that is extracted by ASM miners who work under other responsible programs promoting environmental protection and social development (local schemes, private initiatives, etc.) which have been verified by Kering via a due diligence process.

Kering Gold Fund

The Kering Responsible Gold Framework directly supports ASM that are Fairmined or Fairtrade certified, or towards certification. A "Premium", calculated on the LBMA price of the gold (London Bullion Market daily price quotations), is paid by the brand purchasing responsible gold through the KRGF.

The premium is allocated to the Kering Gold Fund, to be invested into sustainability projects in ASMs, both Fairmined and/or Fairtrade, or to ASM communities working towards responsible mining. The Kering Gold Fund is administrated by a Responsible Gold Steering Committee, composed of collaborators from Kering, and from the brands, who meet at least once a year to support sustainable projects targeted at ASM communities.



BOX 2: Applicable Regulations and OECD Guidelines

International regulations

Kering and its brands commit to respecting and implementing all international regulations applicable to gold supply chains.

US Dodd-Frank Act

In 2010, the US Dodd-Frank Act passed new reporting requirements for the US Securities and Exchange Commission (SEC) listed companies in respect of their use of "conflict minerals", including gold (but also the "3Ts": Tin, Tungsten and Tantalum), which might originate from the Democratic Republic of Congo (DRC) or adjoining countries and which could be directly or indirectly funding armed conflict in that region.

The SEC rule

Since August 2012, if a U.S. (SEC) listed company potentially sources gold in the DRC or adjoining countries, it is required to submit a report to the Commission that includes a description of the measures it took to exercise due diligence on the conflict minerals' source and chain of custody. This information must be available to the public (e.g. via website) and therefore brands will expect their suppliers to be ready to undertake such due diligence processes on all products containing gold.

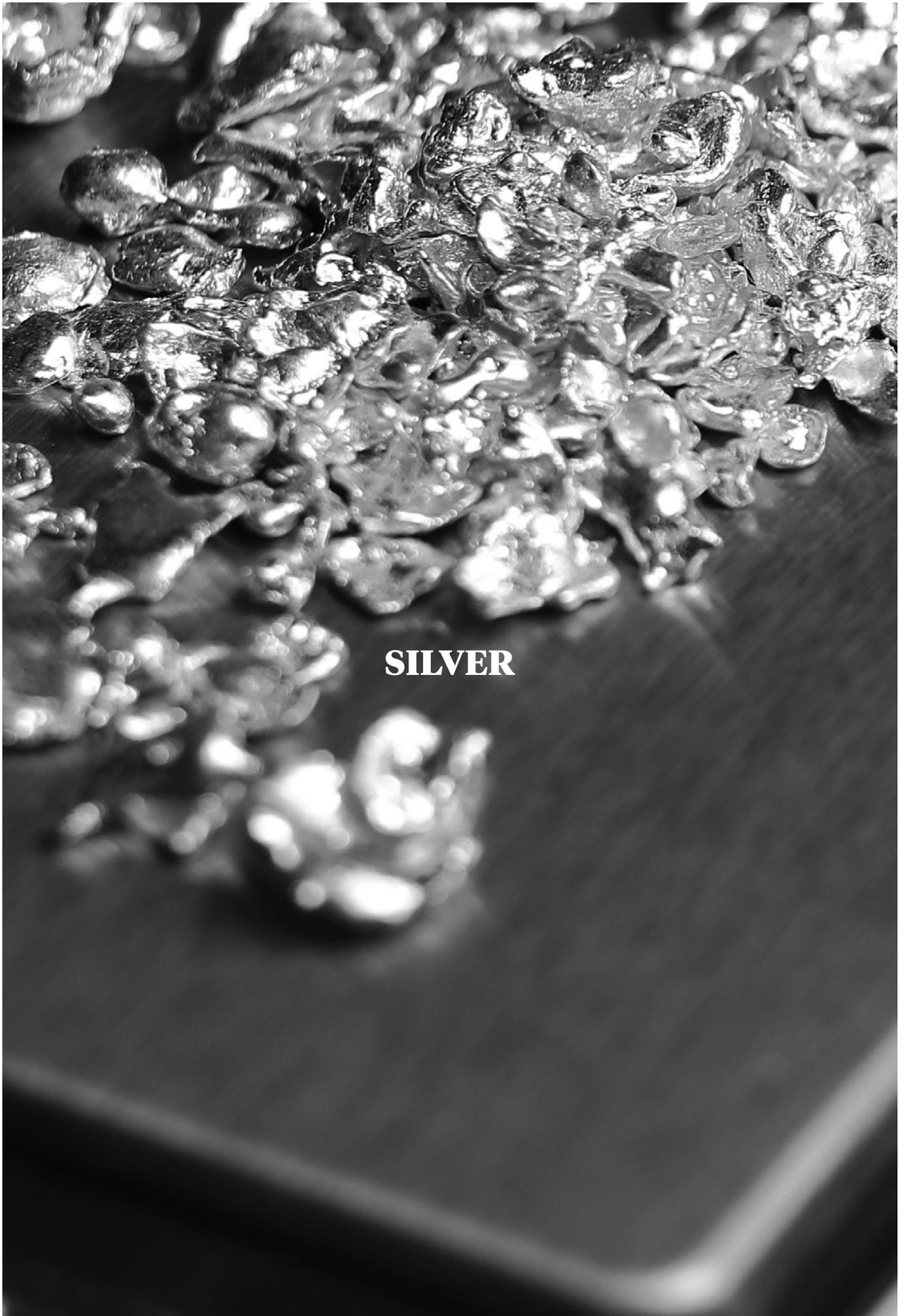
OECD Due Diligence Guidance, Supplement on Gold, and Practical actions for companies to identify and address all forms of child labor in mineral supply chains

Adopted in May 2011, the OECD Due Diligence Guidance framework provides detailed recommendations to help companies respect human rights and avoid contributing to conflict through their minerals purchasing decisions and practices. The Due Diligence Guidance is for use by any company potentially sourcing minerals or metals from conflict-affected and high-risk areas. It is recognized by the SEC as fulfilling the criteria of the Dodd-Frank Act implementation.

The OECD Supplement on Gold was developed to tackle the unique challenges for carrying out due diligence on gold and namely its intrinsic high-value and fungible nature, the non-linear structure of its supply chain, and the multiple downstream uses of gold, depending on whether it is used for investment purposes, jewelry or in some other industrial product.

The OECD also developed practical actions for companies to identify and address all forms of child labor in minerals supply chains. It was developed to build on the due diligence framework of the OECD Due Diligence Guidance and was released in May 2017. This guidance is particularly helpful in its recommendation to design and implement a strategy to respond to identified risks. Kering and its brands believe in the long-term benefits of sourcing gold in an ethical and responsible way, all along the complex supply chains of the luxury sector. These guidelines and principles reflect Kering's vision for sustainable business and Kering aims to share it as widely as possible with its brands, their suppliers and their partners.





SILVER



Several Kering brands use silver in their jewelry, watches, metallic accessories of handbags and ready-to-wear. This represents several tons of silver used by the Group each year. Globally, silver demand is significantly greater for industrial uses than for jewelry, coins or silverware. Around 30% of silver production is from primary silver mines, while the remaining 70% is obtained as a by-product from base metal operations like lead/zinc and copper (57%) and gold mining (12%). Silver-bearing ores are mined by open-pit or underground methods mostly in large and medium sized industrial operations, while artisanal and small-scale silver mining is negligible. In the case where silver is a by-product, the other more important metal is processed and refined first, and the silver is then extracted and refined from the final residue of the primary metal. Over the past 5 years, the average yearly silver supply amounts to approximately 31,600 tons, of which 26,900 tons are from mining production and 4,800 tons are from the recycling of old silver scrap. The world's major silver producers are Mexico, Peru, China, Russia, Chile, Bolivia, Poland, USA and Australia.

The mining and refining of silver can be associated with environmental issues such as damages to the natural zones where mining occurs, use of toxics and chemicals, and water contamination, as well as social issues around labor and tensions with the local communities over access to land and water quality. Attention to sustainability in silver is mainly a result of campaigns in the gold and jewelry industry, however, the formulation of a set of sustainability standards that are generalizable is extremely challenging, which explains why silver specific initiatives such as standards and certification systems are much less developed than they are for gold. The assurance that the silver purchased by the Group comes from sustainable and responsible sources is key and in lieu of industry-wide accepted standards, the Kering Standard for silver was developed to set a high benchmark to ensure best practices are met in its silver supply chain.

The silver used by Kering brands comes from third-party providers of semi-finished products and, to a lesser extent, directly from refiners (in alloys). Eligible sources from which Kering brands can source responsible silver according to the Kering Standard for silver are two-fold:

- Currently, Kering brands require suppliers to source only recycled / old silver scrap for Kering brands' purposes.
- At a later stage, when it is available in 2019, Kering brands will source responsible silver through the [Kering Precious Metals Platform \(PMP\)](#), which will offer Responsible Jewellery Council (RJC) Chain-of-Custody silver. The Kering PMP's ultimate aim is to obtain a silver mix specific to Kering's requirements from its refiners, such as a mix of mined and recycled RJC Chain-of-Custody silver.

In summary, the key principles that underpin the Kering Standards for silver are:

- Complying with all applicable laws, conventions and regulations
- Guaranteeing due diligence in the supply chain, in accordance with the OECD Due Diligence Guidance
- Facilitating the sourcing of responsible silver from eligible sources by the brands via the Kering Precious Metals Platform (PMP)
- Purchasing recycled silver from refiners who are RJC Chain-of-Custody certified
- Supporting best practices in the industrial silver mining industry and the development of other eligible initiatives that have been verified by Kering



MINIMUM REQUIREMENTS

Source silver through the Kering Precious Metals Platform

Kering brands and their suppliers can comply with the Kering Standard for silver by sourcing their silver through the [Kering Precious Metals Platform \(PMP\)](#) (see [BOX 1](#)). This framework is being developed to create an innovative way to source silver that is ethical, responsible and traceable. Kering brands will have the option to source responsible silver directly from selected refiners, or indirectly through components or finished products suppliers and, ultimately, as well as from selected and verified mines. The Kering PMP is designed to fit all three sourcing avenues.

Written agreements will be developed to clearly define this innovative sourcing framework for suppliers and to provide access to Kering's eligible sources to suppliers of brand components and finished products containing silver. Kering encourages silver suppliers to support the Kering PMP and to facilitate its expansion within their own supply chains.

Until the Kering PMP is created and the RJC officializes that silver is included in its certification scope, Kering brands require suppliers to source only recycled / old silver scrap for their purposes.

Achieve and encourage Responsible Jewellery Council Certifications (see [Box 1](#))

Kering recognizes the Responsible Jewellery Council's Principles and Certifications (Code of Practice and Chain-of-Custody) as an advanced and independent international program to encourage transparency and traceability in the precious metals supply chain. In 2016 the RJC announced the expansion of its scope to include silver and the revised Code of Practice (CoP) will be issued in early 2019.

Kering encourages its brands to source silver from suppliers who are RJC certified or preparing to become RJC certified in the near future. In their commercial relationships with silver suppliers, brands will require silver refiners and silver product suppliers to become RJC members starting in 2019 when RJC silver certification scheme is available, and to commit to reach RJC CoP certification within 2 years. Kering will prioritize the sourcing of RJC CoC certified silver as soon as it becomes available because it aligns with

Kering's requirement for best practices, as its aim is to support claims for responsibly sourced jewelry materials that are produced, processed and traded throughout the supply chain.

Starting from 2019, primary silver and silver product suppliers will be required to identify their source of silver used in Kering's brands' products (components and semi-finished products suppliers shall identify the refiner supplying the silver) and are encouraged to ensure that their direct suppliers, in turn, commit to RJC certifications (CoP and CoC).

Purchase silver via other sources of responsible silver

Kering brands also have the possibility of purchasing silver directly from certified mining sources under their specific traceability programs and through their preferred refiners. These certifications for eligible sources include:

Silver from RJC certified mines

- Kering encourages mines and upstream processors to join the RJC and gain certification (CoP and CoC).
- This direct sourcing of silver is consistent with the Kering Standard for silver if the refiner providing the silver can guarantee and trace its origin all the way back to a RJC certified mine, or mining company, and treat this silver in a segregated way throughout the refining processes.

Silver from IRMA certified mines

- Kering will assess the possibility of including silver produced as a primary metal or as a by-product of lead, zinc, copper or gold mining sites which are certified in accordance with the Initiative for Responsible Mining Assurance (IRMA) Standard for Responsible Mining, when the certification system becomes operational at the end of 2019 (see [BOX 2](#)).



MINIMUM REQUIREMENTS

Source silver in a way that meets all legal requirements (See [Box 2](#))

Kering eschews corruption in all its forms. As such, silver suppliers will:

- Comply with all relevant laws in all of their activities, including (but not limited to) those relating to anti-corruption, anti-money laundering and counter-terrorist financing.
- Never knowingly supply silver or products containing silver to Kering or its brands that have been subject to or involved in any form of bribery or corruption.
- Actively avoid any conflicts of interest or the exercise of illegitimate influence when doing business with Kering and its brands, including as a result of payments and gifts made or received, pre-existing relationships or other means.
- Inform Kering as soon as the supplier becomes aware of any incident in which it has not met, or is not likely to meet, these requirements.

Ensure human rights are respected in the entire silver supply chain

Kering is committed to respecting and ensuring internationally recognized human rights, both in its own business activities and through its business relationships. Silver suppliers will:

- Never knowingly supply Kering or its brands with silver or products from silver that suppliers know have been associated with human rights abuses during their mining, trading, refining and manufacturing phases.
- Guarantee that all of the silver and products in, or containing, silver that suppliers provide to Kering are free from any association with human rights abuses at all stages of the value chain, and provide relevant evidence to support their statement.

Allow inspection and auditing

Silver suppliers will:

- Allow Kering, its brands and their representatives to validate the supplier's adherence to this Kering Standard for silver, including by physical and documented inspections.
- When requested, provide, if applicable, their RJC certifications when available in 2019, or any other applicable certifications' latest reports, including major and minor non-compliance sections.
- Correct any identified instances of non-compliance with this Kering Standard for silver within a case-by-case determined timeline and enhance existing practices, where Kering and its brands have identified violations but have decided not to exercise their resulting right to terminate contractual relations.



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Achieve traceability in the brands' silver supply chains

Kering is committed to achieving traceability within its silver value chain and has a target to do so by 2025. In this context, silver suppliers will:

- Work in constructive, pragmatic and mutually beneficial partnerships with Kering to continuously improve transparency within their silver supply chains.
- Use best practices in due diligence of their silver supply chain in accordance with the OECD Due Diligence Guidance.
- Make all reasonable efforts to provide Kering with information when requested about the origin, the journey of the silver that they supply to Kering brands and the due diligence system applied. This information may include, but is not limited, to:
 - The nature of the silver used to supply Kering brands: recycled, mined, etc.
 - Whether it is primary silver and/or a by-product (i.e. identification of the parent mineral).
 - Where silver or the base metal is mined (mine of origin) or extracted and by whom.
 - Who has refined silver and where (including for supply of components and semi-finished products).
 - What ethical standards or initiatives have been applied to the mining and refining of the silver, and for the people who handle the silver during each step of the supply chain (i.e. RJC certification, OECD DD Guidance, or other relevant standards and initiatives such as the LBMA, IRMA, ICMM and Cyanide Code audit and certification programs).

Minimize the environmental impacts of silver sourcing

Lead and zinc mining from which silver is extracted are some of the primary sources of metals pollution in the environment. Water bodies close to projects extracting these metals are at risk of pollution from wastewater associated with mining (ore-dressing) and smelting. Soil and crop pollution, along with deleterious health effects, have all been linked to lead and zinc mining and smelting activities.

Mitigating these impacts is crucial and Kering believes that future technological developments will allow silver (whether as a primary or by-product) to be mined with a reduced use of hazardous chemicals, for example with non-cyanide leaching extraction methods. Incorporating these innovations in silver supply chains is highly encouraged. Kering also supports initiatives targeted at safeguarding biodiversity and natural habitats potentially affected by mining operations. Remediation and rehabilitation of natural flora and fauna will be considered, in future supply chain developments, as a key criteria in Kering brands' sourcing decisions.

Furthermore, silver refining includes energy-intensive processes. In future discussions and developments with selected refiners, Kering and its brands will positively value efficient production processes and the use of renewable and green energies, with the goal of reducing GHGs emissions and lowering the impact on climate change.

Encourage and develop closed loop recycling

Kering encourages its brands and their suppliers to develop new ways of maximizing closed loop recycling of responsible silver from the jewelry sector and/or other sectors. Kering encourages the development of innovative ways of recycling silver while keeping the full traceability of the metal, ensuring that it has been sourced responsibly when it entered the supply chain. New refining processes should be defined and developed in partnership with proactive refiners and manufacturers in order to offer segregation of recycled responsible silver all the way into new products.



BOX 1: Kering Precious Metals Platform

The Kering Precious Metals Platform (PMP) is being developed to create an innovative and smart way to source silver that is ethical, responsible and traceable while also maximizing pricing models and viability for the brands. This sourcing framework is based on the principle of the RJC CoC certification of silver.

Kering encourages its brands to source silver from refiners who will be RJC certified under the CoP initially, which will be published in early 2019, and following, the CoC, which will be available thereafter to silver members. These CoC certified silver suppliers will be selected by the Group to enter the Kering PMP.

Kering will then customize its own mix of eligible silver sources that may include:

- **RJC Recycled silver:** Silver that is recycled by a CoC certified supplier, based on audit of the supplier's (usually silver refiner) due diligence practices that guarantee the legitimate origin of the silver.
- **RJC Mined silver:** Silver that is extracted by a RJC certified mine or mining company and whether the mine site produces silver as a primary product or whether silver is a by-product.



BOX 2: International organizations covering various aspects of the precious metals industry

Responsible Jewellery Council (RJC)

- The RJC is a non-profit standards setting and certification organization, composed of over 1000 member companies spanning from mine to retail. Members commit to and are independently audited against the RJC Code of Practice, which is an international standard on responsible business practices for diamonds, colored gemstones, gold, silver and platinum group metals. The Code of Practice addresses human rights, labor rights, environmental impact, mining practices, product disclosure and other important topics in the jewelry supply chain.
- The RJC works with multi-stakeholder initiatives on responsible sourcing and supply chain due diligence. The RJC's Chain-of-Custody certification for precious metals supports these initiatives and can be used as a tool to deliver broader member and stakeholder benefit.

Initiative for Responsible Mining Assurance (IRMA)

The IRMA was founded in 2006 by a coalition of non-governmental organizations, businesses purchasing minerals and metals for resale in other products, affected communities, mining companies, and labor unions. IRMA's approach to responsible mining is to certify social and environmental performance at mine sites globally using an internationally recognized standard that has been developed in consultation with a wide range of stakeholders. In 2018, IRMA published its Standard for Responsible Mining v1.0, which defines good practices for what responsible mining should look like at the industrial-scale. It provides the list of expectations that independent auditors will use as the benchmark for responsible mines. The standard will be revised in 2019 and certification by accredited auditors will start late 2019.

International Cyanide Management Code

The International Cyanide Management Code for the Manufacture, Transport, and Use of Cyanide in the Production of Gold (Cyanide Code) was developed by a multi-stakeholder steering committee under the guidance of the United Nations Environmental Program (UNEP) and the then International Council on Metals and the Environment (ICME). The Cyanide Code is a voluntary industry program for gold and silver mining companies. The objective of the Cyanide Code is to improve the management of cyanide used in gold and silver mining and assist in the protection of human health and the reduction of environmental impacts. It focuses exclusively on the safe management of cyanide and cyanidation mill tailings and leach solutions. Companies that adopt the Cyanide Code must have their mining operations that use cyanide to recover gold and/or silver audited by an independent third party to determine the status of Cyanide Code implementation. The Cyanide Code applies to mining industries and the producers and transporters of the cyanide used in gold and silver mining. It is intended to complement an operation's existing regulatory requirements and focuses exclusively on the safe management of cyanide that is produced, transported and used for the recovery of gold and silver, and on mill tailings and leach solutions. Gold and silver mining companies and the producers and transporters of cyanide used in gold and silver mining can become signatories to the Cyanide Code.



BOX 2: International organizations covering various aspects of the precious metals industry

Organization for Economic Co-operation and Development (OECD)

Adopted in May 2011, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas framework provides detailed recommendations to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices. The Due Diligence Guidance is for use by any company potentially sourcing minerals or metals from conflict-affected and high-risk areas. It is recognized by the SEC as fulfilling the criteria of the Dodd-Frank Act implementation. The OECD also developed practical actions for companies to identify and address child labor in minerals supply chains. It was developed to build on the due diligence framework of the OECD Due Diligence Guidance and was released in May 2017. This guidance is particularly helpful in its recommendation to design and implement a strategy to respond to identified risks.

London Bullion Market Association (LBMA)

The LBMA set up a Responsible Silver Guidance for Good Delivery Refiners (applicable as of January 1st, 2018) in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, and to comply with high standards of anti-money laundering and combating terrorist financing practice. It follows the five-step framework for risk-based due diligence of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas adopted on 15 December 2010. Compliance to the new LBMA Responsible Silver Guidance for Good Delivery Refiners will be a mandatory requirement for all refiners wishing to sell into the London Bullion Market. An LBMA Responsible Silver Certificate will only be issued to GDL Refiners who have successfully completed their annual audit.

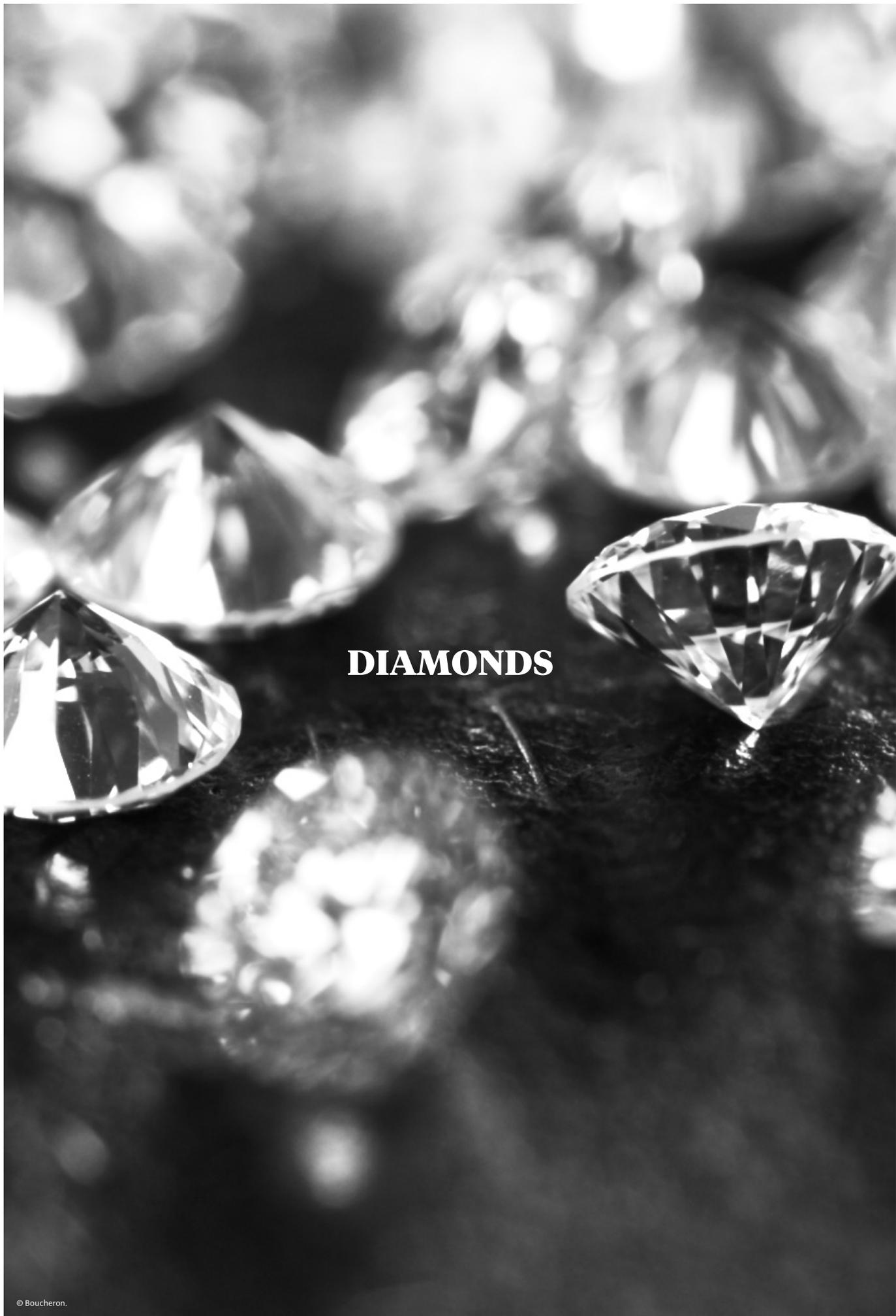
World Gold Council (WGC)

The WGC is the market development organization for the gold industry. The WGC has developed the Responsible Gold Mining Principles that set out expectations for investors and downstream users as to what constitutes responsible gold mining and addresses the key environmental, social and governance issues for the gold mining sector. The principles are not intended to become a new standard. The final version will be published in the near future.

International Council on Mining and Metals (ICMM)

The ICMM is an international organization dedicated to a safe, fair and sustainable mining and metals industry. The ICMM program is a list of principles specific to Mining and Metals companies. Membership in the ICMM requires a commitment to ICMM's 10 Principles (ethics and corporate governance, sustainable development, human rights and working conditions, effective risk management strategies, health and safety, environmental performance, biodiversity conservation and land-use planning, responsible design use, re-use and recycling, social performance, stakeholder engagement) and its 7 Position Statements (<https://www.icmm.com/en-gb/members/member-commitments/position-statements>). Member companies are required to obtain annual third-party assurance of their sustainability performance.





DIAMONDS



A number of Kering brands use diamonds in their jewelry and in watches. Diamonds are the most renowned precious stones in the world, bearing high financial and symbolic values. Diamond mining has been in the media spotlight in the past few years, mainly because of risks linked to corruption, conflicts, and dangerous working conditions in mines. Today, 70%-80% of all diamonds are mined by several important industrial mining companies, which operate mainly in developed countries and in extremely capital-intensive ways. The remaining estimated 20%-30% come from artisanal and small-scale mines that are often located in developing countries and where working conditions can sometimes be very challenging. Traceability is a key challenge in this trade: rough diamonds travel the world to be cut and polished in different hubs, depending on the quality and sizes of the stones; cut and polished diamonds are sold in trading cities like Antwerp, New York, and Tel Aviv, but also by individual diamond traders around the world; and a diamond can change hands one hundred times before being set in a piece of jewelry.

Kering brands are actively encouraged to engage with their diamond suppliers towards traceability, both for “center” stones and also for smaller “melées” stones.

In summary, the key principles that underpin the Kering Standard for diamonds are:

- Complying with all applicable laws, conventions and regulations
- Ensuring that all diamonds purchased by the brands come from legal sources certified by the Kimberley Process, a program whose mission is to prevent conflict diamonds from entering the market
- Supporting the work of the Responsible Jewellery Council (RJC) by achieving RJC certification for all its brands and sourcing diamonds from RJC certified suppliers
- Collaborating with all actors of the diamond supply chain to develop and implement full traceability of the stones from the mine to the store



MINIMUM REQUIREMENTS

Achieve and encourage Responsible Jewellery Council (RJC) Certifications (see [Box 1](#))

Kering recognizes the RJC Principles and Certifications (Code of Practice and Chain-of-Custody) as an advanced and independent international program to encourage transparency and traceability in the gold diamond supply chain.

Kering encourages its brands to source diamonds from suppliers who are RJC certified. In their commercial relationships with diamond suppliers, brands will check for the RJC certification of their direct diamond suppliers, but they will also investigate upstream levels of the diamond supply chain and positively value the RJC certification of upstream suppliers of rank “2” or higher, ideally all the way to extraction levels.

Implement the Kimberley Process certification scheme and World Diamond Council system of warranties (see [Box 1](#))

Kering recognizes the valuable contribution that the Kimberley Process has played in excluding conflict diamonds from the global diamond trade. As such, all diamond suppliers will:

- Only supply diamonds that have been sourced from countries that are participants in the Kimberley Process and that have been legally exported under a relevant Kimberley Process certificate
- Only supply diamonds that are accompanied by an invoice containing a written World Diamond Council warranty statement, as part of the System of Warranties (i.e. *“The Diamonds herein invoiced have been purchased from legitimate sources not involved in the funding of conflict and in conformance with United Nations resolutions. The seller hereby guarantees that these Diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the Supplier of these Diamonds.”*)

Develop traceability of the diamond supply chain

Kering is committed to achieving the highest levels of transparency within its diamond value chain. In this context, diamond suppliers will:

- Work in constructive, pragmatic and mutually-beneficial partnership with Kering to continuously improve transparency within their diamond supply chains
- Make all reasonable efforts to provide Kering with information when requested about the origin and the journey of the diamonds that they supply to Kering. This information may include but is not limited to the following examples:

- Where diamonds were mined and by whom
- Who has traded the diamonds and where
- Who has cut and polished the diamonds and where
- What ethical standards or initiatives have been applied to the diamonds and by the entities that handle them during each step of the supply chain (e.g. the Kimberley Process, the World Diamond Council System of Warranties, RJC certifications, the De Beers Best Practice Principles or other relevant standards and private initiatives such as the CanadaMark™ or the Forevermark)

Kering acknowledges that the ability of diamond suppliers to meet these requirements might be constrained by diamond suppliers’ own confidentiality obligations and legitimate commercial interests. In such cases, diamond suppliers will work with Kering and its brands to deliver alternative forms of assurance.

Comply with Kering Business Ethics

Kering eschews corruption in all its forms. As such, diamond suppliers will:

- Comply with all relevant laws in all of their activities, including (but not limited to) those relating to anti-corruption, anti-money laundering and counter-terrorist financing
- Never knowingly supply diamonds or diamond products to Kering or its brands that have been subject to – or involved in – any form of bribery or corruption
- Actively avoid any conflicts of interest or the exercise of illegitimate influence when doing business with Kering and its brands, including as a result of payments and gifts made or received, pre-existing relationships or other means
- Inform Kering as soon as it becomes aware of any incident in which it has not met or is not likely to meet these requirements

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Allow inspection and auditing

Diamond suppliers will:

- Allow Kering, its brands and their representatives to check the supplier’s adherence to the Kering Standard for diamonds, including by physical and documented inspections
- When requested, provide, if applicable, their RJC Certification latest reports, including major and minor non-compliances sections
- Correct any identified instances of non-compliance with the Kering Standard for diamonds and enhance existing practices where Kering and its brands have identified non-conformities but have decided not to exercise their resulting right to terminate contractual relations



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Make sure human rights are respected in the entire diamond supply chain

Kering is committed to respecting internationally recognized human rights, both in its own business activities and through its business relationships.

Diamond suppliers commit to continuously provide Kering and its brands only with diamonds (including diamonds contained in products) that are not associated with human rights abuses during mining, trading and cutting/polishing. Suppliers commit to provide appropriate evidence to support these claims.

Improve traceability one step further

Suppliers commit to work with Kering and its brands to ensure sourcing from supply chains with the highest level of standards and traceability verification. This includes working towards the following main objectives at each strategic level of the supply chain:

Cutting/Polishing and Trading: By 2025, suppliers will provide Kering and its brands with diamonds that have been traded, cut and polished by:

- RJC certified companies

or

- Adherents to the De Beers Best Practice Principles

or

- Individuals or companies that have met equivalent social, economic, environmental and ethical standards to those set out above. In this context, Kering and its brands will encourage diamond suppliers to propose such alternative standards for consideration.

Mining: By 2025, diamond suppliers will provide Kering with diamonds that have been sourced only from mines (or mining companies, when expressly permitted by Kering and its brands) that implement verified social and environmental standards such as:

- RJC certifications
- De Beers Best Practice Principles
- CanadaMark™ and Forevermark labels
- Other existing standards or labels that Kering considers as equivalent socially, economically, environmentally and ethically to those set out above

When diamonds can only be traced back to the level of an industrial diamond mining company and not all the way to a specific mine due to confidentiality and business reasons, Kering and its brands will assess the ethical profile of the mining company, and decide whether or not to allow the purchase of these diamonds.

Minimize the environmental impacts of diamond extraction

Kering supports all initiatives targeted at safeguarding biodiversity and the natural habitat potentially affected by mining operations. Remediation and rehabilitation of natural flora and fauna will be considered, in future supply chain developments, as a key criteria in Kering brands' sourcing decisions.



BOX 1: International organizations covering various aspects of the diamonds industry

Responsible Jewellery Council (RJC)

- RJC is a non-profit standards setting and certification organization composed of over 1000 member companies spanning from mine to retail. Members commit to and are independently audited against the RJC Code of Practices – an international standard on responsible business practices for diamonds, gold and platinum group metals. The Code of Practices addresses human rights, labor rights, environmental impact, mining practices, product disclosure and other important topics in the jewelry supply chain.
- RJC works with multi-stakeholder initiatives on responsible sourcing and supply chain due diligence. The RJC's Chain-of-Custody Certification for precious metals supports these initiatives and can be used as a tool to deliver broader member and stakeholder benefits.

Kimberley Process

- The Kimberly Process (KP) is a joint governmental, industry and civil society initiative to stem the flow of conflict diamonds – rough diamonds used by rebel movements to finance wars against legitimate governments.
- The Kimberly Process started when Southern African diamond-producing states met in Kimberley, South Africa, in May 2000, to discuss ways to stop the trade in conflict diamonds and ensure that diamond purchases were not financing violence by rebel movements and their allies seeking to undermine legitimate governments.

World Diamond Council (WDC)

The primary objective of the WDC is to represent the diamond industry in the development and implementation of regulatory and voluntary systems to control the trade in diamonds embargoed by the United Nations or covered by the Kimberley Process Certification Scheme. The WDC:

- Has established the System of Warranties which extends the effectiveness of the Kimberley Process beyond the export and import of rough diamonds
- Assists the Kimberley Process by managing the resources of the diamond industry to provide technical, financial and other support
- Represents the industry in the Kimberley Process, the committees of the Kimberley Process and other relevant forums
- Serves as the central point of communication regarding the actions taken to ensure compliance with the regulatory and voluntary systems to prevent the trade in conflict diamonds





Several Kering brands use colored gemstones in their jewelry and watches. Colored gemstones are some of the most renowned precious stones in the world, with both high financial and symbolic values attributed to them. According to the United Nations, the colored gemstones' global industry accounts for \$10-12 billion USD per year in trade. Furthermore, colored gemstone jewelry is estimated to represent around 10% of the total value of jewelry sales. Colored gemstones come in many classifications, varieties and colors, with different quality and value. They are cut, treated, and then sold in different hubs around the world and, during this period, they can change hands several times before being set within a piece of jewelry. On the mining and production side, this takes place in at least 47 countries and on all continents, excluding Antarctica, and 80% of colored gemstones are extracted by artisanal and small-scale miners according to UN estimates. The extraction process is mostly informally accomplished, with limited governance and in challenging working conditions. The remaining estimated 20% of colored gemstones come from industrial mining companies.

The colored gemstones industry has been in the media spotlight in the past few years, mainly because of risks linked to human rights abuses and labor issues, environmental impacts, political risks and corruption, commercial risks, and association with conflicts. The diverse, opaque and largely unregulated nature of the colored gemstones industry makes it very difficult for brands to obtain full traceability on the origin of the colored gemstones they use in their jewelry and this is a critical challenge that must be overcome. The Kering Standard for colored gemstones has been developed to address this need and in order to ensure a sustainable and responsible colored gemstones supply chain for the Group.

Kering brands are actively encouraged to engage with their colored gemstones suppliers on greater transparency and traceability, both for center stones and also for smaller *melées* colored gemstones.

In summary, the key principles that underpin the Kering Standard for colored gemstones are:

- Complying with all applicable laws, conventions and regulations
- Ensuring that all colored gemstones purchased by the brands come from legal sources, and have not been used to fuel conflict
- Supporting the work of the Responsible Jewellery Council (RJC) by achieving RJC certification for all the brands and sourcing colored gemstones from RJC certified suppliers
- Implementing best practices for the due diligence process across the colored gemstones supply chain, including beyond primary suppliers to identify the different layers of the supply chain, and assess the risks
- Collaborating with all actors of the colored gemstones supply chain to develop and implement traceability systems across the various tiers of the supply chain including from the mine to the shop



MINIMUM REQUIREMENTS

Achieve and encourage Responsible Jewellery Council certifications (see [Box 1](#))

Kering recognizes the RJC Principles and Certifications (Code of Practice and Chain-of-Custody) as an advanced and independent international program to encourage transparency and traceability in the colored gemstones supply chain. In 2016 the RJC announced the expansion of its scope to include colored gemstones and the revised Code of Practice will be issued in early 2019. RJC's aim is to include all colored gemstones starting with rubies, sapphires and emeralds and expanding to all stones within 2 years of the launch of the updated CoP and after a review and assessment exercise.

It is significant to note that the Kering Standard for colored gemstones stipulates that Kering brands will apply the requirements of the RJC CoP to their entire supply of colored gemstones, irrespective of the nature of the stone and whether it is included in the initial RJC scope.

Kering encourages its brands to source colored gemstones from suppliers who are RJC certified or preparing to become RJC certified in the near future. Therefore, in their commercial relationships with colored gemstone suppliers, brands will require primary colored gemstone suppliers to become RJC members starting in 2019 and commit to reach RJC CoP certification within 2 years.

Implement due diligence within Kering's brands and encourage suppliers to implement due diligence best practices in the colored gemstones supply chains

Kering believes that the path to a responsible and transparent supply chain starts with an appropriate and detailed due diligence process. The due diligence process must be adapted to the specificities of the supply chain and the players involved (nature, size, location, etc.). Due diligence is designed to reduce risks for Kering's brands' supply chains, particularly in relation to regulatory requirements, human rights violations, child labor, health and safety, environmental impact and criminal or conflict activity. Kering brands will implement best practices in their colored gemstones due diligence process in compliance with the OECD Due Diligence Guidance and the RJC recommendations. Kering brands will also encourage their suppliers to implement due diligence in their supply chains. Therefore, primary suppliers will be required to carry out similar due diligence exercises on their suppliers and agree to share the results with Kering and its brands as requested.

Develop traceability of the colored gemstones supply chain

Kering is committed to achieving transparency within its colored gemstone value chain and has a target for 100% traceability for its raw materials by 2025. In this context, colored gemstone suppliers will:

- Work in constructive, pragmatic and mutually-beneficial partnership with Kering to continuously improve transparency within their colored gemstone supply chains.
- Make all reasonable efforts to provide Kering with information when requested about the origin and the journey of the colored gemstones that they supply to Kering brands and the due diligence system applied. This information may include, but is not limited, to the following examples:

- Where the colored gemstones were mined and by whom.
- Who has traded the colored gemstones and where.
- Who has cut and polished the colored gemstones and where.
- What ethical standards or initiatives have been applied to the mining and processing of the colored gemstones and for the people who handle them during each step of the supply chain (i.e. RJC certifications or other relevant standards and private initiatives as the case may be).

Kering acknowledges that the ability of colored gemstones suppliers to meet these requirements might be constrained by colored gemstones suppliers' own confidentiality obligations and legitimate commercial interests. In such cases, colored gemstones suppliers will work with Kering and its brands to deliver alternative forms of assurance.



MINIMUM REQUIREMENTS

Comply with Kering business ethics

Kering eschews corruption in all its forms. As such, colored gemstones suppliers will:

- Comply with all relevant laws in all of their activities, including (but not limited to) those relating to anti-corruption, anti-money laundering and counter-terrorist financing.
- Never knowingly supply colored gemstones or products containing colored gemstones to Kering or its brands that have been subject to or involved in any form of bribery or corruption.
- Actively avoid any conflicts of interest or the exercise of illegitimate influence when doing business with Kering and its brands, including as a result of payments and gifts made or received, pre-existing relationships or other means.
- Inform Kering as soon as the suppliers becomes aware of any incident in which it has not met, or is not likely to meet, these requirements.

Allow inspection and auditing

Colored gemstones suppliers will:

- Allow Kering, its brands and their representatives to check the supplier's adherence to the Kering Standard for colored gemstones, including by physical and documented inspections.
- When requested, provide, if applicable, their RJC Certification latest reports, including major and minor non-compliances sections.
- Correct any identified instances of non-compliance with the Kering Standard for colored gemstones within a case-by-case determined timeline and enhance existing practices where Kering and its brands have identified violations but have decided not to exercise their resulting right to terminate contractual relations.



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Ensure human rights are respected in the entire colored gemstones supply chain

Kering is committed to respecting and ensuring internationally recognized human rights, both in its own business activities and through its business relationships.

Colored gemstones suppliers commit to only providing Kering and its brands with colored gemstones, and including colored gemstones contained in products, that are not associated with any human rights abuses during mining, trading, treatment and cutting/polishing. Suppliers commit to providing appropriate evidence to support these claims.

Improve and ensure traceability for the long term

Colored gemstones suppliers commit to working with Kering and its brands to ensure sourcing from supply chains with the highest level of standards and traceability verification. This will be implemented in a stepwise approach and includes working towards the following main objectives at each strategic level of the supply chain:

- **Primary Suppliers:** Whatever their nature and role, will be required to join the RJC starting in 2019, and become RJC CoP certified within two years. Primary suppliers will also be required to encourage their direct suppliers to also become RJC members. Kering brands will positively value the RJC certification of upstream suppliers and will assess the status of certification of its Tier 2 colored gemstones supply chain suppliers in 2025.
- **Mining:** When Kering brands source directly from identified colored gemstones mines, the mines are required to implement verified social and environmental standards such as:
 - RJC certification.
 - Other existing standards or labels that Kering considers as equivalent socially, economically, environmentally and ethically to RJC certifications.

- **Place of origin determination by a recognized laboratory:** for all center stones, Kering brands will require suppliers to provide them with a Place of Origin Report from a reputable laboratory acceptable to Kering and its brands stating the laboratory's opinion on the area where the specific gemstone has been mined. The Place of Origin Report shall be issued in accordance with RJC CoP and CIBJO's Gemstone Book.

Kering acknowledges the difficulty to identify the source of a colored gemstone all the way to the extraction level given the complexity of the colored gemstones supply chains. Kering's objective is to identify the country of extraction as a first step and ultimately the mine of extraction.

Minimize the environmental impacts of colored gemstones extraction

Kering supports all initiatives targeted at safeguarding biodiversity and natural habitat potentially affected by mining operations. Colored gemstone mining can have harmful environmental impacts such as:

- soil erosion and land degradation.
- decline in water quality, spills, floods and destruction of aquatic ecosystems.
- effects on wildlife and biodiversity (habitat loss, spread of disease to animal species, population decline).

Land reclamation and rehabilitation (restoring top soil, eliminating harmful waste), and remediation and rehabilitation of natural flora and fauna (planting appropriate vegetation and native plants) will be considered in future supply chain developments as a key criteria in Kering brands' sourcing decisions.



BOX 1: International organizations covering responsible sourcing applicable to the colored gemstones industry

The following are standards, initiatives and international organizations applicable to various aspects of the colored gemstones industry which are considered the most likely to fulfill the Minimum Requirements and Additional Conditions of the Kering Standard for colored gemstones. Please note that this list will be periodically reviewed and updated.

Responsible Jewellery Council (RJC)

- RJC is a non-profit standards setting and certification organization, composed of over 1000 member companies spanning from mine to retail. Members commit to and are independently audited against the RJC Code of Practice – an international standard on responsible business practices for colored gemstones, gold, silver and platinum group metals. The Code of Practice addresses human rights, labor rights, environmental impact, mining practices, product disclosure and other important topics in the jewelry supply chain.
- RJC works with multi-stakeholder initiatives on responsible sourcing and supply chain due diligence. The RJC's Chain-of-Custody certification for precious metals, diamonds and colored gemstones supports these initiatives and can be used as a tool to deliver broader member and stakeholder benefit.

The World Jewellery Confederation (CIBJO)

The primary objective of the CIBJO (Confédération Internationale de la Bijouterie, Joaillerie et Orfèvrerie) is to encourage harmonization, promote international cooperation in the jewelry industry, and to consider issues that concern the trade worldwide. It represents the interests of all individuals, organizations and companies earning their livelihoods from jewelry, gemstones and precious metals. To advance the goal of universal standards and terminology in the jewelry industry, CIBJO developed its Blue Book system which includes the CIBJO Gemstone Book. This involves a definitive set of standards for the grading, methodology and nomenclature of diamonds, colored gemstones, pearls and other organic materials, precious metals and gemological laboratories.

The American Gem Trade Association (AGTA)

The AGTA is an association of United States and Canadian trade professionals dedicated to promoting the long-term stability and integrity of the natural colored gemstone and cultured pearl industries. The association pursues its goals through the combined use of educational programs, publicity, industry events, government and industry relations, and printed materials for both the trade and consumer.

The International Colored Gemstone Association (ICA)

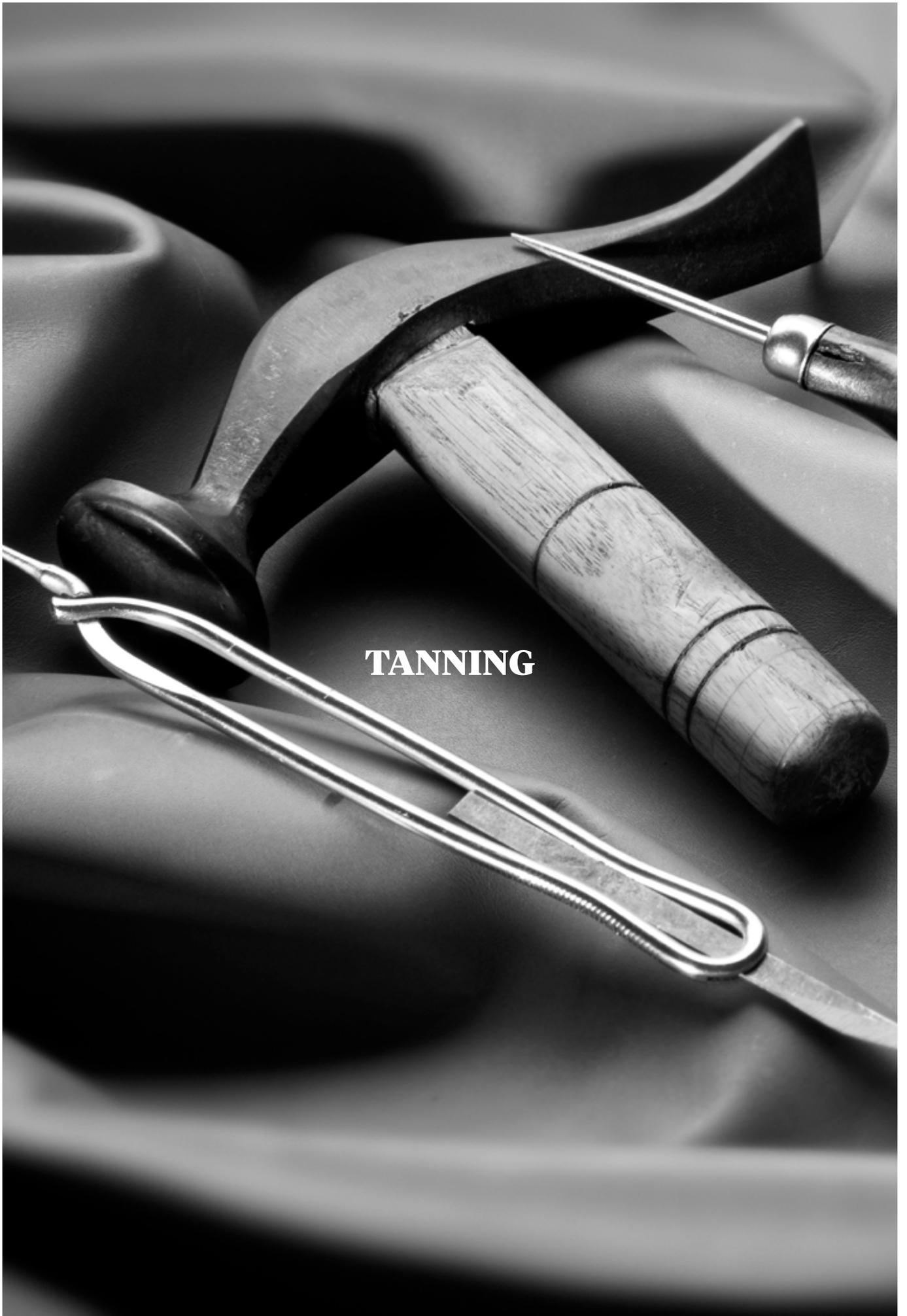
The ICA is a non-profit organization, specifically created to benefit the global colored gemstone industry's global network. It works to develop a common language for promotion and consistent business standards necessary to improve international communication and trade of colored gemstones.

The Organisation for Economic Co-operation and Development (OECD)

Adopted in May 2011, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas framework provides detailed recommendations to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices. The Due Diligence Guidance is for use by any company potentially sourcing minerals or metals from conflict-affected and high-risk areas. It is recognized by the SEC as fulfilling the criteria of the Dodd-Frank Act implementation. The OECD also developed practical actions for companies to identify and address child labor in minerals supply chains. It was developed to build on the due diligence framework of the OECD Due Diligence Guidance and was released in May 2017. This guidance is particularly helpful in its recommendation to design and implement a strategy to respond to identified risks.



STANDARDS FOR MANUFACTURING PROCESSES



Although leather is often considered a natural product since it is derived from animal hides, the chemicals used in tanning can add potentially hazardous substances to the natural hides. These substances are accompanied by wastewater and waste streams that must be properly managed in order to avoid environmental and health impacts. A study conducted by Kering in Italy in 2016 showed that 6% of the chemical products used in tanneries contain hazardous substances that can be toxic, carcinogenic, or disrupt hormonal systems in people/animals; whereas, there are potential existing greener alternatives for tanning. Additionally, tanning is a process that uses large amounts of water and energy, and often in larger quantities as compared to optimally managed tanning process requirements. Kering is tackling this issue by encouraging suppliers to adopt best available technologies in process equipment and management and by requesting that suppliers provide environmental Key Performance Indicators (e-KPIs) for their production processes. Waste produced during tanning is another issue and Kering expects suppliers to ensure proper waste management, to recycle as much waste as possible, and to properly segregate and treat chrome containing waste and hazardous wastes. Furthermore, the tanning process has a high potential for health and safety risks that can exist in all steps of the tanning process from raw material storage to finishing and effluent treatment. Risks related to chemicals, machinery, workplace conditions and general emergencies must be reduced. Kering works with suppliers to audit all facilities to assess adherence to the Kering Standards.

The requirements outlined below for the Kering Standard for tanning are focused on the different tanning steps leading to wet-blue, crust and finished leather.

Additional Kering Standards are available for the sourcing of hides (See [Kering Standard for hides and skins for leather](#) and [Kering Standard for precious skins](#)).

In summary, the key principles that underpin the Kering Standard for tanning are:

- Complying with all applicable laws, conventions and regulations
- Avoiding the use of potentially hazardous chemicals
- Adopting best practices for health and safety for employees
- Improving energy and water efficiency levels, and being able to measure them throughout the process
- Properly treating waste and wastewater
- Promoting recycling and upcycling of waste and residues
- Adopting environmental and social certification schemes



MINIMUM REQUIREMENTS

Comply with national legislation

It is legally mandated that tanneries strictly comply with national and local legislation, in particular with regard to the environment as well as health, safety and welfare of permanent and occasional workers at the facility.

Pass Kering audit to verify adherence to Kering Code of Ethics

Kering requires its brands' suppliers to be audited for compliance with the [Kering Supplier Charter](#) which covers key ethical, social, environmental and security aspects in line with International Standards. The audits are conducted by the Kering Supply Chain Audit Team (KSCA) at Kering brands' suppliers. This ensures screening of major social aspects and provides a certain level of insurance. The auditees are required to pass the audit or address non-compliances in a reasonable timeframe. More information is available in [Appendix: Social Compliance and Enforcement of Kering Code of Ethics in Supply Chain](#).

Comply with Kering Product Restricted Substances List (PRSL)

Compliance with Kering's [PRSL](#) is requested for all finished leather from the supplier who has the full responsibility of the product, as well as for possible contaminations occurring upstream in the production process. Each Kering supplier must guarantee PRSL compliance of its products and ensure this through supplier product testing. Moreover, Kering oversees an internal testing program of the products as an additional auditing measure.

The PRSL is an appendix to your supplier agreement (contract or purchasing terms and conditions) with Kering brands. More information is available in [Appendix: Summary of Kering Chemical Management Policy](#).

Do not use leather coming from unknown tanneries

Kering aims at having full visibility of its leather supply chain to minimize risks related to environmental and social aspects like water pollution, improperly managed waste, and forced labor. Kering is working with its suppliers to progress step by step towards more transparency. For this reason, Kering

brands shall not purchase finished leather and skins from traders unable or unwilling to disclose where the hides and skins are sourced (upstream traceability as far as the country of origin). In case the trader/tannery manages skins from different origins and does not keep internal traceability, the very minimum requirement is to have a balance of the origins (e.g. 70% Country A, 20% Country B, 10% Country C).

Apply the precautionary principle for nanotechnologies

Kering follows the precautionary principle and will not use any nanotechnology applications unless such applications are analyzed and proved to have no potential impact on human health and the environment, including an evaluation of end of life impacts. Suppliers are requested to proactively share information on nanotechnology uses in their manufacturing. More information is available in [Appendix: Summary of Kering Chemical Management Policy](#).

Use best efforts to propose metal-free or chrome-free tanned products

Kering is pushing towards a decrease of metal tanning in an increasingly broad variety of products. Kering supports using alternative tanning techniques that:

- Enable products to be considered as "metal-free" or "chrome-free" according to EN 15987:2015
- Have a lower environmental impact on the whole life cycle than conventional chrome tanning. Having a product considered "biodegradable" according EN ISO 20136:2017 is recommended.

Suppliers shall use best efforts to propose to Kering brands alternative tanning techniques fulfilling the above expectations with no compromise to the technical, aesthetic and economic performance of the final product. Kering can support this process by carrying out a life-cycle assessment (LCA) of the alternative tanning technique in case the LCA is not yet available.



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Comply with Kering Manufacturing Restricted Substances List (MRSL)

Kering is committed to ensuring all hazardous chemicals have been phased out and eliminated from its production by 2020. To this end, Kering has adopted a [Manufacturing Restricted Substances List \(MRSL\)](#). By January 2020, the supplier must make sure that the chemicals listed in the MRSL are not intentionally used in the different process steps of production, should this process step be taking place at the supplier's location or upstream in the supply chain.

To this extent, suppliers shall implement a chemical management system and investigate their supply chain to ensure compliance. Please, refer to the [Appendix: Summary of Kering Chemical Management Policy](#).

For tanneries in particular the main recommendations are:

- Implement a strong chemical management program in order to identify and substitute potential chemical products containing MRSL substances
- Identify finishing products containing intentional use of MRSL VOCs and substitute them with MRSL compliant alternatives. If necessary, cooperate with chemical suppliers to identify or implement effective alternatives that do not contain VOCs included in the Kering MRSL
- Identify or implement alternatives for tetrachloroethylene based degreasers
- Through good chemical management routinely screen dyes and replace any dyes identified as non-MRSL compliant with dyes that conform to the Kering MRSL

Expand the offer of metal-free or chrome-free tanned products

Kering is committed to having all leather products metal-free or chrome-free by 2025, and suppliers for Kering brands shall work in this direction.

Please refer to the Minimum Requirements on metal-free tanning for acceptable criteria for products to be considered "metal-free".

Provide Environmental Key Performance Indicators (e-KPIs)

Kering is monitoring its environmental impact across its supply chain. For that reason, suppliers shall provide Kering with e-KPIs specific to their production. This means working

on measuring and monitoring the environmental impacts of their tannery, including energy and water consumption, water quality and waste production. These e-KPIs shall be more and more specific; initially they will be for average production but eventually they will be requested on an article-by-article basis. Ideally, these e-KPIs are verified by a third party. In the future, thresholds on e-KPIs will be used to qualify suppliers.

Ensure traceability through the tanning process

Traceability must be ensured upstream of the tannery (see [Kering Standard for hides and skins for leather](#)) and through the whole tanning process. Tanneries shall ensure full traceability from the rawhide or skin to the finished leather, should all the processes occur onsite or should some tanning steps be externalised. From the minimum current requirements traceability should be pursued, from the lowest level to the highest one:

- By lot, even for lots containing different origins by mass-balance
- By skin, when considered particularly at risk, including split leather

Externally verified traceability procedures are preferred to self-declaration. Among the available certification schemes on traceability, ICEC and the Leather working Group traceability schemes are the preferred ones. See [BOX 2](#). For recommended schemes on traceability upstream of the tannery, see [Kering Standard for hides and skins for leather](#).



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Aim for the best certification schemes

Tanneries in high-risk regions shall be Leather Working Group (LWG) assessed. Tanneries producing wet-blue, pickled and/or finished leather that are outside of the European Union and in high-risk regions such as Asia, South America or Africa need to have some verification of their environmental performance. Such tanneries will need to be Leather Working Group (LWG) assessed or show evidence of environmental performance in line with the LWG protocol if the tannery is not yet LWG assessed in order to be a supplier or sub-supplier of Kering brands.

All tanneries are encouraged to have a third party verified environmental management system with ISO 14001 certification, an energy management system with ISO 50001 certification, a health and safety management system with ISO 45001 certification and SA8000 certification for social responsibility.

Implement best available techniques for tanning

Environmental performance is key for more sustainable tannery operations. At the European level, the Best Available Techniques (BAT) Reference Document for the Tanning of Hides and Skins gives a benchmark for tanneries' environmental performance. It also explains how to integrate the control of air, water and soil pollution caused by the tanning of hides and skins.

To optimize their environmental performance, tanneries shall:

- Measure and monitor environmental impacts through e-KPIs
- Evaluate environmental performance against the BAT framework and take corrective actions if performance levels are low compared to BAT Standards
- For all new equipment, ensure installations comply with BAT Standards
- Use grey water or rainwater sources (rainwater, civil waste water, etc.) to limit the use of blue water when possible

BOX 1: Best available technologies in tanning

Kering encourages suppliers to continue optimizing technologies and techniques they use in order to improve the process both from an environmental and from a financial point of view, as indicated in the BREFs (Best Available Technologies Reference Documents) on tanning and energy efficiency. Within this document, several practices and techniques are proposed and Kering encourages tanneries to:

- Implement an environmental management system
- Install automated dosing systems for chemicals and water, and monitoring systems for water and energy
- Use short floats, reducing water use per batch
- Use CO₂ in delimiting to substitute, partially or totally, the use of ammonium salts
- Optimize processes through improved control to minimize energy, water and chemicals use
- Phase out steam use in favor of hot water
- Optimize waste management with waste streams recovery as by-products for other industries



BOX 2: Leather Working Group audit protocol

The **Leather Working Group** (LWG) auditing protocol evaluates the environmental performance of tannery operations and rates the level of raw material traceability. Guidelines for the environmental performance of leather manufacturers give four levels of performance using a medal-tiered approach: Gold (85%), Silver (75%), Bronze (65%), and Pass (50%). Companies who attain Gold ratings are certified for 24 months, whilst all other ratings last 18 months.

LWG audits and certification is conducted by authorised auditors for the **LWG environmental auditing protocol**.

The LWG Protocol has been developed and reviewed over seven years by a multi-stakeholder group including footwear leather manufacturers, brands and industry experts. It is peer reviewed by NGO's including Greenpeace, NWF, WWF (US) and sustainability and academic institutions. The objective of this multi-stakeholder group is to develop and maintain a protocol that assesses the environmental compliance and performance capabilities of tanners, and promotes sustainable and appropriate environmental business practices within the leather industry.

The LWG Protocol is based on a two-day audit by an approved auditor, with a recommendation to re-audit every 18 months. The audited leather manufacturer receives a summary report plus the detailed audit notes. In addition, the leather manufacturer becomes a member once audited and can give input to the LWG group. Key items of the audit include:

- Supplier ratings
- Raw material traceability (gives a separate rating, A to F)
- Chemical management
- Emergency planning
- Operating permits
- Energy consumption
- Air emissions
- Waste management (hazardous/non-hazardous)
- Environmental management systems
- Water consumption
- Control of manufacturing processes
- Effluent treatment
- Chrome management





TEXTILE PROCESSING

SPINNING, WEAVING, DYEING, PRINTING AND FINISHING

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Despite being considered a “light” industry, the textile industry is a huge consumer of water, energy and chemicals. It is currently considered the second most polluting industrial sector in the world, after oil and gas.

The main environmental issues in the textile sector are largely concentrated in dyeing and printing, where the largest consumption of water, energy, and chemicals use occur. Spinning and weaving require significant amounts of energy, like electricity, and may include the use of chemicals that require special care and can give rise to significant waste streams.

The program “Clean by Design,” implemented by Kering and the NGO Natural Resources Defense Council (NRDC) at textile mills in Italy, shows that there are opportunities for reducing consumption of energy and water in an economically viable way (12% reduction, with a return on investment in less than three years). Rather than imposing specific technological solutions, Kering encourages suppliers to improve their process knowledge and control through environmental Key Performance Indicators (e-KPIs) and certifications.

Safety and health issues in the textile industry are extensive and require constant monitoring and management. These issues can include exposure to chemicals, noise, pollution, dangerous substances and dangerous machinery. Each stage of the process from production of materials to finishing, coloring and packaging contains hazards and impacts must be mitigated to meet Kering’s expectations.

The Kering Standard for textile processing outlined below is focused on the main textile processing steps. Additional Kering Standards are available for the sourcing of cotton, cellulosic fibers, cashmere, wool, silk and synthetics.

In summary, the key principles that underpin the Kering Standard for textile processing are:

- Complying with all applicable laws, conventions and regulations
- Adopting occupational health and safety best practices for employees
- Improving energy and water efficiency levels, and measuring them throughout the process
- Properly treating waste and wastewater
- Promoting recycling and upcycling of waste and residues
- Adopting environmental and social certification schemes



MINIMUM REQUIREMENTS

Comply with national legislation

It is legally mandated that Kering's suppliers strictly comply with national and local legislation, in particular with regard to environmental issues, as well as health, safety and welfare of permanent and occasional workers at the facility.

Pass Kering auditing to verify adherence to the Kering Code of Ethics

Kering requires brands' suppliers to be audited for compliance with the [Kering Supplier Charter](#) which covers key ethical, social, environmental and security aspects in line with International Standards. The audits are conducted by the Kering Supply Chain Audit Team (KSCA) at Kering brands' suppliers. This ensures screening of major social aspects and provides a certain level of insurance. The auditees are required to pass the audit or address non-compliances in a reasonable timeframe. More information is available in [Appendix: Social Compliance and Enforcement of Kering Code of Ethics in Supply Chain](#).

Comply with Kering Product Restricted Substances List (PRSL)

Compliance with Kering's PRSL is requested from the supplier who has the full responsibility of the product, as well as for possible contamination occurring upstream in the production process. Each Kering supplier must guarantee PRSL compliance of its products and ensure this through supplier product testing. Moreover, Kering oversees an internal testing program of the products as an additional auditing measure.

The PRSL is an appendix to your supplier agreement (contract or purchasing terms and conditions) with Kering brands. More information is available in [Appendix: Summary of Kering Chemical Management Policy](#).

Do not use PVC in Kering's brands' products or packaging

PVC poses potential environmental and health threats because of the chlorine containing by-products (e.g. dioxins) that are produced during the manufacturing of PVC and burning of products that contain PVC. Chlorine by-products are carcinogenic and extremely dangerous to human health and the environment, and to wildlife more broadly. Because of these risks, Kering has had a public target since 2012 of eliminating PVC from collections and products.

Apply the precautionary principle for nanotechnologies

Nanotechnology refers generally to the engineering or manipulation of atoms or molecules for the production of microscale products or materials. Currently and in general, nanotechnologies can be used in some coatings on fabrics. However, little is currently known on the environmental and health impacts of nanotechnology and associated nanomaterials. Kering follows the precautionary principle and will not use any nanotechnology applications unless such applications are analyzed and proved to have no potential impact on human health and the environment, including an evaluation of end-of-life impacts. Suppliers are requested to proactively share information on nanotechnology used in their manufacturing.



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Comply with Kering Manufacturing Restricted Substances List (MRSL)

Kering is committed to ensuring all hazardous chemicals have been phased out and eliminated from its production by 2020. To this end, Kering has adopted a [Manufacturing Restricted Substances List \(MRSL\)](#). By 2020, the supplier must make sure that the chemicals listed in the MRSL are not intentionally used in the different process steps of production, should these process steps be taking place at the supplier's location or upstream in the supply chain. Please refer to [Appendix: Summary of Kering Chemical Management Policy](#) for details.

Aim for the best certification schemes

Suppliers are encouraged to have a certification of their processes. Assessment by a third party of the supplier and/or the product is preferred to self-assessments or self-declarations.

Suppliers are encouraged to get certification at their products and/or processes levels, meaning recognized certification at global, regional or national level regarding sustainability and social responsibility. Certifications regarding the sourcing of the materials such as GOTS or Fairtrade are detailed in the Kering Standards for raw materials (cotton, viscose, etc.). In regards to the process only, the preferred schemes are BlueSign™ and OEKO TEX STeP™, followed by OEKO TEX Standard100™, Nordic Swan, Blue Angel and EU Ecolabel. Note that the Kering Materials Innovation Lab (see [BOX 4](#)) can help suppliers in understanding the benefits of a certification.

Mills are encouraged to obtain and maintain the following certifications:

- ISO 14001 certification for their environmental management system
- ISO 50001 certification for their energy management
- ISO 45001 certification for HSE (Health, Safety and Environment)
- SA8000 certification for social responsibility

Provide Environmental Key Performance Indicators (e-KPIs)

Kering is monitoring its environmental impact across its entire supply chain. For that reason, suppliers shall provide Kering with e-KPIs on their production. This means working on measuring and monitoring the environmental impacts of their textile production, including energy and water consumption, water quality and waste production. These e-KPIs shall be more and more specific, starting as a facility average and moving to an article-by-article level before 2025. Ideally, these e-KPIs are verified by a third party. In the future, thresholds on e-KPIs will be used to qualify suppliers.

Implement best available techniques of textile processing

Environmental performance is key to a more sustainable textile industry. At the European level, the Best Available Techniques (BAT) Reference Document for the Textile Industry gives a benchmark for environmental performance.

To optimize their environmental performance, textile mills shall:

- Measure and monitor environmental impacts through e-KPIs
- Evaluate environmental performance against the BAT framework and take corrective actions if performance levels are low compared to BAT Standards (see [BOX 1](#))
- For all new equipment ensure that new installations comply with BAT Standards

Kering also promotes the development of innovative, disruptive techniques allowing large reductions in the use of energy, water and chemicals. In particular including:

- Use of biodegradable or bioeliminable lubricants and additives, and of enzyme catalysed finishing processes
- In bleaching processes use the preferential ozone process and, if not feasible, hydrogen peroxide with limited use of stabilisers (or of sodium chlorite for flax and bast fibers) towards the phase out of sodium hypochlorite
- Advanced water and energy efficient water-based techniques such as cold-pad batch dyeing and spun dyeing for cellulosic fibers, low liquor ratio dyeing, etc.
- Use ultrasonic treatments to improve the dispersion of dyestuffs and auxiliaries
- Use of plasma technologies
- Develop waterless dyeing, using supercritical CO₂ as a solvent, and experiment its use for other processes currently involving the use of perchloroethylene or other solvents



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Implement best available techniques in auxiliary systems

A large part of the energy and, to a lesser extent, of the water used in the textile industry depends more on auxiliary systems rather than on the core processes.

At the European level, the Best Available Techniques (BAT) Reference Document for Energy Efficiency gives a set of benchmarks and good practices for auxiliary equipment. Kering encourages mills to enter the Clean by Design program (see [BOX 2](#)).

Kering encourages suppliers in installing innovative, disruptive technologies also in auxiliary systems, such as:

- Installing reverse osmosis systems for process and steam water
- Using innovative, energy efficient heat pumps instead of boilers
- Installing innovative heat recovery systems on waste gas and water flows

Minimize wastewater and align with highest wastewater quality standards

Suppliers shall be able to provide Kering with information on the quality of their wastewater. In all cases, wastewater quality shall align with local regulation and with the standard set by Zero Discharge of Hazardous Chemicals (ZDHC) in their [ZDHC Wastewater Guidelines](#).

Kering encourages suppliers in improving wastewater management on these three directions by:

1. Reducing the amount of water and chemicals used through the process and integrating measures indicated above
2. Improving the effectiveness of wastewater treatment in cleaning water from the pollutant load
3. Improving the reuse and recycle of water, towards a fully circular loop of industrial water and, where possible, also of additives (see [BOX 3](#)).

Aim for closed loop in textile use: minimize waste in the production, use recycled materials and avoid blended fabrics where possible

Kering encourages all efforts to make the continual recycling of textiles a sustainable reality. This includes:

- Decreasing the amount of textile materials wasted during the different processes of textile production and divert the waste from landfill
- Segregating and reusing the pre-consumer waste as raw materials for textile products or other product categories such as fluff, thermal insulating materials, etc.
- Using recycled raw materials such as recycled cashmere, recycled cotton, etc.
- Discouraging the use of blended fabrics as they are difficult to recycle
- Developing innovative techniques to enable “recapturing” post-consumer textiles, to then turn them into yarn again to be spun into new fabric creating a “circular resource model” for textiles

Kering expects its suppliers to be part of the transition of the textile industry towards a circular resource model.



BOX 1: Best Available Technologies in textile plants

Kering encourages suppliers to continue optimizing technologies and techniques they use in order to improve the process both from an environmental and from the financial point of view, as indicated in the BAT Standards. In particular the key areas of improvements are:

- Management, knowledge and training of personnel
- Quality and purity of process water, chemicals used and incoming textile fibers
- Chemicals: automatic dosing selection and substitution, reduction of the number of products used
- Phase out overflow washing and selection of water efficient washing equipment
- Reduce flow rate of cooling water in the dyeing batches in order to reduce water use and increase its final temperature for more convenient reuse

BOX 2: Clean by Design

Kering runs the Clean by Design program in cooperation with the US-based NGO National Resources Defense Council (NRDC). The specific aim is to optimize the auxiliary systems at the premises of Kering's suppliers. Results of the program in Italy were excellent: average savings in the mills involved in terms of CO2 emissions were 12%, with some of them saving up to 25%.

Clean by Design is based on an easy to implement, zero or low cost interventions with short pay-back time. The program is based on the following 10 best practices, valid worldwide:

1. Measuring energy and water consumption and finding leaks
2. Recovering and reusing steam condensates
3. Reusing cooling water
4. Reusing process and grey water streams
5. Recovering heat from hot wastewater
6. Improving boilers' efficiency
7. Maintaining steam traps and the steam system
8. Improving thermal insulation
9. Recovering heat from stacks and thermal oil
10. Optimizing the compressed air system

In the work done by Kering on its Italian suppliers, some further measures were found to be implementable such as direct production heat where it is used, improvement of lighting efficiency, electric motors and HVAC systems optimization and self-production of energy.



BOX 3: Toward closed-loop water use and zero wastewater discharge

Several water streams can already be reused and recycled (see [BOX 2](#)) and the degradability of specific wastewater streams can be improved by keeping them separated before the dedicated cleaning processes are applied. This helps to abate their particular polluting load.

The big step forward for the reduction of water needs is the installation of a reverse osmosis system at the end of the wastewater treatment plant. This transforms most of the wastewater flow into high quality water, re-feeding the plant to pursue a circular water management scheme. This intervention, together with the needed accessory technological and management changes in the plant to make such a system economically and technically viable, allows the reuse of about 90% of the process water. Further additional steps may include systems to recover sodium chloride and sodium sulphate, as well as a large part of the remaining water. The result for the plant will be a huge reduction of its water needs, a sensible decrease in the use of salts and the virtual elimination of a liquid discharge, the final effluent resulting in a solid mix of salts and additives used.

BOX 4: The Kering Materials Innovation Lab

The Kering Materials Innovation Lab (MIL) was established in 2013 in Novara, Italy, and is made available to all Kering brands.

The goal of the MIL is to provide support to promote the integration of more sustainable materials into the brands' supply chains, including providing sustainable material options and also information and technical assistance to help brands and key suppliers understand how to make more sustainable choices in the development of their products. The MIL is now providing resources and services to most of Kering's brands and works closely with the Kering Sustainability Department.

Specifically, the MIL created and curates a library of over 2,500 different types of sustainable fabrics that have been evaluated against both internal and external standards for sustainability attributes and is constantly expanding and improving its offering. The MIL supports the creative, R&D and supply chain teams within the brands and often in collaboration with key strategic suppliers by offering technical expertise to identify and help integrate more sustainable raw materials and fabrics into the supply chain and products. In this way, the MIL is able to offer innovative and appropriate alternative choices for fibers and fabrics to the Kering brands as they develop their collections.





**LEATHER GOODS
& SHOE MANUFACTURING**



Kering brands' production of leather goods and shoes requires highly specialised craftsmanship and manufacturing is largely concentrated in Italy. The majority of the environmental impact of leather production is at the sourcing and tanning steps, and the production of shoes and leather goods can give rise to waste streams. The management of these waste streams, especially in regards to chrome tanned leather, can significantly impact the environment. Other challenges regarding the use of chemicals are glues and paints in particular, as some components within them may be hazardous and solvents can cause Volatile Organic Compound (VOC) emissions. Energy and water use in leather goods and shoe manufacturing is not as much of a challenge as compared to other industry segments. However, since energy is mostly used for lighting and heating, ventilation, and air conditioning (HVAC) systems, inefficiencies and improvement margins are often significant. To this end, Kering encourages its suppliers to improve their practices in building construction, renovation and operations and provide Kering with e-KPIs. Also, at the final processing step, Kering promotes traceability, compliance and sustainability certification schemes of products, processes and suppliers.

Safety and health issues in the shoe industry can be extensive and require consistent management of risks to ensure the safety of workers in the supply chain. The number of steps and machines involved in the manufacturing of shoes increase the likelihood of exposure to chemicals and excessive noise as well dangerous substances.

The Kering Standard for leather goods and shoe manufacturing outlined below focuses on the main manufacturing steps. Additional Kering Standards are available for the sourcing of [hides and skins](#) and for [tanning](#).

In summary, the key principles that underpin the Kering Standard for leather goods and shoe manufacturing are:

- Complying with all applicable laws, conventions and regulations
- Reducing the use of potentially hazardous chemicals and avoiding hazardous chemicals for which alternatives have been identified
- Adopting occupational health and safety best practices for employees
- Improving energy and water efficiency levels, and being able to measure them throughout the process
- Promoting recycling and upcycling of waste and residues
- Implementing certifications



MINIMUM REQUIREMENTS

Comply with national legislation

It is legally mandated that Kering's suppliers strictly comply with national and local legislation, in particular regarding the environment, as well as health, safety and welfare of permanent and occasional workers at the facility.

Pass Kering auditing to verify adherence to the Kering Code of Ethics

Kering requires brands' suppliers to be audited for compliance with the [Kering Supplier Charter](#) which covers key ethical, social, environmental and security aspects in line with International Standards. The audits are conducted by the Kering Supply Chain Audit Team (KSCA) at Kering brands' suppliers. This ensures screening of major social aspects and provides a certain level of insurance. The auditees are required to pass the audit or address non-compliances in a reasonable timeframe. More information is available in [Appendix: Social Compliance and Enforcement of Kering Code of Ethics in Supply Chain](#).

Comply with Kering Product Restricted Substances List (PRSL)

Compliance with Kering's [PRSL](#) is requested for all finished leather from the supplier who has the full responsibility of the product, as well as for possible contamination occurring upstream in the production process. Each Kering supplier must guarantee PRSL compliance of its products and ensure this through supplier product testing. Moreover, Kering oversees an internal testing program of the products as an additional auditing measure.

The PRSL is an appendix to your supplier agreement (contract or purchasing terms and conditions) with Kering brands. More information is available in [Appendix: Summary of Kering Chemical Management Policy](#).

Do not use leather coming from unknown tanneries

Kering aims at having full visibility of its leather supply chain to minimize risks related to environmental and social aspects (water pollution, improperly managed waste, forced labor, etc.). Kering is working with its suppliers to progress step by step towards more transparency. For that reason, Kering brands shall not purchase tanned skins from traders unable or unwilling to disclose where the skins are sourced. In case the trader/tannery manages skins from different origins and does not keep internal traceability, the very minimum requirement is to have a balance of the origins (i.e. 70% Country A, 20% Country B, 10% Country C).

Do not use PVC in Kering's brands' products or packaging

PVC poses potential environmental and health threats because of the chlorine containing by-products (e.g. dioxins) that are produced during the manufacturing of PVC and burning of products that contain PVC. Chlorine by-products are carcinogenic and extremely dangerous to human health and the environment, and to wildlife more broadly. Because of these risks, Kering has had a public target since 2012 of eliminating PVC from collections and products.



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Comply with Kering Manufacturing Restricted Substances List (MRSL)

Kering is committed to ensuring all hazardous chemicals have been phased out and eliminated from its production by 2020. To this end, Kering has adopted a [Manufacturing Restricted Substances List \(MRSL\)](#). By January 2020, the supplier shall make sure that the chemicals listed in the MRSL are not intentionally used in the different process steps of the production, should this process step be taking place at the supplier's location or upstream in the supply chain.

In particular for leather goods and shoe manufacturers the main recommendations are:

- Making sure the MRSL is respected upwards in the supply chain
- Implementing strong chemical management in order to identify and substitute chemical products containing MRSL substances (Kering can provide additional guidance on specific risks)
- Identifying products containing intentional use of MRSL VOCs and substituting them with MRSL compliant alternatives and, if necessary, cooperating with chemical suppliers to identify or implement effective alternatives that do not contain VOCs included in the Kering MRSL
- Through good chemical management routinely screen glues, paints and finishing products to make sure that they comply with the Kering MRSL

Provide Environmental Key Performance Indicators (e-KPIs)

Kering is monitoring its environmental impact across its supply chain. For this reason, suppliers shall provide Kering with e-KPIs on their production. This means measuring and monitoring the environmental impacts of their facilities, including energy and water consumption, water quality and waste production. These e-KPIs shall be more and more specific, starting as a facility average and moving to an article-by-article level before 2025. Ideally, these e-KPIs are verified by a third party. In the future, thresholds on e-KPIs will be used to qualify suppliers.

Implement best practices

The most important environmental impact in leather goods and shoe making is related to waste production. Energy use that is typical of domestic activities where heating, cooling, ventilation and lighting are used is more impactful than process machinery energy use. Water use is also very limited, and limited to non-manufacturing uses.

Thus, the highest care shall be put into waste management as the production of leather goods and shoes can pose environmental concerns when not properly managed. The largest amount of waste are materials that can be segregated and recycled. In particular, clean leather scrap (unpolluted by glues and uncoupled from other materials) should be collected separately and recycled for bonded leather production; whereas, pure textile, plastic or rubber waste streams should be recycled in the same supply chain. Several other waste streams can be used as fuels in specific applications (metal processing, cement production, etc.) Suppliers with high qualitative and quantitative recycling rates will be preferred. See [BOX 1: Leather Scrap Recycling](#).

At the European level, the Best Available Techniques (BAT) Reference Document for Energy Efficiency provides a benchmark for environmental performance.

Aim for best certification schemes

All suppliers are encouraged to have a third party verified environmental management system with ISO 14001 certification, an energy management system with ISO 50001 certification, a health and safety management system with ISO 45001 certification and SA8000 certification for social responsibility.



BOX 1: Leather scrap recycling

As long as leather is tanned with chrome, leather scrap management will be an environmental issue. At present, leather scrap is mostly managed in the following ways:

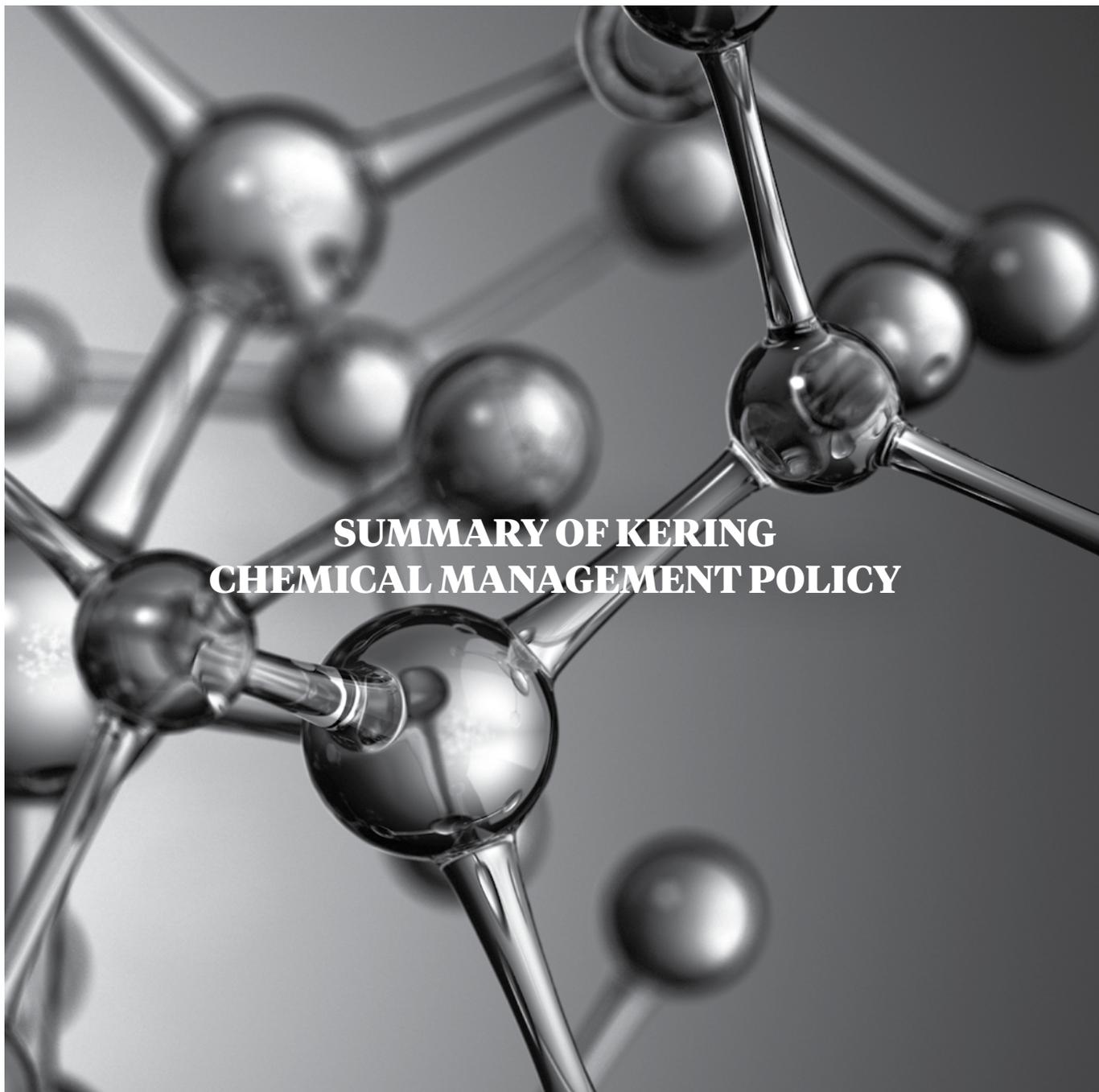
- Sent to municipal, urban waste landfills
- Sent to industrial landfills
- Recycled for fertiliser production
- Recycled for regenerated bonded leather (salpa) production

The use of municipal landfills should be avoided, since uncontrolled pH changes may give rise to Chromium VI. The transformation of leather scraps for fertiliser production is preferable to landfilling leather scrap, since the waste material becomes a resource. However, there are some concerns about the long-term effect of the accumulation of chrome in soils. At present, the use of scrap for producing a new material, such as regenerated leather, appears to be the best solution in environmental terms. This solution has some limits since it cannot be applied for all types of scraps, but it allows the conversion of waste into a product that already has a market and use. Thus, Kering encourages leather cutting centers, leather goods makers and shoe factories to implement this solution preferentially. Note that chrome-free tanning makes leather waste easier to deal with because in most cases it allows the management of this waste as an ordinary organic material.



APPENDICES





Kering has developed a comprehensive Chemical Management Policy which defines its strategy on chemicals that are potentially hazardous to the environment or people. This includes chemicals that may not have been regulated yet. This policy serves as the Kering Standard for chemical management to which all of Kering brands and suppliers are required to adhere. In summary, the key objectives that underpin the sustainable and responsible use of chemicals are:

- Ensuring that chemicals are managed at ambitious standards throughout the entire supply chain in order to reduce harm to human health and the environment
- Ensuring that all hazardous chemicals have been phased out and eliminated from Kering's production and supply chain by 2020



MINIMUM REQUIREMENTS

Comply with Kering Product Restricted Substances List

The paragraph “compliance with environmental laws” in the Kering Sustainability Principles attached to supplier agreements (contract or purchasing terms and conditions) requests that suppliers undertake to comply with the Kering Product Restricted Substances List (PRSL).

The PRSL provides guidance to suppliers and product manufacturers in order to comply with Kering’s requirements for the manufacturing and sale of products free of harmful, toxic and hazardous chemicals. The PRSL includes a wide range of chemical substances that are regulated by governmental agencies and programs from different countries around the world where Kering products are distributed and sold (such as REACH for Europe, GB in China, Prop65 in California, KC Mark in Korea, etc.), as well as additional substances of concern to Kering. All suppliers, at a minimum, must comply with the Kering PRSL. The Kering PRSL is available as an Appendix to your supplier agreement with Kering brands.

Each Kering supplier must guarantee PRSL compliance of its products (be this a raw material, component or finished product) and suppliers must ensure compliance through product testing. Kering oversees an internal testing program as an additional auditing measure. All testing must be early enough in the product cycle to allow for the proper evaluation of test results prior to production and must be conducted by laboratories recognized by international organizations using verified individual test methods that are ILAC accredited. This is to ensure that in situations of PRSL failure, appropriate remedial actions can be made with minimal cost impact to the supplier(s) and the brand.

Kering’s supplier agreements include a clause stating that products which do not meet requirements (including PRSL) will not be accepted by the brand, and that the vendor will be liable for loss, sales and destruction, if necessary, of all products that do not fully comply with the legal parameters at worldwide level. This requirement is commonly referred to as a “no-pass/no-buy” policy.

Carefully monitor and minimize the formation of Chromium VI

Chromium VI, known for genotoxic and carcinogenic properties, can be formed during leather tanning if not managed properly. By following tanning best practices, Chromium VI formation can be minimized or eliminated. Kering requires that all tanning suppliers have a program in place to ensure that best practices are being fully implemented to minimize or eliminate the formation of Chromium VI.

Do not use PVC when manufacturing Kering’s brands’ products

Polyvinyl Chloride (PVC) poses potential environmental and health threats because of the chlorine containing by-products (e.g. dioxins) that are produced during the manufacturing of PVC and burning of products that contain PVC. Chlorine by-products are carcinogenic and extremely dangerous to human health and to the environment, and wildlife more broadly. Because of these risks, Kering has made a public commitment to eliminate PVC from all its brands’ collections. Suppliers must ban PVC from their production for Kering’s brands.

Apply the precautionary principle for nanotechnologies

Nanotechnology refers generally to the engineering or manipulation of atoms or molecules for the production of microscale products or materials. Currently and in general, nanotechnologies are being used in some coatings on fabrics as well as sunscreens and cosmetics. However, little is currently known on the environmental and health impacts of nanotechnology and associated nanomaterials. Kering follows the precautionary principles and will not use any nanotechnology applications unless such applications are analyzed and proved to have no potential impact on human health and the environment, including an evaluation of end-of-life impacts. Suppliers must proactively share information on nanotechnology used in their manufacturing.



ADDITIONAL CONDITIONS TO MEET KERING STANDARDS

Comply with Kering Manufacturing Restricted Substances List

The Kering Manufacturing Restricted Substances List (MRSL) provides guidance to suppliers and product manufacturers addressing hazardous substances that are potentially used and discharged into the environment during manufacturing and related processes, and not just the substances that could be present in finished products (PRSL).

Kering has committed to ensuring that all chemicals in the MRSL are gradually removed from any stage of the production processes and from any connected activities relating to its brands' production processes by 2020.

By 2020, no chemicals listed in the MRSL can be intentionally used in Kering's supply chains' production processes. There may be unintentional presence of impurities or trace amounts of these substances whose quantities cannot in any case exceed the chemical formulation limits specified in the MRSL. The detailed Kering MRSL is available as an Appendix to your supplier agreement with Kering brands. Please also refer to the list of these MRSL chemical categories and associated risks included in the appendix of this document as additional information, detailing also a description of where they are commonly found.

Kering recognizes that it is more difficult to ensure conformance with an MRSL than a PRSL, and that suppliers must implement a chemical management system and investigate their supply chain to ensure conformance. The steps suppliers must take are as follows:

1. Suppliers must adopt a chemicals management system that:

- Demonstrates the control and understanding of the origin and chemical composition of purchased chemical products through review of technical and safety data sheets, and the supplier must have a copy of the technical and safety data sheets of all chemical products

- Includes sharing of the Kering MRSL with suppliers and sub-suppliers and requiring its implementation, including the termination of any relationship with suppliers and sub-suppliers who refuse to comply with the Kering MRSL

2. Suppliers must prepare and define a MRSL compliance plan that details how chemical products used in production processes that do not comply with the Kering MRSL will be phased out and replaced by 2020. Suppliers must require their chemical suppliers to provide adequate documentation to show compliance with the MRSL. This can be done by obtaining a list of Chemical Products without hazardous chemicals (Positive List) or requesting a declaration of compliance with the MRSL from the chemical supplier. This plan must be updated each year and indicate which steps have already been taken and those planned in order to reach full compliance with the MRSL by 2020.

3. The supplier must develop and maintain an inventory of chemical products used in the production processes of Kering's brands' items that:

- Document all chemical products used in production processes, indicating for each product the activities for which it is used. This could include dyes, inks, paints, solvents, primers, adhesives, surfactants, detergents and other chemical auxiliaries
- Identify the chemical products containing the chemicals mentioned in MRSL used in the production processes. Alternatively, suppliers may choose to use third party certification systems. At this time, the only certification system that ensures conformance with the Kering MRSL is Bluesign™. Other certifications may be used, but must be supplemented with additional evaluation and testing. See [Box 1: Alignment with other industry PRSL and MRSL efforts](#)

By the end of 2019, all of Kering's key suppliers must have documented conformance with the Kering MRSL. In 2020, and beyond, Kering plans to conduct audits of suppliers' chemical management systems every two years in order to demonstrate conformance with the MRSL.

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BOX 1: Alignment with other industry PRSL and MRSL efforts

Kering is working to align, where possible, its PRSL and MRSL with existing or emerging industry efforts. For example, Kering is working to align, where possible, with:

- The Zero Discharge of Hazardous Chemicals Program's [MRSL](#)
- The Camera Nazionale della Moda Italiana's [Guidelines](#), which comprise a PRSL and a forthcoming MRSL





Kering expects all suppliers in the supply chain to:

- Be aware of Kering's Animal Welfare Policy and to commit to respecting the Animal Sourcing Principles and Five Freedoms
- Support traceability in the supply chain so that Kering can verify animal welfare practices

Additionally, Kering expects all suppliers and sub-suppliers that handle live animals to meet the Kering Animal Welfare Standards appropriate to the species of animal and the location of animal production. At the very least suppliers must meet "Bronze level" standards which are entry level and mandatory. Suppliers must also commit to engage in continuous improvement of their practices and must also be open to regular third party audits to show adherence to Kering Animal Welfare Standards and progress towards improvement. Species-specific and location-specific animal welfare standards will be available to suppliers and sub-suppliers upon request.



Kering’s Commitment to Animal Welfare

Kering is committed to implementing and verifying the highest standards of animal welfare across all its animal-based supply chains. As such, Kering has developed a suite of animal welfare standards designed to be implemented at the points in the supply chain where there are live animals (mainly at farms and processing facilities). Kering is also committed to driving improvement in industry practices more broadly.

Kering Animal Welfare Standards

While based in part on existing best practices of animal welfare standards around the world, the Kering Animal Welfare Standards aim to be among the most stringent in order to align with its commitment and to catalyze and drive industry improvement with more just, humane and safe practices. The Kering Animal Welfare Standards have been developed with external experts who have extensive experience in animal welfare and have been verified by third parties.

The Kering Animal Welfare Standards focus primarily on the welfare of animals and are designed to be specific to particular species, as well as specific to the type of production (i.e. farm or wild harvest) and, in some cases, geographic location. The Kering Animal Welfare Standards are structured in three levels (Bronze, Silver, Gold) with the goal of driving continuous improvement towards the very highest standards.

- Bronze: This is entry-level compliance for Kering suppliers. However, some Kering brands may decide that compliance level needs to be Silver or Gold
- Silver and Gold: More stringent standards that include the very best practices in animal welfare in the industry. There are also additional requirements for the management of biodiversity on the farm.

In line with Kering’s holistic approach to sustainability, there are some additional requirements and information collected through audits on:

- Environmental management at farms and facilities
- Biodiversity conservation and wildlife-friendly practices
- Social and working conditions

This additional information is meant to help Kering assess whether operations contribute to Kering’s goals of minimizing negative environmental impacts, promoting biodiversity conservation and creating benefits for local communities and people. The results from these self-assessments will help Kering evaluate whether the farm/facility meets Kering’s broader sustainability standards and/or where there may be a need for improvement or further detailed follow up information.

Kering recognizes that these standards are setting a new precedent for animal welfare and, as such, will take time and effort to implement. While Kering expects all its suppliers to commit

to the Kering Animal Welfare Standards and make continuous improvement, Kering will approach implementation of the standards in a collaborative manner with suppliers.

Fundamental Principles for Animal Welfare

The Kering Animal Welfare Standards are based on fundamental principles. Globally, the most commonly cited welfare principles are the Five Freedoms which were originally developed in the UK government report of 1965 and amended and formalized by the UK Farm Animal Welfare Council in the late 1970s.

In summary, the Five Freedom principles require that:

- All animals have space to move around freely
- All animals are handled carefully and calmly with no mistreatment or abuse
- All animals have free access to clean, fresh water and all animals are fed a diet that is nutritionally appropriate to their species, age and stage of production
- All animals are cared for by competent stock people
- All animals are killed or euthanized humanely

Kering Animal Welfare Standards and Principles for Animal Sourcing

While Kering is committed to ensuring the Five Freedoms for animals across its supply chains, there is also a commitment to broader principles when sourcing animal-based products. These principles must apply throughout the animal sourcing supply chain including the catching, maintaining, breeding, raising, transporting, handling and slaughtering of live animals. The principles include both wild-caught and farmed animals in their scope.

General

1. Kering is committed to science-based approaches to determine animal welfare for the catching, maintaining, breeding, raising, transporting, handling, and slaughtering of animals in its leather, fur, and precious skins supply chains. Kering strives to ensure that all such animals, while taking into account their species’ needs, benefit from the five freedoms as described above.

2. Kering believes that the catching, maintaining, breeding, raising, transporting, handling, and slaughtering of animals must be undertaken in compliance with applicable local, regional, national, and international animal welfare, and social and environmental laws and regulations, as well as internationally accepted human and labor rights standards. For example, this includes following the [Standards developed by the World Organization for Animal Health \(OIE\)](#).



3. Kering is committed to sustaining well-functioning ecosystems and biodiversity in the regions where it sources. Kering believes that sourcing materials of animal origin only from legal entities and through legal processes will help maintain species populations at sustainable levels. Kering also believes that companies and authorities should follow the decisions, guidelines, and advice of the [Convention on International Trade in Endangered Species of Wild Fauna and Flora \(CITES\)](#) relating to sustainable production methodologies for various species. The use of robust scientific assessment methodologies, such as the [Non-Detriment Findings](#) methodology promoted by CITES and the [IUCN Red List of Threatened Species™ National Red List assessments](#), is necessary to ensure that sustainable population levels of species are maintained.

4. Kering strives to support the most ecological agricultural and farming practices available, which relate to the maintaining, breeding, and raising of animals in order to minimize impact on the environment, including no deforestation of ancient and endangered forests or controversial sources throughout the lifecycle. Internationally recognized practices designed to minimize impact on the environment in agriculture and farming and articulated by the Food and Agriculture Organization and similar bodies should be followed. Similarly, all applicable international regulations and standards governing labor practices and human rights relative to those workers who maintain, breed, raise, transport, handle and slaughter animals should be followed.

Catching, Maintaining, Breeding, Raising, Transporting, Handling and Slaughtering Animals

1. Kering believes that wild animals should not be caught in a way that is likely to cause injury or undue suffering to them. Established and science-based approaches to determine animal welfare governing the catching of animals in the wild should be followed.

2. Kering believes that during the maintaining, breeding, and raising of animals, they should: have freedom of movement; be housed in clean and secure conditions; be provided with food, water, and care; and have appropriate lighting, temperature, humidity, air circulation, ventilation, and other environmental conditions necessary for the species, based on established experience and scientific knowledge.

3. Kering believes that animals should not be transported in a way that is likely to cause injury or undue suffering to them. All necessary arrangements should be made in advance to minimize the length of the journey and to meet animals' needs during the journey in line with internationally accepted standards for transportation of animals by air, at sea and on land, such as those outlined by the OIE and the [EU regulations on transport](#).

4. Kering believes that all animals should be handled in a calm and gentle manner to minimize agitation or other forms of stress. Those working in farm environments should be trained

in species-specific behaviors and handling techniques appropriate to the species.

5. Kering believes that animals should not experience suffering, pain or excitement during all stages of the process of slaughter, and that, as appropriate to the species, effective stunning techniques should be used in advance of slaughter, as detailed by the European Commission and OIE.

Implementation

1. As a means to uphold these principles, Kering will work with its suppliers and, as appropriate, their own supply chains, to achieve these outcomes and encourage them to uphold these principles. Kering will seek to source from suppliers and countries that have well established policies and enforcement mechanisms covering animal welfare, sustainable sourcing, sustainable trade, and biodiversity conservation, or seek to establish frameworks and best practices where these are not in place, such as the Python Conservation Partnership that Kering set up with the International Union for the Conservation of Nature (IUCN) and the International Trade Center (ITC) as an example.

2. Kering recognizes that the ability to uphold these principles throughout its supply chains, as well as across different types of species, will vary according to the level of traceability in place. Kering aims for full traceability in its supply chains and is committed to continuous improvement towards realising these sourcing principles.

3. Kering commits to collaborate on initiatives to bring about change in the luxury industry by implementing appropriate guidelines, procedures and resources to uphold these principles. This includes committing to working with conservation and scientific authorities (government entities and non-governmental organizations) to maintain biodiversity and protect endangered species and to ensure compliance with local and regional wildlife trade policies through effective monitoring, funding conservation programs, and ecosystem restoration projects, among other concrete actions.

4. Kering commits to implementing species-specific guidance, standards and third party auditing for the effective implementation of these principles.





**SOCIAL COMPLIANCE AND ENFORCEMENT
OF KERING CODE
OF ETHICS IN SUPPLY CHAIN**

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Kering is committed to helping its suppliers and sub-suppliers improve labor, health and safety and environmental conditions in the workplace and also achieve Kering's high ethical and environmental standards. Kering recognizes that this effort requires a collaborative approach to compliance and Kering will openly work with all relevant bodies to deliver effective action plans for positive change.

All Kering suppliers must agree to receive announced and unannounced assessments/audits by Kering and third party representatives. Kering expects all suppliers to make improvements when its policies and standards are not met, and to develop sustainable management, reporting and tracking systems within the factory to ensure continued compliance. Timelines for achieving compliance shall be reasonable and defined. Providing proof of correction to Kering for each non-compliance is also required.



Scope

Kering requires audits to be carried out in accordance with the Kering Supplier Charter and Sustainability Principles acknowledged by the supplier when signing the supplier agreement in order to cover key ethical challenges. These include the following:

- Child labor
- Forced labor
- Safe workplace
- Freedom of association
- Discrimination
- Working hours
- Fair wage
- Compliance with environmental laws
- Compliance with security standards
- Supplier sites are adequately protected by security systems
- Respect of the main environmental principles (emission, waste, etc.)
- No counterfeit and frauds activities
- Supplier sites are covered by insurance

Documentation for suppliers and sub-suppliers

In order to map Kering brands' supply chain and perform the required social, environmental and security compliance review, Kering collects various items of information about its suppliers and sub-suppliers through the Kering Supplier Database System (called SCS, Security Control System).

Once created in the system, the supplier will have to complete its profile and declare its sub-suppliers working for Kering (web access) including:

- General Information
- Existing certification or review: in the case of supplier or sub-supplier certified or audited or under certification or audit for a specific standard for social, environmental or security
- Use of sub-suppliers: names and VAT codes to be detailed
- Contractual and financial information

In the case of first level supplier:

- Total turnover of the supplier

In the case of sub-supplier:

- Type of contractual link between the first level supplier and its sub-suppliers
- Consolidated turnover of all sub-suppliers
- Detailed turnover for each sub-supplier
- Employees: number of employees in the company (global data) and the number of employees dedicated to work by brand, in detail
- Number of owners, partners, and employees' family
- Number of full-time / part-time employees split between: Italian, EU, and non-EU
- Number of homeworkers split between: Italian, EU, and non-EU
- Total number of employees dedicated to each brand split by activities

Audit Types and Frequency

Kering performs two types of audits on suppliers: the global audit and the follow-up audit; both are based on the same checklist, but cover specific areas.

The global audit is performed during the activation (i.e. before a supplier can start working with a Kering brand). The supplier is then renewed every two to four years depending on supplier's risk. The global audit monitoring goal is to check the more critical areas to prevent the presence of Zero tolerance and High Non-conformity issues.

The follow-up monitoring is performed as a second check to ensure the implementation of action plans coming from the global audit and to cover less critical areas.

Communication of Audits

The communication flow (audit planning, sending the CAP, etc.) between the Kering Audit team and the suppliers should be as follows:

- For direct suppliers: Kering Audit team contacts the direct supplier directly copying in the brand's production and sustainability functions teams.
- For suppliers and their sub-suppliers: the Kering Audit team contacts the supplier copying in the brands' production and sustainability functions teams. The supplier then liaises with the sub-suppliers. For audit confirmation and audit date at sub-suppliers' site, the supplier reverts to the Kering Audit team copying in the brand's production and sustainability functions teams.



Type of activity	Type of supplier	Type of audit	Timing	Frequency
GLOBAL AUDIT SUPPLIER ACTIVATION	Direct supplier and Sub-supplier	Announced General Audit	Notification normally one week in advance	Only for new supplier activation
GLOBAL AUDIT SUPPLIER MONITORING		Announced General Audit	Notification normally one week in advance	At least every 2 years
FOLLOW-UP SUPPLIER MONITORING		Unannounced Follow Up	Anomalies deadline or depending on needs	Depending from anomalies correction deadline
SUSPICION OF SOCIAL VIOLATION OR ANY OTHER SPECIFIC VIOLATION		Mostly unannounced General Audit based on situation in coordination with the BU	ASAP	Depending on alert

Methodology

During the global audit the auditor will:

- Observe key site activities
- Interview management
- Interview selected workers and without management present
- Inspect key company documentation including worker contracts, union agreements, management procedures, management records, and any other documentation, and records relating to wages, disciplinary practices, health and safety discrimination, working hours, freedom of association and collective bargaining (unions,) and employment of children and young workers

Areas to be checked are:

- Child labor
- Forced labor
- Health and safety
- Freedom of association and collective bargaining
- Discrimination
- Disciplinary practices
- Working hours
- Wages and regular employment
- Management systems and subcontracting
- Interviews
- Environmental compliance
- Physical security
- Work order

Audit Results, Grading System, and Re-audit Frequency

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Once the audit is performed, a non-conformity issue will be available in the Supplier Database system for Kering, the brand(s) and the supplier.

Grading system

The outcome of the audits conducted by the Kering Audit team will categorise suppliers in three distinct categories: non-compliant, partially compliant and compliant.



		Type of Non Conformity			
		Zero tolerance	Serious non conformity	Non conformity	Observations
Categories	ZERO TOLERANCE	Any	Any	Any	Any
	NON-COMPLIANT	None	Any	More than 5	Any
	PARTIALLY COMPLIANT	None	None	Less than 5	Any
		None	None	None	More than 5
COMPLIANT	None	None	None	Less than 5	

Follow up audit timeframe

The most serious of the findings identified during the audit (observation, non-conformity, and serious non-conformity) will define the timing of the follow up audit as below:

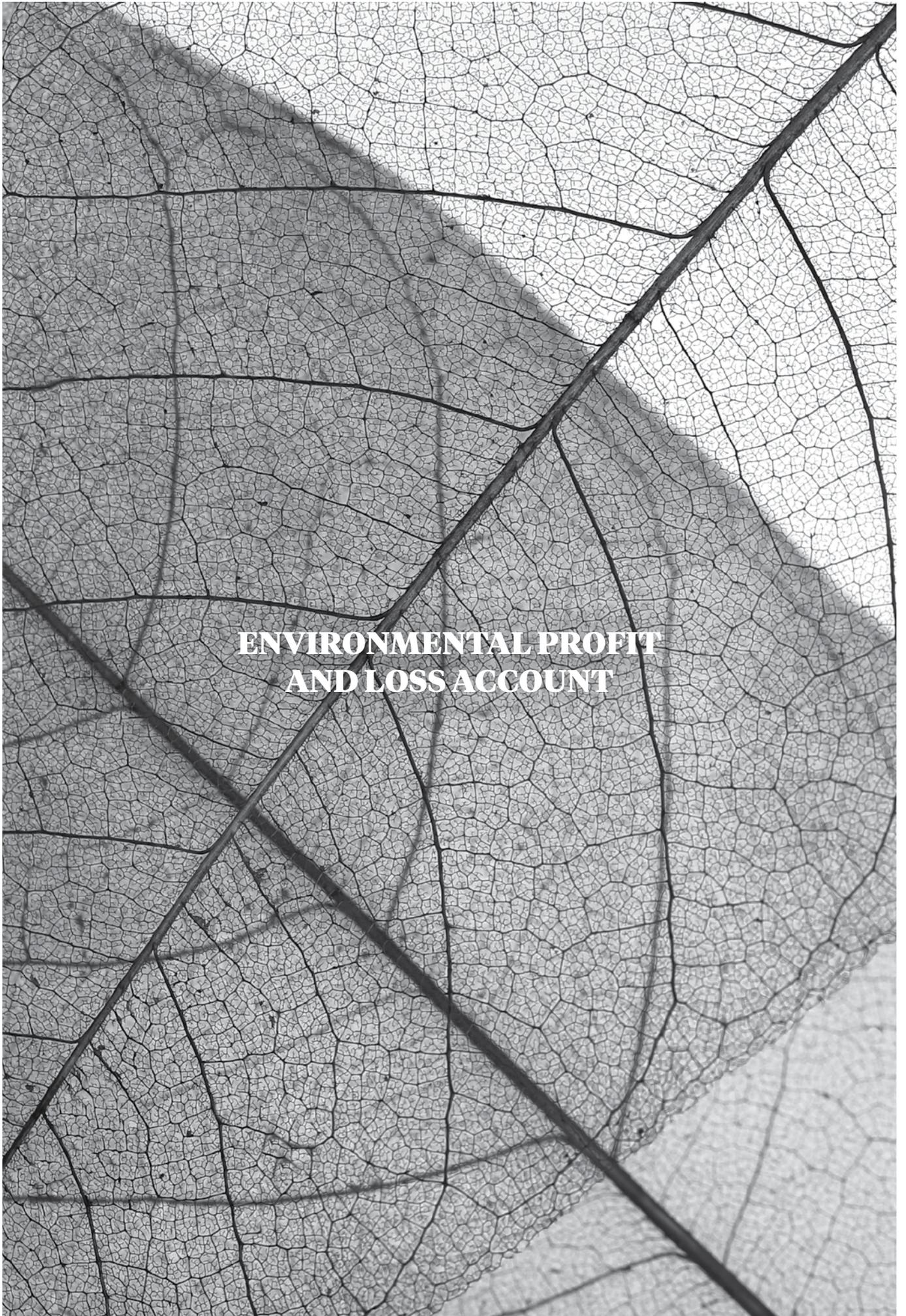
Most serious findings during audit	Follow up audit timing	Type of audit
ZERO TOLERANCE	Termination, none	Termination, none
SERIOUS NON-CONFORMITY	Within 1 month	Announced follow up or unannounced investigation
NON- CONFORMITY	Within 3 months max	Announced follow up
OBSERVATIONS	Within 6 months max	Announced follow up

Submission of evidence for non-conformity closure:

After the audit has been performed, the supplier can send to the Kering Audit team evidence of missing documentation or any other type of evidence with the objective to close off some or all non-conformities identified during the audit before the follow up audit is scheduled to be performed.

Should the Kering Audit team consider the evidence as acceptable, the related non-conformities will be closed off. This might affect the timing of the follow up audit depending on the type of non-conformities that remain open.





**ENVIRONMENTAL PROFIT
AND LOSS ACCOUNT**



What is an EP&L?

Kering has developed an innovative tool, the Environmental Profit & Loss (EP&L) Account, which makes the invisible environmental impacts of business visible, quantifiable and comparable. The EP&L is designed to measure and monetize environmental impacts from a business' activities in its own operations and across the supply chain. The tool highlights key areas where a company can prioritize and focus its efforts to mitigate its impacts more effectively.

The results of the EP&L allow Kering to:

- Understand its true impacts and identify hotspots
- Reveal risks and find effective solutions for mitigation
- Translate its environmental impacts into a business language
- Compare different environmental impacts with each other, which was not directly possible previously
- Compare the magnitude of the impact of production or sourcing of raw materials in each location (this is particularly relevant to the availability of fresh water resources that is specific to each location)
- Facilitate comparisons between brands or business units

- Monitor progress of 2025 strategy, while forecasting and preparing for the future
- Be transparent with its stakeholders and investment community

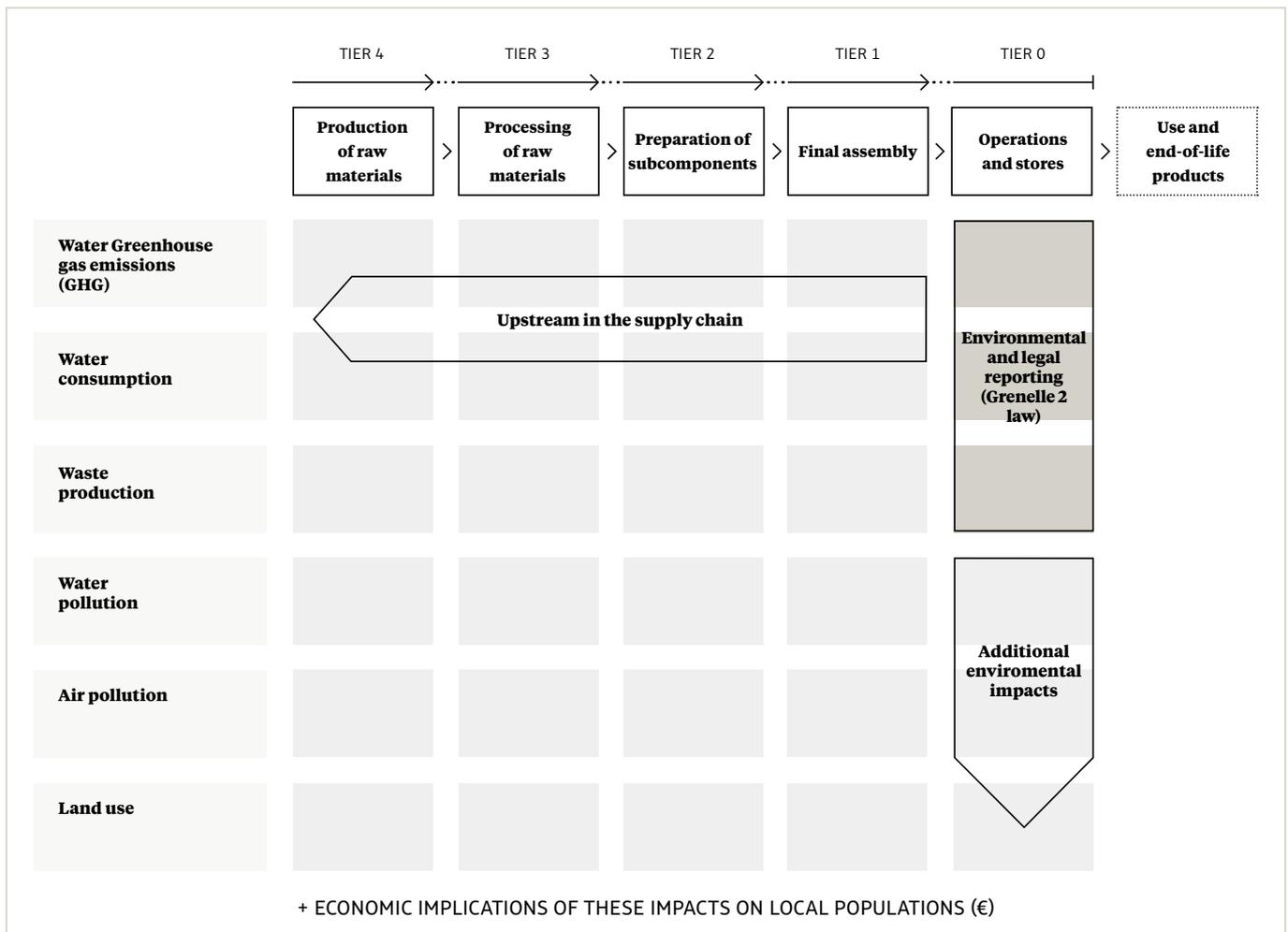
In short, the EP&L can be used as a decision-making tool for Kering brands to influence daily choices and make responsible sourcing decisions, by being able to understand the environmental impact the business will have on the world.

Summary of the methodology

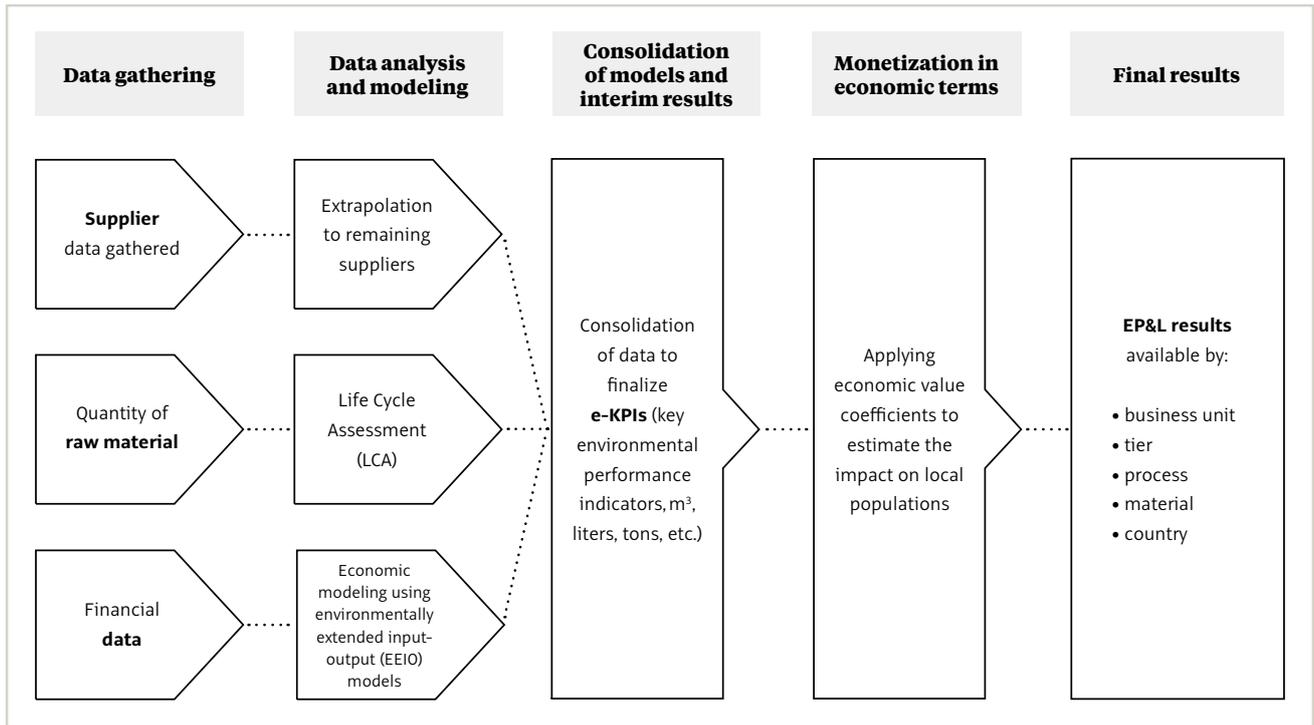
The EP&L approach goes far beyond standard environmental reporting, producing a more comprehensive picture of the impacts of Kering's business activities.

It covers every tier of the supply chain, from Kering's own operations and stores all the way upstream to the production of raw materials. At each tier, indicators are measured covering: greenhouse gas emissions, water consumption, waste production, water pollution, air pollution and land use.

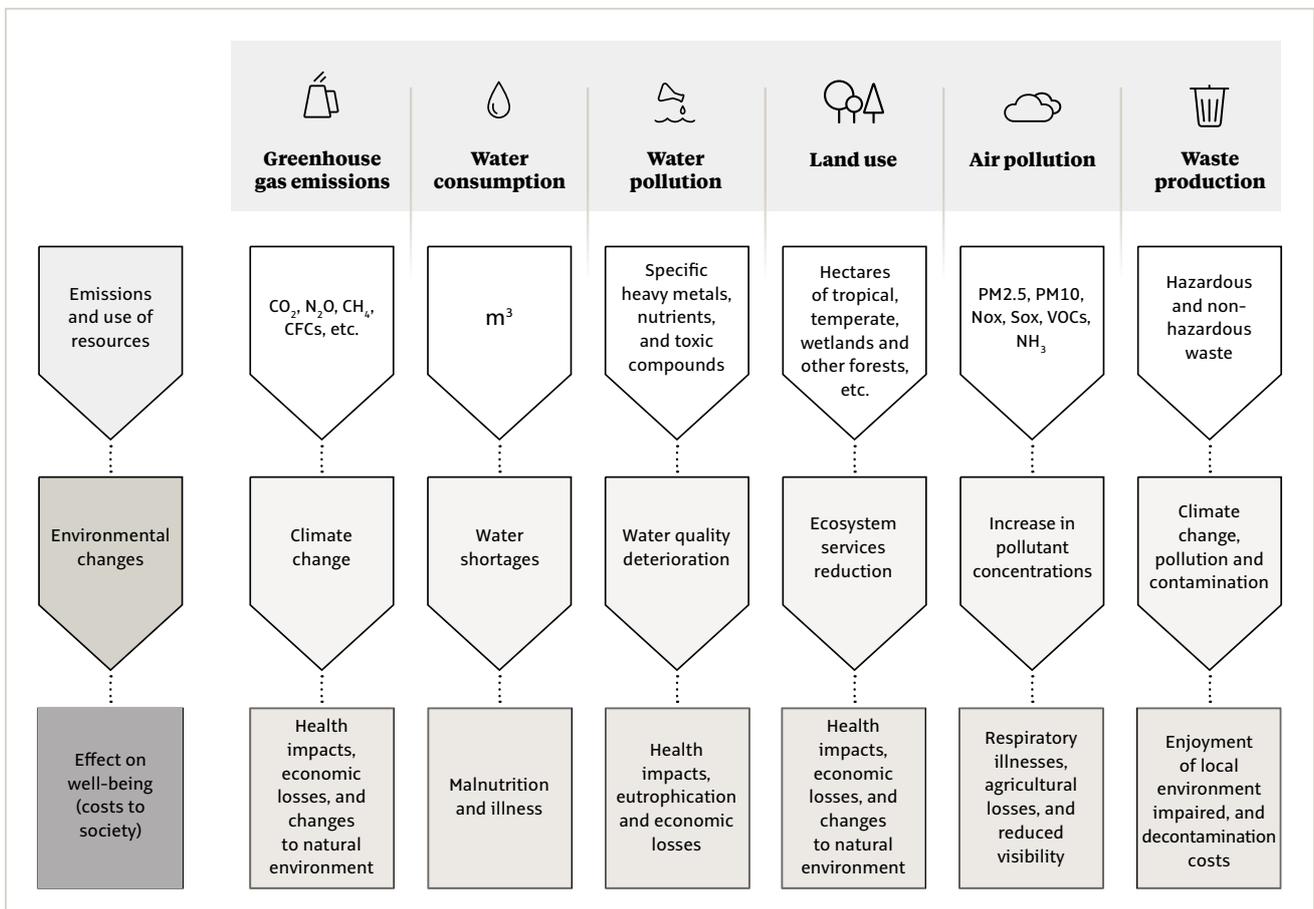
Scope covered by the EP&L approach:



Key stages in building the EP&L:



To develop the EP&L, Kering gathered information onsite and from suppliers wherever possible. When primary data were not available, Kering used studies derived chiefly from life cycle analysis, reviewed by panels of experts, and from economic studies. The data is then adapted to the specific countries where the impact occurs. This is then analyzed and the environmental changes resulting from emissions or use of resources by Kering's business are translated into economic terms, taking into account local contexts and the effects on the welfare of local populations.



Building on this extensive work done by Kering and its brands to map and test its suppliers over recent years, Kering has an extensive base of environmental impact data for each production process and in each of the countries where they take place. Kering has now capitalized on this valuable work to reduce the data-gathering process and developed a software for calculating the EP&L. Built on a financial calculation tool, this software calculates a brand's EP&L in minutes once the key indicators reflecting its activity have been entered. The software also proposes dynamic visualization to help understand impacts in a more tangible way. In addition, with the software, scenarios can be created to test the EP&L impacts of different projects and monitor Kering's sustainability target achievement regarding EP&L reduction and sourcing. This progress is key to creating a fast and simple decision-making tool that can be used on a day-to-day basis by Kering's various decision makers.

The EP&L has helped Kering brands unlock new insights into their businesses and supply chains. Notably, it helps Kering discover potential efficiencies, innovations and improvements that can provide business value.

Requests to supply chain for calculating Kering EP&L

Kering calculates the EP&L of all its activities and covering all brands at least every year and is starting to have more dynamic reporting.

Therefore, suppliers are asked to provide qualitative and quantitative data annually, in particular on the types and origin of all the raw material purchased, and on environmental impacts of the production steps.

An open-source methodology

Kering open-sources and shares the EP&L methodology and publishes the EP&L consolidated results for the Group every year at www.kering.com.



FAQ



Are the Kering Standards a contractual document?

No, the Sustainability Principles that are attached to the supplier agreement (contract or purchasing terms and conditions) are a legal document, but the Kering Standards are an implementation tool to help support compliance with these principles.

Whom do I turn to if I have questions?

Contact the Sustainability Lead of the brand you work with.

What does it mean to “use best efforts” or “all reasonable efforts”?

“Best efforts” imposes a higher obligation than “reasonable efforts.” Best efforts means taking, in good faith, all reasonable steps to achieve the objective, carrying the process to its logical conclusion and leaving no stone unturned. Reasonable efforts does not mean “every” effort or “all efforts”. It means making efforts that are reasonable and all things considered, and that will depend on particular circumstances of individual cases.

Have the Kering Standards been externally reviewed?

Yes, they were reviewed by the brands, key suppliers, and external experts.

What are the consequences for not following these Kering Standards?

Compliance with the Kering Standards affects your vendor rating, which is visible to all Kering brands and plays a part in supplier selection.

By following the Kering Standards you develop a better relationship with the brands. If you don't meet the requirements of the Kering Sustainability Principles, brands will require corrective actions and may consider terminating their relationship with you in case they are not implemented.

Why does Kering have such high Kering Standards?

Kering is committed to being sustainable to mitigate its environmental and social impacts and to redefine business value and drive future growth. Kering believes that its commitment to sustainability will allow Kering to redesign its business to become more resilient in order to thrive and prosper in the future, while at the same time helping to transform the luxury sector and contributing to meeting the significant social and environmental challenges of its generation.

What if my sub-suppliers won't work with me to follow the Kering Standards or provide me with the information I need to follow the Kering Standards?

Implementing the Kering Standards does require due diligence from suppliers. Kering recommends finding different sub-suppliers that will incorporate the Kering Standards.

What if following the Kering Standards has additional cost for me?

This should be part of your commercial discussion with each brand. If you foresee an additional cost, this needs to be discussed up front with the brands. Kering is asking you to develop solutions to address these requirements in a long-term, economically viable manner.

What if following the Kering Standards violates trade secrets or exposes confidential business information?

Kering worked to develop the standards so that they will not cause these problems. For example, when Kering asks for traceability, Kering is not asking for confidential business information. If you have concerns, please contact the Sustainability Lead for the brand you work with.

How can I give input on the Kering Standards?

Contact the Sustainability Lead of the brand you work with.

What do the Kering Standards require with regard to nanotechnology?

The Summary of Kering Chemical Management Policy details Kering's position on nanotechnology. In short, Kering follows the precautionary principle and will not use any nanotechnology applications unless such applications are analyzed and proved to have no potential impact on human health and the environment, including an evaluation of end-of-life impacts. To comply with the Kering Standards, suppliers must do the same.

What is Kering's position on genetic engineering / genetically modified organisms (GE/GMO)?

Kering does not support GE or GMO fiber and/or food for livestock that provide raw materials for its brands' products and packaging. Kering reflects this position in several places in the Kering Standards, particularly in the Kering Standard for cotton, which prefers certified organic cotton, since genetically modified cotton is often present when cotton is not certified organic.

Kering has taken this position on GMOs because of its concern for the potential negative impacts GMOs could have on the contamination of GM plant varieties with natural plant varieties, the reduction in diversity of plant species/varieties, and the increased use of pesticides required by GMO crops. Kering's support of the precautionary principle and a commitment to pursue sustainable, holistic approaches has also led to Kering's position to not support GE or GMO raw materials.



GLOSSARY



ARTISANAL SMALL-SCALE MINING (ASM)

Informal mining activities carried out using low technology or with minimal machinery. Practiced by individuals, groups or communities often in developing nations.

BETTER COTTON INITIATIVE (BCI)

A non-profit organization that aims to make global cotton production better for the environment, people who produce it and the future of the industry by bringing together cotton's supply chain from farmers to retailers. However, as BCI cotton allows GMO seeds, this is not a preferred certification for suppliers of Kering brands.
www.bettercotton.org

BIO-BASED FIBERS

Bio-based fibers consist of polymers made from renewable resources such as sugars, starches, or lipids (i.e. sugar, corn, castor beans)

BIODEGRADABLE

A biodegradable material is capable of being decomposed by bacteria or other living organisms in a determined time and rate of decomposition. Elements resulting from the decomposition should not be damageable to the environment. Bio-based plastics are not all biodegradable. Some petrol-based plastics are biodegradable.

BIODIVERSITY

Also known as biological diversity, is the variety of all life on earth. Biodiversity can also be studied within a particular ecosystem.

CANADAMARK

Independently verifies that a diamond is of Canadian origin. The diamonds are responsibly mined in Canada's Northwest Territories and the stones are tracked and audited at each stage of the supply chain.
www.canadamark.com

CANOPY

An award winning environmental not-for-profit organization dedicated to protecting the world's forests, species and climate.
www.canopyplanet.org

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CAPTIVE

For species that can be bred in captivity, Kering aims to acquire from "closed loop" captive operations. This means that animals are bred in captivity and live their whole lives in captivity.

CARBON DIOXIDE (CO₂) EMISSIONS

Carbon dioxide (CO₂) emissions are caused by the combustion of fossil fuels (coal, natural gas, and oil) primarily for energy and transportation. CO₂ emissions can also be caused by industrial processes and burning forests and peatlands. CO₂, one of a suite of greenhouse gases, is the major one emitted through human activity.

CELLULOSE

Cellulose is a starch-like carbohydrate obtained from the bark, wood or leaves of plants. Manufactured cellulosic fibers are fibers structured from cellulose. Cellulosic fibers are created by dissolving natural materials such as cellulose or wood pulp, which are then regenerated by extrusion and precipitation.

CIRCULARITY

Waste is designed out of the system from the beginning and business activities are decoupled from the consumption of finite resources. The aim is for resources in the system to cycle multiple times within and across industries and depending on their highest utility and value. Ideally in this system, materials are constantly reused or recycled and waste is eliminated. The system is restorative and regenerative by design, creates shared value, and enhances equality and society wellbeing.

CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES OF WILD FAUNA AND FLORA (CITES)

CITES is an international agreement between governments that regulates international trade of wild animals and plant species to ensure trading does not threaten their survival. The list of species protected by CITES is regularly amended, the latest version can be found on their website.
www.cites.org



CITES APPENDIX I	Endangered species that are prohibited to buy or sell internationally.
CITES APPENDIX II	Species that are not threatened with extinction now, but have the possibility to be, if trading is not closely monitored.
CITES APPENDIX III	Species where the trade is already being regulated and needs the cooperation of other countries to prevent illegal exploitation.
COMPOSTABLE PLASTIC	A compostable plastic is a plastic that can break down at composting conditions. The disintegration of the plastic must take place in a composting process for organic waste within a certain time. The result of the decomposition must be indistinguishable in the compost and cannot leave any toxic material behind. Composting is a specific form of recycling, sometimes referred to as organic recycling. All compostable plastics are biodegradable, but not all biodegradable plastics are compostable.
COTTON MADE IN AFRICA (CMIA)	An initiative by the Aid by Trade Foundation (AbTF), CMIA helps to improve the living conditions of smallholder cotton farmers in Africa. www.cottonmadeinafrica.org
CSCB	Certificação de Sustentabilidade do Couro Brasileiro (CSCB) is a Brazilian certification for sustainable leather.
DEFORESTATION	Deforestation is when forests are cut down permanently in order to make the land available for other uses. This is a major contributor to global warming.
DEGRADATION	Degradation is the deterioration of an environmental element such as soil, air or water. The change or disturbance has negative effects on the ecosystem and can lead to wildlife extinction.
ECOSYSTEM	An ecosystem is a system formed by the interaction of a community of organisms with their physical environment (e.g. tropical forests, wetlands, and grasslands).
ENVIRONMENTAL PROFIT AND LOSS (EP&L) ACCOUNT	An EP&L is a tool developed by Kering to help measure and understand a business' impact on natural capital across the supply chain. The EP&L is a new way to measure and monetize the cost to society of the changes in the environment as a result of business activities. www.kering.com/en/sustainability/whatisep
FAIRMINED (FM) GOLD	FM Gold is a label that certifies gold coming from responsible practices of artisanal small-scale mining (ASM). It is an exchange between miners and markets, and guarantees fair prices for the minerals. www.fairmined.org
FAIRTRADE COTTON	The cost of cotton may decrease even though the price of production may increase and many farmers struggle to survive. Fairtrade cotton ensures farmers get a fair price for their cotton. www.fairtrade.org.uk
FAIRTRADE (FT) GOLD	FT Gold is a standard that monitors human rights, chemicals, environmental protection and ensures that miners receive a premium (\$2,000/kg) to invest in better business or community projects such as health care, clean water and education. www.fairgold.org



FEEDSTOCK

A feedstock is a raw material that supplies or fuels an industrial process. Polyester based polymers predominately use petroleum (i.e. paraxylene and mono-ethylene glycol (MEG)), while recycled polyester use PET bottles as feedstocks. Biobased polymers use starch/sugar-based feedstocks (e.g. corn, sugar cane, etc.). Polyamide based polymers predominately use lipid/oil-based feedstocks.

FIVE FREEDOMS

The Five Freedoms was developed by the World Organisation for Animal Health (OIE) to define the animal's welfare through its entire life cycle.

FOREST STEWARDSHIP COUNCIL (FSC)

The FSC is an organization that sets their own global standards to promote environmentally sound, socially beneficial and economically prosperous management of the world's forests. They have a subsidiary called Accreditation Services International (ASI) which is a member of the International Social and Environmental Accreditation and Labelling Alliance (ISEAL).

www.fsc.org

FOREVERMARK

Each Forevermark diamond is responsibly sourced, originating at a carefully selected mine that benefits the people, community and country where it is located. Strict environmental, business, and environmental standards are met at each stage of the diamond's journey.

www.forevermark.com

**GENETICALLY ENGINEERED/
GENETICALLY MODIFIED**

Genetically modified usually refers to a process whereby genes are altered by humans (this is different to traditional breeding practices to create different varieties of plants or animals). In the case of cotton, the genetic modification is "transgenic" which means genes from one species (bacteria) are inserted into the genome of another species (cotton plant). This practice is controversial.

GLOBAL ORGANIC TEXTILE STANDARD (GOTS)

GOTS is a standard aiming to ensure organic textile production from the raw material through to the labeling to provide credible assurance to the end customer.

www.global-standard.org

GLOBAL RECYCLED STANDARD (GRS)

The Global Recycled Standard was released in 2014. The GRS gives companies the ability to create a full product standard by providing a tool to ensure the identity of recycled materials throughout the production stages, as well as processing.

www.textileexchange.org/integrity

GREENHOUSE GAS EMISSIONS (GHG)

GHGs are gases that trap heat in the atmosphere. They include carbon dioxide, methane, nitrous oxide, and fluorinated gases. They are responsible for the greenhouse effect, leading to global warming.

ICEC

The Institute of Quality Certification for the Leather Sector and is a certification body focused on leather.

www.icec.it/en

ISO 14001

ISO 14001 is a standard that sets out criteria for an environmental management systems.

IUCN RED LIST

The Red List provides tax, conservation and distribution information on plants, fungi and animals evaluated with IUCN criteria. The system is to determine the rate of extinction. The list is maintained by the International Union for the Conservation of Nature, a non-profit.

www.iucn.org

KERING CODE OF ETHICS

The Kering Code of Ethics states Kering's beliefs and the ethical principles that must take precedence wherever Kering operates. The Code of Ethics sets out the points of reference that must guide every individual's actions. It covers respect for employees, gender equality, child labor, respect for the environment, and listening to civil stakeholders.



KERING RESPONSIBLE GOLD FRAMEWORK	The Kering Responsible Gold Framework is an innovative purchasing strategy developed by Kering and its brands to define and access a customized mix of ethical gold that meets Kering's sustainability target requirements.
KIMBERLEY PROCESS CERTIFICATION SCHEME	The Kimberley Process Certification works on the basis that only diamonds certified as 'conflict free' in line with KPCS guidelines may be exported from producing member countries or imported by other KPCS member countries. www.kimberleyprocess.com
KPI/E-KPI	Key performance indicator or environmental key performance indicator is a metric used to track progress towards Kering's sustainability targets.
LEATHER WORKING GROUP	The Leather Working Group is a multi-stakeholder group that monitors and assesses the environmental compliance and performance of leather tanneries and promotes sustainable business practices within the leather industry. www.leatherworkinggroup.com
MANUFACTURING RESTRICTED SUBSTANCES LIST (MRSL)	The Manufacturing Restricted Substances List outlines the chemicals that cannot be used intentionally in the manufacturing of Kering's brands' products.
MATERIALS INNOVATION LAB (MIL)	The Kering Materials Innovation Lab is focused on providing support to promote the integration of more sustainable materials into Kering brands' supply chains.
MICROPLASTIC SHEDDING	Also known as microfiber shedding, it is the release of fibers (microplastics) <5mm from plastics and synthetic textiles during production, post-production (washing, use or wear) and disposal. Research is being done to quantify shedding rates on different fiber types and through various processes.
NANOTECHNOLOGY	Science, engineering and technology conducted at the nanoscale, which is about 1 to 100 nanometers, and involving the ability to see and to control individual atoms and molecules.
OHSAS 18001/2	The OHSAS 18001/2 is an internationally applied British Standard for occupational health and safety management systems. It evolved into ISO 45001 in March 2018.
ORGANIC AGRICULTURE	Organic Agriculture is a production system that sustains the health of soils, ecosystems and people and relies on ecological processes, biodiversity and cycles adapted to local conditions, rather than the use of inputs with adverse effects. Additionally, it combines tradition, innovation and science to benefit the shared environment and promote fair relationships and a good quality of life for all involved.
ORGANIC CONTENT STANDARD	The Organic Content Standard was created by the Textile Exchange and it relies on third-party verification to confirm the accurate amount of organically grown material in the final product. www.textileexchange.org
ORGANIC PRODUCT	Certified organic products are those which have been produced, stored, processed, handled and marketed in accordance with precise technical specifications (standards) and certified as "organic" by a certification body.
POST-CONSUMER WASTE	Post-consumer waste is material generated by households or by commercial, industrial, and institutional facilities in their role as end-users of a product that can no longer be used for its intended purpose. This includes returns of materials from the distribution chain.



PRECAUTIONARY PRINCIPLE	The Precautionary Principle is a strategy to cope with possible risks where scientific understanding is yet incomplete, such as the risks of nanotechnology, genetically modified organisms and systemic insecticides.
PRE-CONSUMER WASTE	Pre-consumer waste is material that was discarded before it was ready for consumer use, such as manufacturing scraps.
PRODUCT RESTRICTED SUBSTANCES LIST (PRSL)	The Product Restricted Substances List outlines the chemicals which cannot be detected or must meet certain limits on finished Kering's brands' products.
PROFUR	Profur is a fur certification developed starting in 2005 by the Finnish Fur Breeders' Association. It is a quality assurance and environmental system that emphasizes responsibility, traceability and transparency. www.profur.fi/profur
PROGRAM FOR THE ENDORSEMENT OF FOREST CERTIFICATION (PEFC)	PEFC is the world's largest forest certification system. The PEFC provides alternative forest and chain of custody certification. Their benchmarks for sustainability are based on globally recognized principles and its criteria and guidelines are developed by intergovernmental and international bodies. www.pefc.org
PVC	Polyvinyl chloride is a synthetic plastic polymer associated with worker safety and end-of-life hazardous chemical concerns.
RAW MATERIAL	Raw materials are an unprocessed first input (for example, cotton, leather, gold, etc.) which will be transformed into the finished product through the various stages of processing, manufacturing and assembly.
RECYCLABLE PLASTIC	A recyclable plastic is a plastic that can potentially be reprocessed after the initial use phase into new materials and objects. Nearly all types of plastics are recyclable, but in reality only a few are recycled as the extent of the recycling depends on economic, logistics and technical factors.
RESPONSIBLE DOWN STANDARD (RDS)	Responsible Down Standard is an independent, voluntary global standard to ensure that down and feathers come from ducks and geese that have been treated well. www.responsibledown.org
RESPONSIBLE JEWELLERY COUNCIL (RJC)	The RJC is a standards and certificate organization for the whole jewelry supply chain from mine to retail. www.responsiblejewellery.com
RJC CHAIN-OF-CUSTODY (COC)	COC is a certification that supports gold, platinum, palladium, and rhodium that is conflict-free and responsibly produced at each stage of the supply chain. These standards include human rights, labor standards, business ethics and environmental impact. www.responsiblejewellery.com/chain-of-custody-certification
SUPPLIERS	Suppliers are all of the entities that touch the raw material in its transformation from its natural state to finished product including those that are involved in the processing, manufacturing and assembling of the material.
SUB-SUPPLIER	A sub-supplier is a supplier to a Kering brand's supplier; a second tier supplier.



SUPPLIER CHARTER

Kering's Supplier Charter is a charter where Kering and its brands declare their commitment to comply with the International Labour Organization (ILO) and in particular with the conventions concerning the eradication of child labor and the abolition of slavery and forced labor, through a list of supplier codes.

SYNTHETIC FIBERS

Synthetic fibers are man-made fibers from high polymers which are produced by polymerization, poly condensation or polyaddition. Original substances are simple organic chemicals based mainly on mineral oil or natural gas.

TRACEABILITY

Traceability is the ability to identify and trace the history, distribution, location, and application of products, parts, and materials. In the sustainability context, traceability is a tool to assure and verify sustainability claims associated with commodities and products, ensuring good practice and respect for people and the environment all along the supply chain.

TRACEABLE DOWN STANDARD (TDS)

The Traceable Down Standard was created by Patagonia as an approach to sourcing down in an effort to prevent unnecessary harm to the animals involved.
www.patagonia.com/traceable-down.html

WELFUR

Welfur was created by the European Fur Breeders' Association (EFBA) and is a science-based welfare assessment aiming to fulfill three purposes: reliable animal welfare assessment, animal welfare improvement and consumer transparency. Welfur is an extension of the European Commission's Welfare Quality Project.
www.fureurope.eu/fur-policies/welfur/

WILD

Sourcing from wild populations, when done correctly, can contribute to the conservation of the species and its habitat. It can also support local livelihoods of people in developing countries, encouraging them to protect the animals' habitat.

WORLD DIAMOND COUNCIL

The World Diamond Council represents the diamond industry in the development and implementation of systems to control the trade in diamonds embargoed by the United Nations or covered under the KPCS.
www.worlddiamondcouncil.com

WORLD DIAMOND COUNCIL SYSTEM OF WARRANTIES STATEMENT

The World Diamond Council System of Warranties Statement reads:
 "The Diamonds herein invoiced have been purchased from legitimate sources not involved in the funding of conflict and in conformance with United Nations resolutions. The seller hereby guarantees that these Diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the Supplier of these Diamonds."



Kering

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Contact

Any questions regarding the **Kering Standards**
and their use should be directed to sustainability@kering.com

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Empowering Imagination