



EQUILIBRIUM

**IMPACT**

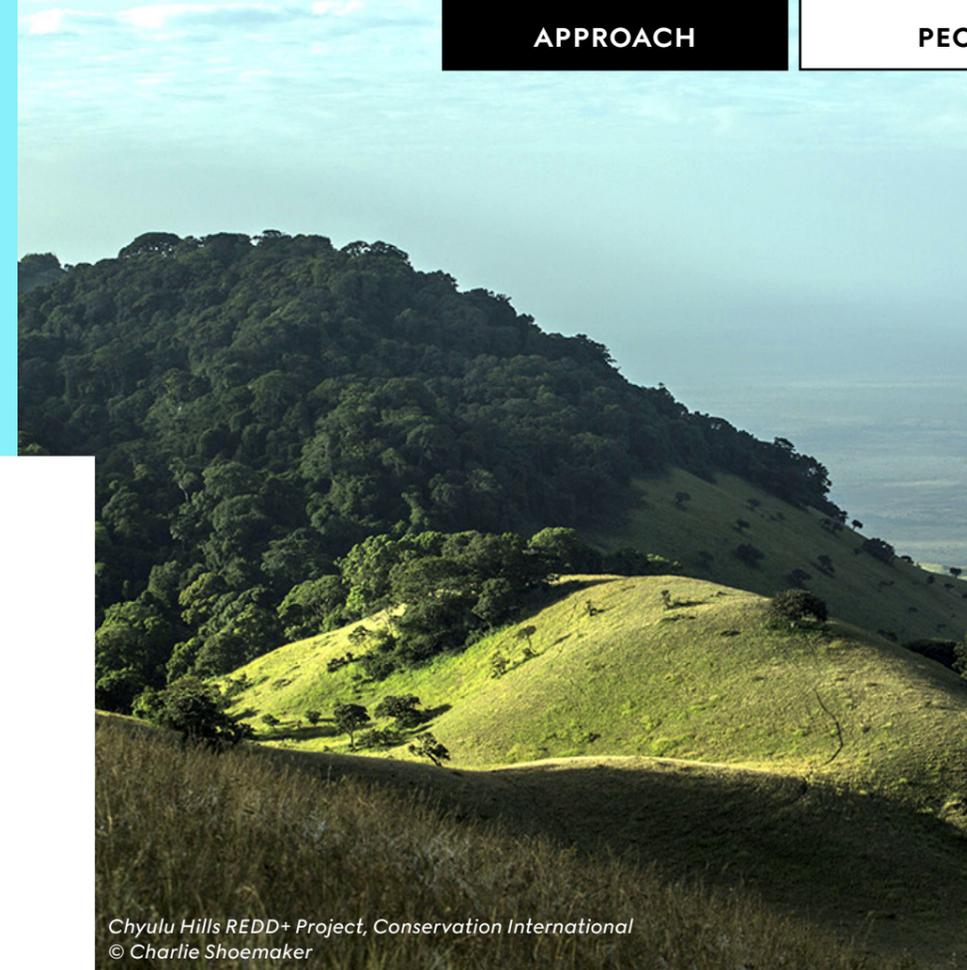
**REPORT**

**2020**



**Gucci Equilibrium is our commitment to generate positive change for people and our planet.**

What we stand for and how we act towards one another is at the very core of who we are. Fuelling our creative vision is a desire to empower people to live a life of self-expression, so that everyone in our global community is free to be their authentic and unique selves. Our combined differences are what allow us to thrive and we foster an environment that is respectful, inclusive and diverse, where everyone is considered equal. This also means making sure that the people who help create our collections are treated fairly along our supply chain. Using our voice to stand up for social justice in the world and generate positive change drives us forward into a fair, just and equitable future for all.



*Chyulu Hills REDD+ Project, Conservation International  
© Charlie Shoemaker*



*Employee activity in China in partnership with Artolution, part of Gucci Changemakers Volunteering programme*

We look at the world around us in a holistic way and believe that it is our duty to be sustainable, responsible and accountable in everything we do. We are dedicated to seriously reduce our footprint along our entire supply chain and embrace climate-smart strategies to help protect and restore nature for the future. What we cannot reduce ourselves, we translate into conserving biodiversity and forests that lessen the impacts of climate change. To share the progress we are making with our community, we are transparent about all the metrics that underpin our ambitious targets that we are striving to achieve by 2025. These goals drive us forward every day to develop eco-friendly sourcing solutions, low-impact materials, manufacturing efficiencies and circular innovations so that we can act for a better tomorrow.

# STRIVING



**MARCO BIZZARRI,  
GUCCI PRESIDENT AND CEO**

## LETTER FROM OUR CEO

Welcome to our inaugural Gucci Equilibrium Impact Report. We have been reporting on our 10-year 'Culture of Purpose' sustainability strategy, and the progress we have been making, for some time now through our annual Environmental Profit and Loss accounting. With our new Impact Report we have decided to spotlight some of the initiatives that are translating our vision into action: illustrating our motivation behind Gucci Equilibrium, and what we have been doing to help generate positive change for people and our planet.

Gucci has a deeply rooted commitment to be sustainable, responsible and accountable, in everything we do. Our footprint along our entire supply chain has been significantly reduced; our embrace of climate-smart strategies and innovation has proven effective; and we continue to be forward-thinking, and forward-looking. Our pledge to maintain carbon neutrality and our investments towards natural climate solutions are made with a view to the future.

We are protecting and restoring nature – it is a linchpin in our strategy and a big part of how we are combatting climate change in the greater world around us. We have also made our first steps to support regenerative agriculture.

The goal is to source regenerative raw materials for our collections from our own supply chain, and we are supporting farmers around the world to shift practices that replenish nature rather than depleting it. It is the way forward for fashion.

Advancing inclusivity, equality and respect will lead to a stronger, more holistic future for fashion, too. At Gucci, this is part of our culture. The fact that everyone in our community is free to be their authentic, unique and diverse selves is at the very core of our values, and is what truly makes us global – beyond ethnicity, culture, gender, disability – visible or invisible. Our mission is to be a voice of self-expression. Freedom makes us who we are. Our commitment to our principles – and to each other – makes us who we are. It is equally important that where possible we can help enable systemic and meaningful change beyond our own business.

A company would amount to nothing without values – real, deep-seated values, shared by all. Over the past year, we have all lived through a defining moment of our generation – and I have been proud of the way the entire global community of Gucci rallied together. We have stayed true to our shared values during the pandemic; and supported our employees, our suppliers, our customers, our local communities, our healthcare workers and medical organisations worldwide.

Beyond the many events that have touched our own communities, and the global community at large, there is an overriding message: we have an opportunity to change and 'do better'. This was amplified by the Black Lives Matter movement and the #StopAsianHate campaign calling for social and racial justice. Our fashion industry must create a new value proposition, one that includes people and nature. That is the reason we launched Gucci Equilibrium in 2018: to highlight this holistic balance between people and our planet. It is our commitment to create change.

This year, Gucci is celebrating our 100th anniversary, and while we are looking back on the past century, we are also busy looking forward. Our innate capacity for, and belief in, creativity and change will help us continue to constantly evolve and renew our commitment to sustainability, through 2021, and beyond. Every day is a step forward, a step in the right direction to build a future that is more sustainable, equitable and just, for all. Where people and our planet are in equilibrium.

# FOR EQUILIBRIUM

# ABOUT US

## KEY NUMBERS



**17,953** average number of employees (full-time equivalent)



**483** directly operated stores



**€7,441** billion in revenue in 2020



More than **20,000** people work for Gucci, indirectly throughout our supply chain

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## Innovative, progressive and influential, at Gucci we are creating a wholly modern approach to fashion.

Under the leadership of President and CEO, Marco Bizzarri, and the vision of Creative Director, Alessandro Michele, we have redefined luxury for the 21st century, further reinforcing our position as one of the world's most desirable fashion houses. Eclectic, contemporary, romantic – Gucci collections represent the pinnacle of Italian craftsmanship and are unsurpassed for their quality and attention to detail.

Gucci is part of the global luxury group Kering, which manages the development of a series of renowned Maisons in fashion, leather goods, jewellery and watches.

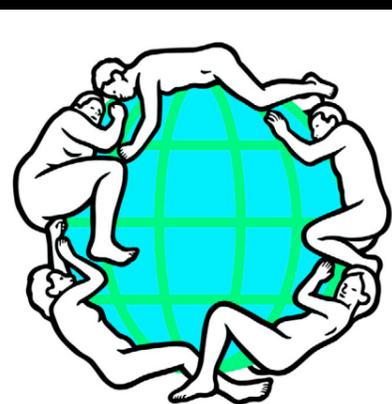
## GUCCI EQUILIBRIUM GUIDING OUR WAY

Gucci Equilibrium is our commitment to generate positive change for people and our planet. Powered by creativity and collaboration, we are reducing our environmental impact and protecting nature, while also prioritising inclusivity and respect, so that everyone in our global Gucci community is free to express their authentic, diverse selves.

As we celebrate our 100th anniversary, we are moving forward into the coming decades with an ongoing commitment to reinforce our culture of purpose, demonstrating our values through innovative pathways towards social and environmental sustainability. Gucci Equilibrium unifies the principles we uphold and the actions we pursue to treat our world and each other better, for our collective future.

## ABOUT THIS REPORT

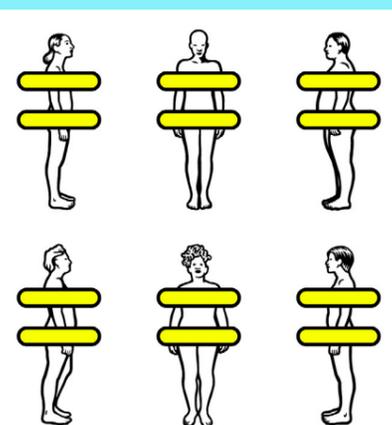
We are proud to share our first Gucci Equilibrium Impact Report. In our report, we are highlighting a selection of the initiatives we have created over the previous years to generate positive change for people and our planet. All data included, except where explicitly mentioned, covers the calendar year 2020. It reflects our performance across our stores, offices, warehouses and factories where we have direct operational control, as well as our supply chain.



From empowering people to protecting our planet – there are two main pillars in our strategy...

Find out more about our sustainability strategy...

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In the fight for gender equality, we are so much stronger when we come together...

Discover the impact we are making through CHIME FOR CHANGE...

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Jackets made from abandoned fishing nets, backpacks buckled with recycled plastic...

Take a look at how we are putting circular fashion on luxury's map with Gucci Off The Grid...

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# PEOPLE

## OUR STRATEGY

APPROACH

PEOPLE

PLANET

### OUR FOCUS



**Providing an inclusive and caring working environment**  
Building a strong Gucci culture



**Promoting diversity and gender parity**  
Achieving gender pay equity for equivalent positions by 2025



**Delivering positive impacts in our communities and supply chain**  
Supporting our communities and delivering transformation in our supply chain



**Protecting our heritage**  
Investing in craftsmanship and future talent



### OUR FOCUS



**Combatting climate change**  
Reducing our overall footprint by 40% and greenhouse gas (GHG) emissions by 50% by 2025 and maintaining carbon neutrality



**Ensuring traceability and sustainable sourcing**  
Attaining 100% traceability for our raw materials by 2025



**Restoring ecosystems**  
Protecting and restoring ecosystems around the world



**Creating sustainable products**  
Developing new eco-friendly sourcing solutions, materials and processes

# PLANET

**DRIVING REAL CHANGE FOR THE BETTER**

From the urgency of climate change and biodiversity loss to the critical social issues that have risen to the forefront – our world, and our industry, is at a crossroads. Stepping away from the old, traditional systems in fashion and embracing – and driving – real, lasting change is part of a future we collectively and quickly need to transition to.

Through Gucci Equilibrium, we are busy helping to create this future, bringing deeply held principles and innovative impactful actions together to generate positive change for people and our planet.

**HOW WE ACT FOR CHANGE**

We have our own distinctive way of creating positive change for people and our planet. It is rooted in our values and culture; all our decisions and efforts are in unison.

We take a stand on the critical issues facing our world today and stimulate conversation, and importantly, we take action.



*Employee activity in Korea as part of Gucci Changemakers Volunteering programme.*

# OUR APPROACH

Our action-based philosophy goes hand-in-hand with collaboration, so that we encourage greater and more far-reaching change. We collaborate closely, drawing on the diverse strengths and talents of the Gucci community, and beyond, to help drive more change for the better, faster. It is a universal truth – together, we can have a much bigger positive impact than we ever could on our own.

This impact is amplified by constantly questioning the status quo and continuously innovating. Our combined differences are at the very core of our value at Gucci and we champion inclusivity, diversity and equality, so that everyone in our global community can be their authentic, unique and diverse selves.

We have creativity at our core and look to apply this strength to achieve breakthroughs in sustainability, just as we do in our collections. Indeed, with Gucci Off The Grid, we are going further to embed circularity inside our collections.

We make groundbreaking changes across our supply chain and, more broadly, always with an eye on the long term. Gucci has been innovating for 100 years, and we are looking toward the next 100.

This long view is also reflected in the value we place on the craft skills that have always been at the heart of Gucci. To ensure these skills continue to be passed on to artisans, we invest in protecting and enhancing them. We are also helping to protect and restore nature for the future generations to come.

**WE FOCUS OUR ENERGY FOR MAXIMUM IMPACT**

We focus on the issues that have the biggest positive impact and where we have the greatest opportunity to create long-lasting change. So, for example, when looking at how we can drive real improvements for people, we are doing a great deal to support artisans and protect the craft skills at the heart of our heritage and sector. We are also championing gender equality through CHIME FOR CHANGE.

And when it comes to having a reduced impact on the planet, we are, for instance, committing to carbon neutrality across our entire supply chain for the long term, and moving towards a 'nature-positive' approach. We are also focusing on increasing the sustainability of our supply chain and our products, including creating circular collections.

**WE HOLD OURSELVES ACCOUNTABLE**

We make sure we hold ourselves accountable. To this end we set clear goals and targets – from achieving gender pay equity by 2025 to using 100% green energy by 2022 in our direct operations – and assess ourselves against them, transparently. This provides assurance for our stakeholders and also encourages us to keep driving forward, based on a clear understanding of where we are and what we have achieved, and how far we still need to go.

We ensure accountability both through internal governance and external advisers and partners. In 2019, for example, we established a Global Equity Board, responsible for driving and overseeing our company culture and employee experience. We also account for our entire environmental footprint, taking responsibility for the impact both from our direct operations and the entire supply chain. All of us at Gucci play our part in this accountability. Individually and collectively, we have pride and passion for sustainability – for bringing the Gucci Equilibrium way to life.

# 2007

Gucci has been SA8000-certified since 2007. The SA8000 standard ensures that business ethics, respect for people, workplace health and safety, workers' rights and equal opportunity are upheld. We are also a member of SAI's Advisory Board (Social Accountability International).

# 2008

We have been measuring and monitoring the global environmental impact associated with our direct operations every year, focusing on energy, water, paper consumption and waste production. Between 2018 and 2020, we have decreased the average consumption of energy per employee by 10%.

# 2009

We were awarded our first LEED (Leadership in Energy and Environmental Design) certificate for sustainable buildings in 2009. Today we have more than 30 certified retail and corporate buildings around the world.

# 2010

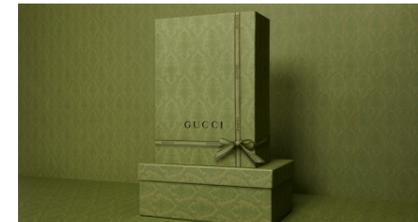
Since 2010, Gucci packaging has been made exclusively using FSC® (Forest Stewardship Council) certified paper from sustainably managed sources, which ensures traceability. In 2020, we launched our new sustainable packaging created with strategic design choices, including using recycled materials, to reduce the impact on nature.

# 2011

In 2011, we received the ISO14001 (Environmental Management System) certification, and we started using our Environmental Profit and Loss accounting to measure our impact on the environment. We extended the annual measurement of our footprint to incorporate the entire supply chain, analysing greenhouse gas (GHG) emissions, water consumption, water and air pollution, waste production and land use.

# 2012

In 2012, we began experimenting with innovative materials, such as using a compostable bio-plastic in our footwear. Since then, we became the first luxury brand, in 2016, to use ECONYL® recycled nylon in ready-to-wear, and we introduced ECODENIM and completely animal-free footwear.



# 2013

Together with Co-Founders Salma Hayek Pinault and Beyoncé Knowles-Carter, we launched CHIME FOR CHANGE to convene, unite and strengthen the voices speaking out for gender equality. To date, we have raised nearly \$17.5 million for 442 non-profit projects worldwide, reaching more than 590,000 women and girls.



# OUR JOURNEY

# 2014

In 2014, we began creating our first metal and chrome-free leather products, launched in 2015. Using alternative metal and chrome-free tanning reduces the environmental footprint compared to traditional methods. We have scaled up metal-free leather from 0.2% to 26% of our total leather production as of 2020, and we will continue to increase this.



We launched our 10-year sustainability strategy, Culture of Purpose. We committed to ambitious targets, including reducing our Environmental Profit and Loss account by 40% and achieving gender parity by 2025.

In close collaboration with Kering, we have been working towards ensuring 100% of our raw materials can be traced through our entire supply chain by 2025. We achieved 95% traceability in 2020, and even higher with some priority materials, such as precious skins (100%) and leather (99%).

As part of our commitment to animal welfare, we announced that we would no longer use animal fur, and we stopped using angora.



We have been carbon neutral across our supply chain since 2018, converting all our remaining GHG emissions each year into protecting and restoring biodiversity. We protect craftsmanship skills for the next generation and launched Gucci École de l'Amour in 2018 to pass on the know-how that is critical for our artisanal craft and production methods. We also began publicly sharing our commitments and progress on GucciEquilibrium.com, and in 2020, we reduced our total footprint by 44% and our GHG emissions by 47% since 2015, relative to growth.

We launched our Gucci Changemakers initiative and facilitated more than 2,000 volunteering projects, supporting more than 250 NGO partners. In addition, we launched the Gucci Changemakers North America Impact Fund and Gucci Changemakers North America Scholarship programme. In 2019, we also established a Global Equity Board, responsible for defining the vision and priorities informing our company culture and employee experience. We debuted the Gucci Design Fellowship Programme, a collaboration resulting in a learning experience for young designers coming from 10 fashion schools around the world.

In June, we launched our first Gucci Circular Lines collection, Gucci Off The Grid, which champions the regeneration of materials and textiles. We achieved 93% renewable energy across our direct operations in 2020, avoiding over 60,000 tonnes CO<sub>2</sub>. We received the 'Welcome. Working for Refugee Integration' award by the UN Refugee Agency (UNHCR) for the second year in a row.

# 2015

# 2016

# 2017

# 2018

# 2019

# 2020



**What we stand for and how we act towards one another is at the very core of who we are. Fuelling our creative vision is a desire to empower people to live a life of self-expression, so that everyone in our global community is free to be their authentic and unique selves.**

Our combined differences are what allow us to thrive and we foster an environment that is respectful, inclusive and diverse, where everyone is considered equal. This also means making sure that the people who help create our collections are treated fairly along our supply chain. Using our voice to stand up for social justice in the world and generate positive change drives us forward into a fair, just and equitable future for all.

**KEY AREAS**

Together, we are focusing on the critical aspects that affect our employees, our industry and our community, including:

- Promoting diversity and gender parity
- Supporting the continuation of craftsmanship traditions
- Offering our teams a sustainable and caring working environment
- Contributing to positive social impacts and supporting transformation across our entire supply chain

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## OUR 2025 COMMITMENTS

Offering our teams a sustainable and caring working environment

Supporting positive change from our Gucci community in the wider world

## OUR APPROACH

We are passionate makers, thought-leaders and, above all, dreamers. We imagine, we explore, we build. Our journey is shaped by equity, empathy and desire. Aimed towards sustainability and social change that impacts the wider world.

Our employees are invited to a purposeful place, where their unique voice and talents are celebrated and empowered in a joyful community of changemakers. This inclusive and caring culture helps us achieve more together.

## A STRONG, POSITIVE CULTURE

What does it mean working for Gucci? Being who we are creates the fabric of Gucci. A place where our unique selves nurture extraordinary collaborations.

We offer opportunities to build an inclusive and open community. One that is welcoming, accessible and equitable, where anyone can participate and belong. With imagination and curiosity, we push the boundaries and develop new perspectives to foster creativity.

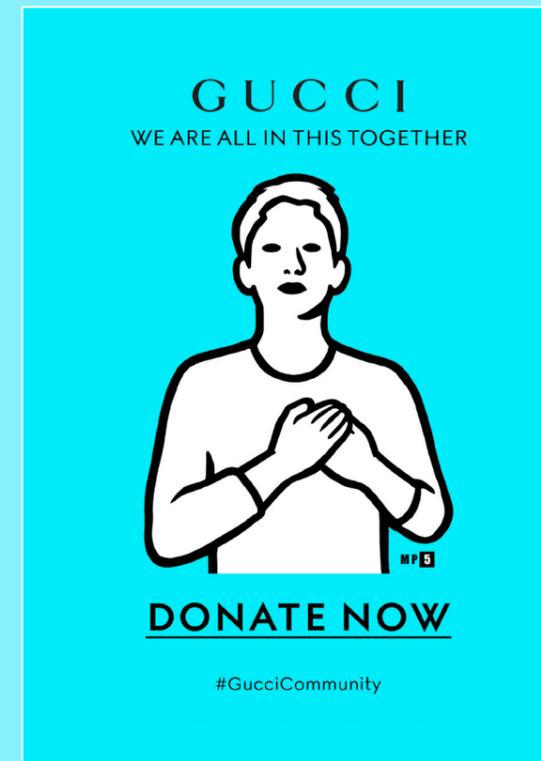
Our inclusive and caring culture is based on this shared vision, which not only informs our commitment to equality in the workplace, but also among the broader community we work with.

For example, in line with Kering's commitment, we care for the working conditions of talents and models who work with us, hiring those aged over 18 at our fashion shows and photo sessions and taking good care of their wellbeing.

## BEST WORKPLACE 2020

Gucci, for the second year in a row, was officially awarded Best Workplace 2020 in Italy by Great Place to Work, which analyses and certifies the best work environments in the world. We are the only company in the luxury industry to receive this certification.

This result takes into consideration five main criteria in analysing workplaces: credibility, respect, fairness, pride and coherence.



## WE ARE ALL IN THIS TOGETHER

On 26 March 2020, we announced a €2 million donation to support two crowdfunding campaigns to fight the COVID-19 pandemic. We called on our global Gucci Community to join us in raising money to provide health workers with equipment, and to fund the scientists working on vaccines and treatments.

In Italy, we donated €1 million to the National Civil Protection Department through Intesa Sanpaolo's ForFunding crowdfunding platform to reinforce Italy's health services and the organisations managing the emergency.

Internationally, we contributed €1 million to the United Nations Foundation COVID-19 Solidarity Response Fund. The Fund supports the lifesaving work of the World Health Organization (WHO) across many countries, including activities to help track and understand the spread of the virus; strengthen patient care and intensive care units (ICUs); improve supplies for health personnel, including protective kits; and accelerate the development of vaccines and therapies.

In addition to these crowdfunding initiatives, in Italy, our country of origin, we also responded to the call launched by Camera Nazionale della Moda Italiana with the project 'Italia, we are with you', a major solidarity project to donate ventilators and other required equipment, like medical surgical masks, testing reagents and protective clothing to meet the growing requirements of the country's healthcare system.

## PEOPLE FIRST

The COVID-19 pandemic has challenged us to reimagine an agile and inclusive environment, where our people are empowered and trusted to perform at their full potential. Where they feel engaged and proud to be part of the Gucci Community.

We have developed a flexible model for our offices, where our employees' experiences move seamlessly between physical and virtual spaces, with the right customisation and alternance and in compliance with strong safety protocols.

Our shift to digital has been particularly evident in learning and development initiatives.

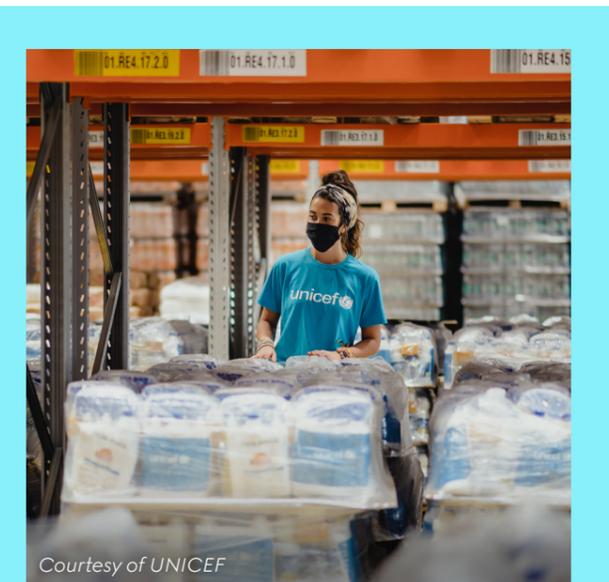
In 2020, learning went deeply digital and each employee attended, on average, 18 hours of training, resulting in more than one million courses attended.

## KEY HIGHLIGHTS

On average **18** hours training per employee in 2020

More than **1 million** digital learning courses completed in 2020

Over **€2.5m** donated to support COVID-19 relief initiatives



Courtesy of UNICEF

## ENSURING GLOBAL EQUITABLE ACCESS TO COVID-19 VACCINES

In December 2020, we donated \$500,000 to UNICEF USA, adding a further \$100,000 on behalf of the Gucci Community, to help ensure COVID-19 vaccines are equitably procured and distributed in the most vulnerable communities around the world. We are proud to share that much-needed vaccines have already been distributed to countries including Ghana, Cote d'Ivoire, Rwanda, Kenya and Cambodia, thanks to the COVID-19 Vaccines Global Access (COVAX) initiative, established by the WHO, UNICEF and other partners to guarantee equitable access to vaccines.

# 1. CREATING A STRONG AND CARING CULTURE

# 2. PROMOTING EQUITY FOR EVERYONE



## OUR 2025 COMMITMENTS

Promoting diversity and gender parity

Achieving gender pay equity for equivalent positions in Gucci by 2025

*"I really believe that creativity and diversity are inextricably linked in our industry. And, the more you are exposed to different views and experiences, the more you fuel the company's creativity, culture and growth."*

Marco Bizzarri,  
President and CEO of Gucci

## OUR APPROACH

Diversity, equity and inclusion are at the heart of our creative vision and passion for positive change.

Underlying our vision is our desire for all people to live a life of self-expression and freedom that fuels creativity, fosters innovation and reimagines the future. We believe in empowering imagination through our collective talent, driven by diverse ideas set free in an inclusive culture.

We place diversity at the core of our company culture and champion diversity in all its forms, so that everyone in our global community can thrive as their true and diverse selves. At Gucci, diversity is any dimension, visible or invisible, which can be used to differentiate groups and people from one another. We uplift each other by recognising, respecting and celebrating what makes us different. Inclusion at Gucci means creating and ensuring a sense of belonging where each individual is valued and treated equitably, allowing everyone to contribute, thrive and develop as who they are.



## INCREASING INCLUSION AND EMPLOYMENT OPPORTUNITIES FOR REFUGEES

In November 2020, we received the 'Welcome. Working for Refugee Integration' award by the United Nations Refugee Agency (UNHCR) for the second year in a row. The award recognises companies that distinguish themselves in both collaborating with, and promoting, refugee integration and employability in Italy. Since 2018, we have worked with the Adecco Foundation for Equal Opportunities and UNHCR on increasing inclusion and employability for refugees. Our #ForRefugees programme trains and employs refugees in our offices, factories and stores in Italy, providing economic opportunity to marginalised individuals and helping to foster inclusive communities.

## US RACE AND ETHNICITY, %

White	30.2
Hispanic or Latino	28.9
Black or African American	15.7
Asian	14.3
I do not wish to answer	4.9
Two or More Races	4.4
Native Hawaiian or Other Pacific Islander	1.0
American Indian or Alaska Native	0.5

Annual data provided by the People team at Gucci from 2018 to 2020 with the percentages of gender representation among Gucci's global employees, and Gucci's global management. Totals may not add up to 100% due to rounding. Data in these charts uses the gender categories male and female. Gucci understands, respects and values that gender identity and expression is not binary and is adopting non-binary and gender-expansive language for self-identification.

## GENDER DIVERSITY, %

Female	62.7
Male	37.3

## MANAGEMENT BY GENDER, %

Female	57.4
Male	42.6

# 2. PROMOTING EQUITY FOR EVERYONE

## INCREASING DIVERSITY AND INCLUSION ACROSS GUCCI

In 2019, we committed to further increase diversity and inclusion across our company, with a focus on management roles, while continuing to build on our strong foundation of gender equality and female leadership.

### We are building on this commitment in a number of ways:

We are ensuring an inclusive workplace for all our employees by providing ongoing training, learning opportunities, resource groups and open dialogue to increase communication, understanding and empathy. To date, more than 5,300 employees completed Unconscious Bias Training as part of this commitment.

We are increasing diversity at the management level in both corporate and retail, with specific targets reflecting each global region. We have also partnered with organisations specialising in cultivating under-represented talent to develop a more diverse pipeline for hiring.

We are working to achieve gender pay equity for equivalent positions within the organisation by 2025. We already disclose our progress in the United Kingdom and in France, where we were rated 98/100 on the 2020 Gender Parity Index.

We are creating greater opportunities for disabled people in our workplace and wider community. Starting with a pilot project at some of our stores, we are working on their accessibility to improve the shopping experience for people with disabilities. Our aim is to increase awareness of disability issues and create more opportunities for disabled people already in the company and those we will hire.

We are adopting non-binary and gender-expansive language for gender self-identification internally in some regions. We have adapted our ecommerce website to include non-binary and gender-fluid language.

## KEY HIGHLIGHTS

### Pioneering with Parks

Gucci was the first brand in luxury fashion to join Parks – Liberi e Uguali [Free and Equal] – an association of employers helping companies to create strategies to effectively implement values of diversity and inclusion inside and outside the company, with a specific focus on diversity in sexual orientation and gender identity.

*"The solution is not to place the under-represented communities on a temporary pedestal, but to have available all the platforms through which to be heard."*

Sinéad Burke, Inclusion and accessibility activist and writer

## PRIORITISING DIVERSITY, EQUITY AND INCLUSION AT THE TOP OF OUR CEO AGENDA

To further integrate and reinforce diversity, equity and inclusion (DE&I) throughout Gucci, we established a Global Equity Board, responsible for defining the overall vision and priorities to inform our company culture and employee experience. Led by President and CEO Marco Bizzarri, the Global Equity Board is comprised of a cross-section of senior leaders from inside and outside Gucci such as model and activist, Bethann Hardison, Gucci's Executive Advisor on Global Equity and Culture Engagement, inclusion and accessibility activist and writer, Sinéad Burke, and international development expert and activist, Muna AbuSulayman.

The Global Equity Board is tasked with setting ambitious targets, measuring our progress towards our established DE&I goals and aligning with Kering's broader DE&I mission. Our global and regional Diversity & Inclusion Committees work to ensure that the Board's strategy is translated into concrete activities and policies across Gucci.

2020 was a year of global reckoning on the issue of racial justice. In the midst of the Black Lives Matter protests around the world, Marco Bizzarri, and our Creative Director, Alessandro Michele, alongside Gucci employees, shared their commitment to combat racism and stand in solidarity with the Black community. Gucci paused all its operations in the United States on 4 June 2020 for employees to stand against racial injustice with the community and recommit to being part of demanding justice and fighting for equality.

Through Gucci's Changemakers North America Impact Fund, we also donated to The National Association for the Advancement of Coloured People (NAACP), Campaign Zero and Know Your Rights Camp to support their critical work in advancing racial justice. This support was in addition to Kering's donations to organisations on behalf of all its brands, including Gucci.



Bethann Hardison



Sinéad Burke



Muna AbuSulayman



**OUR APPROACH**

The fashion world has rapidly expanded and globalised since we opened our first store in Florence in 1921. These changes can be a challenge to the precious heritage of knowledge, craft skills and experience built up over decades and passed on through generations, particularly in Italy.

Because this heritage is at the heart of our future at Gucci and for luxury as a whole, we invest in training in craftsmanship skills and support the artisans, and our supply chain partners, so that the rare skills and beauty we began to nurture 100 years ago will be stronger than ever 100 years from now.

We also ensure that the people who help create our collections are treated fairly along our supply chain. While they are not directly employed by us, they are part of our culture. We work closely with them to ensure that our environmental and social best practices are adhered to.



I was a Sari artisans

**SUPPORTING SOCIAL ENTREPRENEURSHIP AND CIRCULAR FASHION**

We first partnered with I was a Sari in 2018 to accelerate our mission to promote gender equality and circular fashion. I was a Sari is a Mumbai-based social enterprise focused on equipping women from underprivileged communities with luxury embroidery skills to support their financial independence. They produce beautiful garments and accessories through the creative re-use of pre-loved saris, supporting a circular economy. Since 2018, starting from our designers in Rome, many of our employees volunteered in skill-sharing, training I was a Sari artisans. 170 women have so far been involved and, in 2020, we launched a special embroidery training programme, available for free, on a dedicated online platform to elevate the impact of the project. As a result, I was a Sari has made significant progress and is now producing three times the output than in 2018 when the partnership started.



**OUR 2025 COMMITMENTS**

- Supporting the continuation of craftsmanship traditions
- Supporting transformation across the entire supply chain

**KEY HIGHLIGHTS**

526 trainees at Gucci École de l'Amour at the end of 2020

# 3. PROTECTING CRAFTSMANSHIP AND ENGAGING SUPPLIERS

**GUCCI ÉCOLE DE L'AMOUR**

Launched in 2018, Gucci École de l'Amour is dedicated to passing on the knowledge and cultivating the skills that are so critical to our artisanal craft and production methods. Hosted in the Gucci ArtLab, our futuristic centre of industrial craftsmanship, experimentation and innovation, the school provides a range of unique initiatives and learning experiences:

**Craftsmanship School (Scuola dei Mestieri)**

A six-month programme in the Gucci ArtLab, educating trainees in the entire product design and production process for leather goods.

**Factory School (Scuola di Fabbrica)**

A bi-monthly programme in Gucci factories, training people to become production operators specialising in specific leather goods manufacturing.

**Technical Academy**

An internal programme offering specific technical training for Gucci employees working in different departments and in our Gucci factories.

These courses are taught by specialist artisans, managers who dedicate part of their time to educating, and retired former colleagues. All are inspiring teachers keen to pass on their own unique knowledge to the next generation at the heart of luxury fashion.

**SUPPLY CHAIN ENGAGEMENT**

Our supply chain partners employ thousands of people to help produce our collections. 95% of our suppliers are based in Italy and many of them have supplied us for two generations or more. We require all our partners to meet our Code of Ethics and Gucci Sustainability Principles, which are embedded in our supplier and subcontractor contracts.

In 2020, we continued our work on social sustainability as a member of a multi-brand committee set up by the Camera Nazionale della Moda Italiana. Within the committee's framework, the Fair Wage Network conducted an independent survey, 'Social Sustainability Report: a survey on wage practices among luxury fashion suppliers in Italy', and developed a Social Sustainability Road Map to commit to fair wages and increased workplace social sustainability across the luxury sector, which we adhere to.

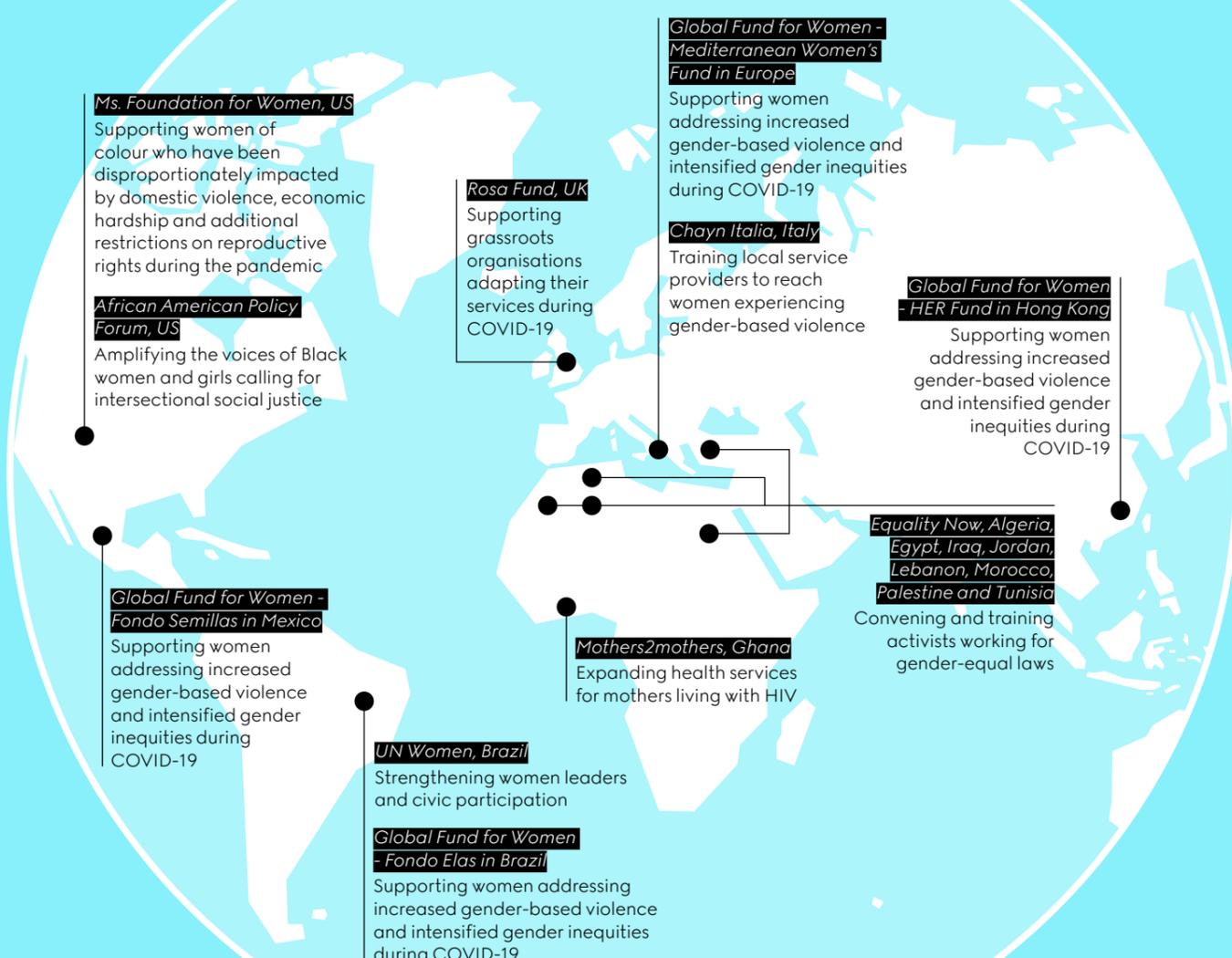
Supporting women empowerment across our supply chain is also important to us. In 2019, we joined the study 'Supporting Women in the Luxury Supply Chain: A Focus on Italy', promoted by Kering, in collaboration with the Camera Nazionale della Moda Italiana and three specialised associations (BSR, Wise Growth and Valore D) to understand the status of women working in the Italian luxury supply chain and to identify specific measures and programmes to support gender equality. Following this important research work, in September 2020, our suppliers took part in a webinar organised to discuss the results of the study and raise awareness around gender equality throughout our supply chain. Additionally, women employed in our supply chain received an in-depth training session on the issues of women's empowerment at work, work-life balance, and self-awareness. This training has continued in 2021.



**'SVILUPPO FILIERE' PROGRAMME**

The COVID-19 pandemic put significant financial strains on suppliers. It was important to support them through this challenging time, and with Intesa Sanpaolo, we were able to extend the Sviluppo Filiera programme to our supply chain in 2020. This meant that small- and medium-sized suppliers in our supply chain, which together employ more than 20,000 people in Italy, received quick access to a wide range of loans with very favourable terms. More than 36% of our suppliers in Italy made use of this financing, and for some it was key to the survival of their business. As of 31 December 2020, over €200 million in loans have been provided to our suppliers through this programme.

# 4. COMING TOGETHER TO



# CHIME FOR CHANGE

## KEY HIGHLIGHTS

More than **\$17.5m** raised to support gender equality projects and advocacy since 2013

Funded **442** projects with 162 partners in 89 countries worldwide

More than **590,000** girls and women have benefited directly from CHIME FOR CHANGE projects with non-profit partners, additionally reaching more than three million family and community members

In 2020, we supported more than 80 grassroots organisations through nine non-profit partners around the world, directly impacting **28,379** women and girls

## THE CHALLENGE

Our Gucci community fights for the safety, health and human rights of girls and women worldwide, and to support the next generation of leaders in creating a more equitable world. Because none of us can move forward if half of us are held back is the philosophy driving our global initiatives dedicated to gender equality.

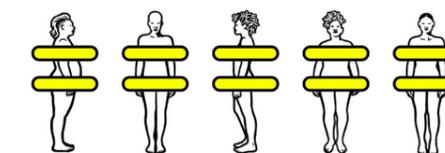
From supporting hundreds of projects with non-profit partners, to amplifying the voices of activists around the world, through CHIME FOR CHANGE we are uniting our global community to advance progress towards a gender-equal future.



## OUR RESPONSE: CHIME FOR CHANGE

Building on our long-standing and deep commitment to gender equality, we launched CHIME FOR CHANGE in 2013, together with co-founders Salma Hayek Pinault and Beyoncé Knowles-Carter, to convene, unite and strengthen the voices of people speaking out for gender equality around the world. CHIME FOR CHANGE aims to inspire participation in a collective community, bringing people together across borders and generations in the fight for gender equality.

# STAND WITH WOMEN



## STAND WITH WOMEN

To combat the increase in gender-based violence during the COVID-19 pandemic, CHIME FOR CHANGE joined forces with the Kering Foundation in 2020 to launch #StandWithWomen, a campaign calling for the global community to take a symbolic 'stand' with women around the world. The campaign, which was announced publicly by CHIME FOR CHANGE Co-Founder and KERING FOUNDATION Board Director, Salma Hayek Pinault, expanded funding for organisations focusing on the safety, health and justice of all women, including women of colour, transgender women, indigenous women and disabled women. #StandWithWomen directly supported nearly 30,000 women and girls through more than 80 grassroots women's organisations working on the frontlines to meet the increased needs of women and girls in Brazil, France, Hong Kong, Italy, Mexico, the Middle East, North Africa, the United States and the United Kingdom through non-profit partners including Chayn Italia, Equality Now, Global Fund for Women, Ms. Foundation for Women and Rosa Fund. CHIME FOR CHANGE's direct and expanded support was even more critical for organisations during this time when gender inequities have been magnified and global economic resources concentrated elsewhere due to COVID-19.

*"We stand in solidarity with women everywhere because we cannot risk the progress we have made in the long fight for gender equality."*

Salma Hayek Pinault,  
CHIME FOR CHANGE CO-FOUNDER

# 2. COMING TOGETHER TO CHIME FOR CHANGE



Courtesy of mothers2mothers

## CHIME FOR CHANGE MOTHERS2MOTHERS

### SUPPORTING MOTHERS TO HELP MOTHERS IN GHANA

During the COVID-19 pandemic, CHIME FOR CHANGE continued critical funding for non-profit partners, working with women-led grassroots organisations on the frontlines to protect and uphold the safety, health and human rights of women around the world, including the African NGO mothers2mothers (m2m). Founded in 2001, m2m works to eliminate mother-to-child transmission of HIV during pregnancy, childbirth and breastfeeding by providing education and support to local mothers living with HIV in sub-Saharan Africa.

*"Thanks to Gucci and CHIME FOR CHANGE, parents and caregivers in my community now know the benefits of early childhood development—they are taking on board these learnings by singing, playing and telling stories to their children."*

Faustina Aucansey,  
Mentor Mother

According to UNAIDS, across Eastern and Southern Africa around 20 million people are living with HIV – 59% of them women and girls. African women are disproportionately affected by the epidemic, but they are also leading the fight back.

The innovative m2m model has, at its heart, mothers living with HIV helping other mothers living with HIV. To this end, m2m employs and trains more than 1,700 women living with HIV to be Mentor Mothers, working across ten African countries. The Mentor Mothers are frontline health workers, delivering health services, advice and support to women and their families at health facilities and in local communities.

In 2020, we launched a three-year partnership with m2m to support Mentor Mothers in Ghana. This partnership builds on years of collaboration between m2m and Gucci, including CHIME FOR CHANGE co-founder, Salma Hayek Pinault, serving as a global patron of m2m.

During the COVID-19 pandemic, m2m's Mentor Mothers have been recognised as essential frontline health workers, and they have been able

to continue providing adapted, face-to-face services where possible, in accordance with the World Health Organization and national guidance. Our support comes at a time when the needs for health and support services have increased due to the pandemic, yet access to services and resources remains limited.

During the first year of our partnership, m2m in Ghana has:

- Recruited, trained and deployed 19 Mentor Mothers at health facilities and in local communities
- Reached 1,920 pregnant women, parents and caregivers with education focused on early childhood development and reproductive, maternal, newborn and child health
- Reached 900 children (aged 0-3 years) with early learning opportunities
- Educated 771 mothers-to-be on newborn care and child health

Together we are working to advance and ensure safe, equal healthcare for women in highly affected communities, especially during this critical time.

*"Thanks to CHIME FOR CHANGE's support, we as Mentor Mothers are teaching our peers how to manage illnesses, including the importance of getting diagnosed for HIV and starting treatment if they test positive. Gucci and CHIME FOR CHANGE have brought a great change to Ghana and have played a key role in keeping my community well. It is my hope that we will be able to grow this programme."*

Juliana Narh Atua,  
Community Site Coordinator



Courtesy of mothers2mothers

# 5. SUPPORTING POSITIVE CHANGE IN COMMUNITIES

APPROACH

PEOPLE

PLANET

## EMPOWERING EMPLOYEES

To empower our employees around the world to make a difference in their local communities, engage directly with social causes and help create positive change, we launched the Gucci Changemakers Global Volunteering programme in 2019. The programme allows every Gucci employee to devote up to 32 hours of paid leave annually to volunteer with non-profit organisations.

## A NEW GENERATION OF CHANGEMAKERS

Alongside the Global Volunteering programme, in March 2019, we announced a multi-year \$5 million Changemakers Fund and a \$1.5 million scholarship programme in North America.

Since its launch in 2019, through the Gucci Changemakers North America Impact Fund and Gucci Changemakers North American Scholarship programme, we have invested more than \$2 million in multi-year grant funding to organisations and financial scholarship awards to students working to promote social good in diverse communities throughout North America.

### Gucci Changemakers North America Impact Fund

The 2020 recipients of the Gucci Changemakers North America Impact Fund, which supports organisations focused on four key areas of impact: social justice and equity; arts and culture; health equity and wellness; and education, were unveiled in January 2020. The annual \$1 million grant fund to support community organisations creating social impact across diverse communities in 12 cities in North America was awarded to 16 organisations, selected from an initial pool of 145 applications received.

Additionally, as part of our overall response to the COVID-19 pandemic, Gucci provided \$150,000 in additional grants to our Impact Fund recipients to ensure our non-profit partners on the ground could continue to create positive social impact during these unprecedented times.

### Gucci Changemakers North America Scholarship Program

The grant-making initiative is additionally strengthened by the Gucci Changemakers North America Scholarship Program, which aims to provide opportunities for talented young people of diverse backgrounds to gain access to careers in the fashion industry.

On June 2020, we announced the inaugural recipients of the Gucci North American Changemakers Scholarship programme – 20 outstanding young people from diverse backgrounds who are pursuing careers within fashion at undergraduate colleges or universities. Each changemaker received an academic scholarship for up to \$20,000 in addition to mentorship and internship opportunities through Gucci America.

In June, we also announced the recipients of the Gucci North America Changemakers X CFDA Scholars By Design Program, an award of \$20,000 per year for four years to support two graduating high school seniors who plan to study fashion design at a college or university.

## KEY HIGHLIGHTS

Gucci Changemakers North America Impact Fund recipients, positively impacted the lives of more than **52,000** people across the 12 changemakers' cities



## OUR 2025 COMMITMENTS

Contributing to positive social impacts

## OUR APPROACH

Building just and equitable communities requires each one of us doing our part to take action on issues including promoting social justice, protecting the environment, enhancing education and supporting health and well-being. This is the focus of Gucci Changemakers; our growing community of employees and non-profit partners dedicated to lasting social and environmental change.

Through the many great contributions of our employee volunteers, we are making positive change happen in local communities around the world.

## BUILDING VIRTUAL BRIDGES WITH ARTOLUTION

As part of a three-year partnership with Artolution, we have been collaborating on interactive arts projects to promote reconciliation, healing and inclusion in displaced communities around the world. Artolution was founded by artists Max Frieder and Joel Bergner in 2009 as a community-based public art organisation that fosters connections through creative, participatory and collaborative artmaking. To further global collaboration and inspire creativity and change among the next generation we developed Virtual Bridges together with the organisation. This virtual workshop connected children and families of Gucci employees with crisis-affected youth participating in Artolution's programmes around the world. Through collaborative and interactive storytelling, participants were able to build relationships across borders and learn about each other's cultures and social contexts.

*"It was remarkable to experience the creative sparks flying as young refugees/migrants from South Sudan and Uganda connected with Gucci employees' children in Italy and the United States, despite great physical and cultural divides, eager to form new friendships! As we witnessed, collaborative artmaking has a vital role to play in humanising others, educating us and building positive relationships."* – Joel Bergner, CEO and CO-FOUNDER, Artolution



Courtesy of Artolution

GUCCI  
CHANGEMAKERS

## CONTINUING TO MAKE THE DIFFERENCE

Since launching Gucci Changemakers Volunteering, we have supported over 250 non-profit organisations, organised more than 2,000 volunteering activities and registered more than 1,800 volunteering applications by our employees. During the COVID-19 pandemic, we moved our efforts online: creating virtual volunteering opportunities for our employees to keep supporting communities in need, particularly those impacted by the COVID-19 pandemic. To date, we have activated 250 online virtual volunteering activities.

*"This importance of Gucci's volunteerism cannot be expressed in words. The time given by Gucci employees is nothing less than heroic."* – Heather Davis, Manager of Volunteer Engagement, Opportunity Village

*"I volunteered with Opportunity Village because of its mission for diversity and inclusion for the people it serves with intellectual and related disabilities. As a Gucci Changemaker, it is important for me that I support and champion those in need, who may not have a voice, and/or just need an extra hand. It was an amazing experience and I look forward too many more!"* – Alexandre Malgouyres, Gucci EMEA Communication Director, Paris

**We look at the world around us in a holistic way and believe that it is our duty to be sustainable, responsible and accountable in everything we do. We are dedicated to seriously reduce our footprint along our entire supply chain and embrace climate-smart strategies to help protect and restore nature for the future.**

What we cannot reduce ourselves, we translate into conserving biodiversity and forests that lessen the impacts of climate change. To share the progress we are making with our community, we are transparent about all the metrics that underpin our ambitious targets that we are striving to achieve by 2025. These goals drive us forward every day to develop eco-friendly sourcing solutions, low-impact materials, manufacturing efficiencies and circular innovations so that we can act for a better tomorrow.

**GUCCI'S ENVIRONMENTAL IMPACT**

Gucci's environmental impacts across the value chain include not only greenhouse gas (GHG) emissions but also water consumption, water and air pollution, waste, and land use at each stage of our supply chain and linked to product end-of-life.

**KEY AREAS**

Together, we are focusing on the issues on which we can have the biggest positive impact, including:

- Reducing our impact on nature and tackling climate change
- Making our supply chain more sustainable
- Increasing the sustainability of our products, including circular fashion collections
- Reusing and recycling materials
- Protecting and restoring biodiversity

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	OPERATIONS AND RETAIL	ASSEMBLY	MANUFACTURING	RAW MATERIAL PROCESSING	RAW MATERIAL PRODUCTION
AIR EMISSIONS	●	●	●	●	●
GHGs	●	●	●	●	●
LAND USE	●	●	●	●	●
WASTE	●	●	●	●	●
WATER CONSUMPTION	●	●	●	●	●
WATER POLLUTION	●	●	●	●	●

# REDUCING OUR FOOTPRINT



## OUR 2025 TARGETS

Reducing our total environmental footprint by **40%**, from a 2015 baseline relative to growth

Decreasing our greenhouse gas (GHG) emissions by **50%**, from a 2015 baseline relative to growth, for Scopes 1, 2 and part of Scope 3 (transportation and distribution, business flights, fuel and energy-related emissions) of the Greenhouse Gas Protocol

Reducing an additional **40%** of our Scope 3 emissions from purchased goods and services

Using **100%** renewable energy worldwide (stores, offices, warehouses, factories) by the end of 2022

## KEY HIGHLIGHTS

Over **30** LEED-certified sites worldwide (corporate and stores)

**67%** LED lighting for stores worldwide

**23** Building Management Systems in stores worldwide

**93%** renewable energy consumption worldwide (corporate, stores, warehouses, factories)

**35%** of Gucci's car fleet in 2020 was electric or hybrid

*"Gucci is taking timely and decisive action to protect humanity's future by protecting forests. I fully support and applaud them for their leadership."*

Dr. M. Sanjayan, Chief Executive Officer, Conservation International

## OUR APPROACH

Climate change and biodiversity loss are two of the biggest challenges we are facing collectively as a society. Which is why we take our commitment to reduce our impacts linked to our business activities very seriously. We not only focus on our own operations, but we also take responsibility for our entire supply chain. On top of this, we have started analysing consumer use and end-of-life of our products through our Environmental Profit and Loss (EP&L) account.

Our starting point is to lessen our footprint by increasing our efficiency and using best practices, such as green energy, sustainable materials, circular approaches and better manufacturing processes, which contributes to the reduction of our overall EP&L account. For any remaining GHG emissions, we translate them into protecting forests and biodiversity every year so that we are totally carbon neutral, not only in our direct operations but across our supply chain too.

## MOVING TO 100% RENEWABLE ENERGY ON DIRECT OPERATIONS

We are increasing our energy efficiency and transitioning to renewable energy for what we need. We aim to use 100% renewable energy. We are well on the way with this, achieving 93% green energy consumption in our direct operations in 2020 (stores, offices, warehouses and Gucci-owned factories) compared to 83% in 2019. We have already achieved 100% renewable energy in 41 of the 49 countries we are located in so far.

By replacing non-renewable energy from fossil fuels with green energy, we have reduced our CO<sub>2</sub> footprint year on year, resulting in savings of 45,800 tonnes of CO<sub>2</sub> in 2018, 59,200 tonnes in 2019 and 60,100 tonnes in 2020.

We are also supporting our suppliers to switch over to green energy and increase their use year on year. Currently, along Gucci's supply chain, suppliers use 25% renewable energy, with a peak of over 50% in leather manufacturing processes and 40% in footwear manufacturing.

APPROACH

PEOPLE

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## MAKING OUR STORES AND OFFICES SUSTAINABLE

We are passionate about making our stores and offices sustainable, so that they are not only great places for people to visit and work in, but more eco-friendly too. To this end, we implemented guidelines and best practices in all our stores to save energy and reduce carbon emissions, while minimising waste and managing the quality of air.

A first for luxury brands – we achieved the Leadership in Energy and Environmental Design (LEED) certification in 2009. LEED provides a framework to create healthy, highly efficient and cost-saving green buildings. It is globally recognised as the leading certification for buildings and a symbol of sustainability excellence. As of 2020, our two Italian headquarters located in Florence and Milan, our headquarters in Shanghai, and over 30 stores, mainly in China and in the USA, are LEED-certified. In total, approximately 7% of our total sites worldwide (stores and corporate) are certified stores and we are aiming for 10% in 2021.

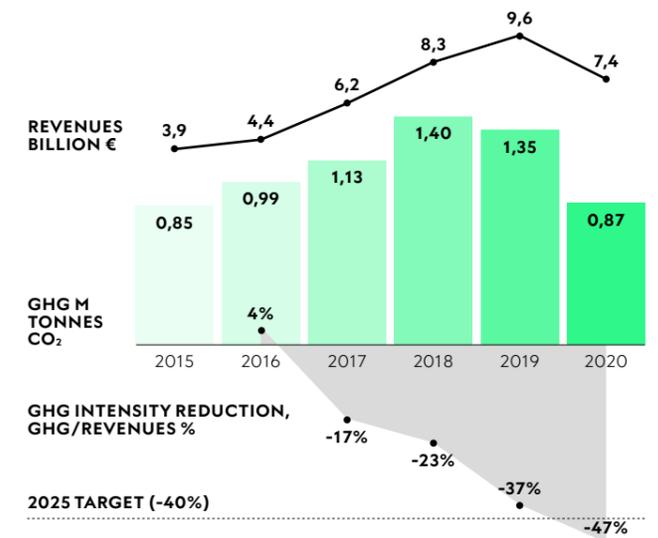
Inside our stores and offices we have set up eco-friendly initiatives and energy-efficient technologies, such as LED lighting across our stores to significantly lower energy consumption and promote longer-lasting lighting, and BMS monitoring systems (Building Management Systems) to track energy consumption and improve savings. Currently, 67% of stores use LED lighting and 4% have been equipped with BMS. This will increase respectively to 72% and to 5% in 2021.

## MAINTAINING CARBON NEUTRALITY, INCLUDING OUR SUPPLY CHAIN

Our climate strategy is underlined by our carbon neutral approach, which has recently been bolstered to go beyond carbon neutrality towards a nature-positive approach. As of 2018, we have been entirely carbon neutral in our direct operations and across the entire supply chain (Scopes 1, 2 and 3 of the Greenhouse Gas Protocol). Our approach is straightforward: we first avoid and reduce our GHG emissions as a priority and then, as a final measure, translate all our remaining emissions every year into protecting critical forests and biodiversity around the world. What is unique is that we do not just address our direct operations but include the GHG emissions generated from our entire supply chain. Since the bulk of our emissions fall within the supply chain, as is the case with all luxury and fashion brands, it is vital we act responsibly in being accountable for these emissions too.

Through our 360-degree strategy, we first avoid and reduce the GHG emissions associated with our business activities as much as we can. We then compensate for the remaining emissions every year by investing in natural climate solutions. Our global offsetting portfolio of REDD+ (Reducing Emissions from Deforestation and Forest Degradation) projects helps us mitigate climate change, creates a positive economic and social impact for local communities and helps protect wildlife and its habitat.

## GHG EMISSIONS



\* The graph depicts the trajectory related to Gucci's 40% GHG emissions reduction target in Scopes 1,2 and 3 of the Greenhouse Gas Protocol. Gucci has an additional 50% target related to Scope 1 and 2 and controlled Scope 3 (upstream transportation and distribution, business air travel, and all fuel and energy associated emissions)



## POWERING OUR HQ WITH THE HELP OF THE SUN

As part of our ongoing focus on switching to renewable energy across Gucci, we installed photovoltaic panelling on the rooftops of our main Italian headquarters based in Florence and Milan. The panelling directly converts sunlight into usable green electricity for these sites, so that we can power our headquarters while reducing our direct energy consumption and carbon footprint. Thanks to the panelling, in 2020 we directly produced about 10% of the energy used in these sites.

2.



APPROACH

PEOPLE

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### ENSURING TRACEABILITY

From leather to precious skins, plant fibres, gold and precious stones – we take a strategic approach for all the raw materials we use in our collections. This includes adhering to our high standards of sustainable sourcing and processing and developing innovative solutions that are better for people and our planet.

As an example, fashion's global leather supply chains are complex and we have set up projects in our own supply chain to help drive positive change every step of the way. This starts with the detailed standards created by our parent company Kering, which govern the sourcing and production of our leather. They include:

- 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

We put a big emphasis on traceability since we want to ensure our requirements are being met. We have been working steadily towards our 100% target for traceability up to the farm by 2025. In 2020, we achieved 99% traceability of leather up to the country of abattoirs and we have continued to carry out traceability audits among tanneries and abattoirs for visibility in their sourcing from farms.

### PROMOTING MORE ENVIRONMENTALLY FRIENDLY TANNING

An important part of our commitment to sustainable best practices is linked to tanning processes and we promote metal or chrome-free tanning as an alternative to traditional methods. This greener solution reduces chemical use, water consumption, waste and by-products from tanning and manufacturing, as well as saving energy and reducing associated greenhouse gas emissions. We began using metal-free leather back in 2015 when we launched a pilot for three iconic Gucci bag and wallet collections. We have scaled up metal-free leather from 0.2% since then to 26% of our total leather production in 2020, with a goal to achieve 100% metal or chrome-free tanning by 2025.

# FOCUSING ON SUSTAINABILITY ALL THE WAY ALONG OUR SUPPLY CHAIN



### OUR 2025 TARGETS

- Attaining **100%** traceability for our raw materials
- Attaining **100%** alignment with Kering's Standards for Raw Materials and Manufacturing Processes
- Developing new eco-friendly and innovative sourcing solutions, materials and processes

### OUR APPROACH

From the fields, farms, forests and mines where our raw materials come from to the final products in our collections – there are many opportunities to enhance sustainability all the way along the supply chain. We want to make the most of all these opportunities so we can maximise positive change for people and our planet. To this end, we work closely with our network of trusted suppliers, that are mainly located in Italy, to ensure that environmental and social best practices are embedded throughout our supply chain.

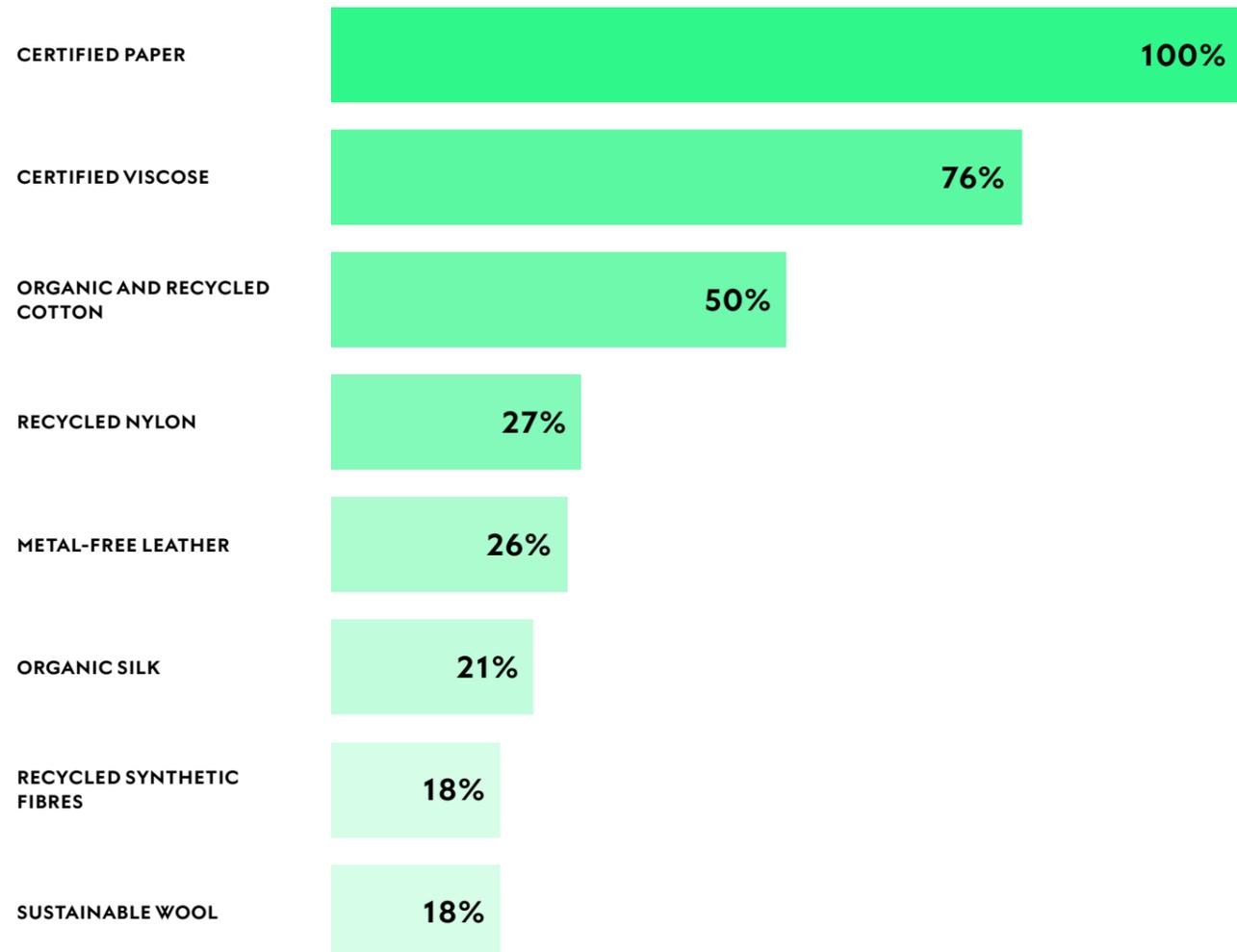


# 2. FOCUSING ON SUSTAINABILITY ALL THE WAY ALONG OUR SUPPLY CHAIN

## MATERIALS TRACEABILITY



## SUSTAINABLE MATERIALS



## PARTNERING THROUGHOUT OUR SUPPLY CHAIN

We work closely with our suppliers and subcontractors throughout our supply chain to ensure they adhere to our standards. All our suppliers and subcontractors must comply with our Gucci Sustainability Principles and Code of Ethics, and other key policies, such as Kering’s Animal Welfare Standards.

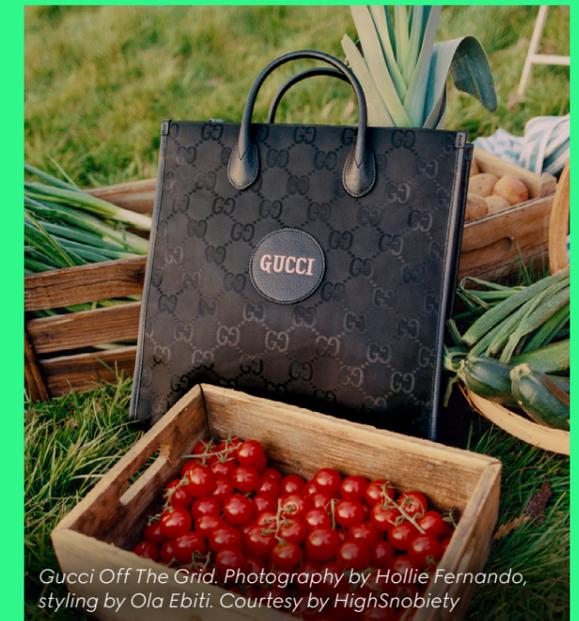
To ensure continued compliance, we have a robust monitoring system for all our suppliers and subcontractors, including regular audits by specialists from Kering and third-party teams. If any breaches are identified, corrective action plans are put together. Follow-up audits are then conducted to ensure any non-conformance has been rectified. In 2020, 825 Gucci suppliers were subject to at least one full audit or a follow-up audit. In total, 1066 audits were carried out across our supply chain.

To help suppliers meet our Sustainability Principles, we hold training seminars every year. These seminars share best practices and information about our sustainability strategy and the key impacts generated in our supply chain. We want to help our suppliers to keep improving.

## A FEW OF OUR SUSTAINABLE MATERIALS AND PRODUCTS

Examples of sustainable materials and products include:

- Gucci Off The Grid collection under Gucci Circular Lines
- ECO Denim in ready-to-wear
- ECO and animal-free shoes
- Straps and cases with recycled materials for watches
- Recycled palladium and ethical gold in jewellery and metal accessories
- Metal-free tanned leather
- Certified paper and cardboard, and recycled materials, in packaging



Gucci Off The Grid. Photography by Hollie Fernando, styling by Ola Ebiti. Courtesy by HighSnobiety

## CHAMPIONING SUSTAINABLE RAW MATERIALS

We have been exploring ways to increase sustainability right at the start of our supply chain where we source our raw materials. Through the careful selection of our cotton, silk and wool, we support production systems that do not deteriorate natural ecosystems and local biodiversity but instead, promote soil health restoration and increase water and biodiversity conservation overall.

Take for example one of our most important raw materials – cotton. We have been busy replacing conventional cotton with organic alternatives. We are committed to continue increasing the quantity of certified organic fibres across our collections, ensuring that we are sourcing from supply chains where environmentally and socially responsible criteria have been adhered to every step of the way. We have targeted to use 100% sustainable cotton by 2025.

For example in 2020, we launched an organic cotton denim collection, and upcycled all the leftovers from cutting processes into new materials under the Gucci-Up programme.

We are also working to identify and scale up regenerative agriculture projects within our sourcing regions, with the aim to source regenerative raw materials for our products. Going beyond our own supply chain, we are also incentivising farmers to switch to regenerative agriculture through ‘carbon farming’. We are championing a shift from the chemically intensive farming that traditionally produces fashion’s raw materials to agricultural systems that actually replenish and strengthen nature rather than depleting it.

# 3. GOING OFF THE GRID TO PUT CIRCULAR FASHION ON LUXURY'S MAP



*Photo of Lil Nas X, rapper, singer and songwriter, sitting in a rustic treehouse, surrounded by a towering city, wearing pieces from Gucci Off The Grid*

*Art Director: Christopher Simmonds.  
Ph & Director: Harmony Korine*

## OUR RESPONSE

Gucci Circular Lines champion the regeneration of materials and textiles, wasting less and minimising the use of new raw materials. Our first circular collection under Gucci Circular Lines, Gucci Off The Grid, is created using recycled, organic, bio-based and sustainably sourced materials. All in all, there are around 70 different products in the collection, including accessories, ready-to-wear and travel pieces. Everything is rethought, reused, refashioned – re-loved.

The collection's main material is ECONYL®, which has been 100% obtained from pre- and post-consumer waste, such as abandoned fishing nets and carpets – including plastics that harm marine life and old materials that will likely end up in landfills and, instead, now regenerated into a new high-quality yarn. Gucci was the first luxury brand to use ECONYL® in 2016.

To further support a virtuous cycle, the ECONYL® off-cuts are recovered and upcycled from Gucci Off The Grid manufacturing into new ECONYL® and the leather scraps are upcycled as part of our Gucci-Up programme.

From first idea to last detail – with Gucci Off The Grid, we are putting circularity at the heart of its design and creation. Following the great success of the launch collection, we are lining up a second collection for 2021.

## GUCCI OFF THE GRID ECO FEATURES

- Regenerated ECONYL® nylon as main material
- Metal/chrome-free tanned leather
- Organic cotton, or recycled polyester, or regenerated leather for interlining
- Recycled brass alloys
- Nickel-free and recycled and RJC CoC-certified gold and palladium for finishing
- Viscose sourced from sustainably managed forests for twill
- Recycled plastic for accessories
- Recycled polyester for thread and tape for zippers
- Bio-based content for soles of shoes
- Solvent-free adhesives for manufacturing processes
- Recycled FSC® certified self-assembly box and recycled nylon pouches for other packaging component

## THE CHALLENGE

Gucci is establishing new ways on how sustainability can power creativity and underline our values, making the journey into the next years further and further away from fashion's linear model, and to a circular one. We envision the future of sustainability where circularity is not the exception to design and creation but integrated as part of the process. A future where the beauty of old materials is celebrated in an everlasting cycle, and new natural resources are not a requisite for appeal and quality.



## OUR 2025 TARGETS

Eliminating single-use plastics in B2C packaging by 2025 and in B2B packaging by 2030 through our Fashion Pact commitment under Kering

Maximising sustainable processes and materials, such as regenerated, organic, recycled and bio-based materials

Using 100% paper and wood-based products that are certified from sustainably managed forest sources

## OUR APPROACH

The fashion industry generates a vast amount of waste every year, when much of it can be reused or recycled. The lives of precious natural resources, raw materials and finished products are foreshortened, when they can and should be helped to last longer through new forms and fresh uses. To play our part in changing this, we look to make the most of the opportunities to reduce, reuse and recycle our raw materials throughout the Gucci ecosystem.

## USING PAPER WITH CARE

We make sure we use paper responsibly. Since December 2017, we have been a member of the Forest Stewardship Council (FSC®), and all our packaging and printed materials have been FSC® certified since 2010. We aim at reducing office paper too, and we have internal guidelines to promote less printing. In the past three years, we have decreased the average consumption of office paper per employee by 17%.

## CIRCULARITY WITH GUCCI-UP

We have a number of innovative projects to embed circularity across our collections. Through our Gucci-Up programme, we recover and upcycle leather and textile offcuts created during manufacturing. From 2018 to 2020, this led to around 27 tonnes of reusable leather scraps, which were regenerated in collaboration with NGOs and women-based projects, as well as with social cooperatives in Italy to support the training of people from marginalised groups and their reintegration into their communities.



# REDUCING, REUSING, RECYCLING

## TACKLING PLASTIC

We want to keep plastic within a circular economy and out of the environment. To this end, we have been actively reducing our reliance on plastic overall while simultaneously prioritising recycled and bio-plastics as a more sustainable substitute. We are also working to better integrate plastic alternatives into our products and throughout our entire supply chain, including our offices, stores and production sites.

To guide us in our efforts we follow our parent company Kering's standard for plastics and apply it to all the plastic types we use in our products, packaging and visual merchandising.

Some of the game-changing programmes we have launched for plastics in the past years include:

- Banning PVC in all our products and packaging since 2015
- Replacing virgin synthetic fabrics with recycled alternatives, as we do in our Gucci Off The Grid collection and in our Gucci Green Packaging
- Progressively switching virgin plastic for recycled Acrylonitrile-Butadiene-Styrene (ABS) plastic in the heels of our shoes since 2015 and using Thermoplastic Polyurethane (TPU), containing up to 50% bio-plastic content, for the soles
- Eliminate all virgin single-use plastics in our product packaging for ecommerce and retail. Any remaining plastic components come from recycled sources, such as hangers for our ready-to-wear collections from recycled polystyrene or rain covers for shopping bags from recycled polyethylene, and dust bags and suit carriers made of recycled polyester and regenerated cotton
- Increasing the reuse of industrial packaging. For example, launching our Take Back programme to reuse the plastic protective boxes for our accessories – thereby avoiding the production of one million new boxes equalling 90 tonnes of plastic since launching the project in 2019

# 4. REDUCING, REUSING, RECYCLING



Gucci Women's Fall-Winter 20-21

## HOLDING SUSTAINABLE FASHION SHOWS

As a fashion-first, we achieved ISO 20121 certification for our events, including fashion shows. This international standard provides a framework and guidance for designing a sustainable event from start to finish – taking into consideration all the environmental, social and economic elements. Beginning with our Spring/Summer 2020 show held in September 2019, we measure and mitigate the environmental impact of our fashion shows and optimise all planning and processes involved so that they are more environmentally efficient. This includes sustainable sourcing and favouring materials that can be reused, recycled or rented; prioritising local catering; avoiding single-use plastic; donating leftover food; using green electricity and LED lighting where possible; and choosing more eco-friendly transport for our working staff, models and guests.



Tree planting in Milan

APPROACH

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## CREATING NEW GREEN PACKAGING

As part of our commitment to be more environmentally friendly in everything we do, in 2020 we launched our new Green Packaging for stores and online sales, in a shade of green chosen by Gucci's Creative Director, Alessandro Michele. It has been created with strategic design choices so that sustainability has been considered every step of the way.

Featuring an ornate green decorative pattern embossed onto our shopping bags and boxes, all paper and cardboard comes from sustainably managed forest sources. The unique green colour decreases the use of inks and an uncoated paper ensures it is fully recyclable. The shopping bag handles are black torchon made of 100% recycled polyester and knotted to avoid using glues, so it is easier to separate and recycle. Natural-coloured dust bags and suit carriers are made of a mix of regenerated cotton and recycled polyester, finished with the black Gucci logo. Ribbons are 100% organic cotton and hangers for ready-to-wear are made of recycled polystyrene.

We have also designed the packaging so that it is sustainable for ecommerce – it has been created for easier reuse and optimised transport, with a foldable outer box that reduces the number of vehicles needed during transport and, consequently, lowers the associated carbon footprint. The fully recyclable outer box has a double closing system to optimise returns, the fillings are paper, and paper tape is used to close the box.

We also take responsibility for the GHG emissions from the overall production of each show, including any associated travel by guests and workers. For our shows held in September 2019, and in January and February 2020, we planted one tree for each show participant and worker to neutralise the emissions that had not already been addressed through Gucci's carbon neutral approach.

So far, we have donated 7,000 trees to the Municipality of Milan, contributing to urban reforestation under the ForestaMi project.

Beginning in 2020, we have extended the sustainable management of our fashion shows to digital events and advertising campaigns.

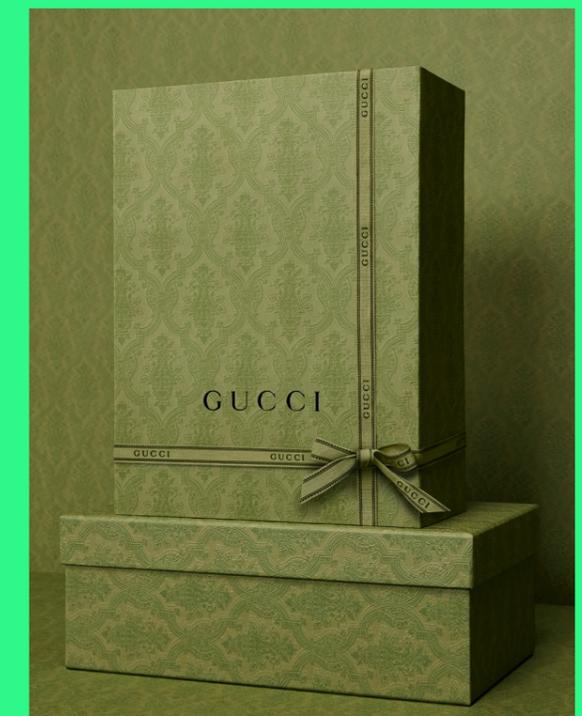
## WASTING LESS LEATHER IN PRODUCTION

We look for innovative ways to optimise efficiencies during the production and manufacturing of our collections. After all, this is not only better for the planet and reduces our impact, but it is better for our business, too. As an example, we launched our Gucci Scrap-less programme to significantly reduce the footprint of our leather manufacturing, compared to traditional methods. By simply cutting the leather hide to size before tanning, we are able to process only what we need for production, while reducing the amount of energy, water and chemicals required to treat the material. This also reduces transport-related greenhouse gas (GHG) emissions from tanneries to factories.

We are continuing to extend the Gucci Scrap-less programme for our leather production, with 13 tanneries participating in the programme in 2020, equalling approximately 12,353 tonnes of CO<sub>2</sub> avoided since launching in 2018. Around 1.7 million kW of energy was saved; 21 million litres of water and water effluents entering the waste stream were avoided; 137 tonnes of leather scraps were reduced; and 295 tonnes of chemicals, including 57 tonnes of chrome, were avoided.



Gucci Scrap-less



Gucci new sustainable packaging



Rimba Raya REDD+ project, Indonesia. Photo of local children in Indonesia reading together

### SUPPORTING COMMUNITIES

Through the REDD+ projects we support, they deliver multi-benefits to the local communities, including increased livelihoods. As an example, the Chyulu Hills REDD+ project protects approximately 410,000 hectares in a volcanic mountain range in south-eastern Kenya, representing a critical ecosystem in a largely water-deficient arid and semi-arid landscape. Vast wildlife, including populations of the increasingly threatened African Elephant and the critically endangered Black Rhino, roam this biodiverse area, and it is also home to around 140,000 people including the Maasai. Gucci's support of this project will help generate 18.5 million tonnes of Verified Emissions Reductions (VERs) over 30 years, and our investment will have a far-reaching positive impact on the local communities and their wellbeing too. Health and education infrastructure is improved and 86% of our funding is distributed to the community members through the Chyulu Hills Conservation Trust.

### OUR APPROACH

Fashion's traditional systems have had a hand in impacting the world's biodiversity and helping reverse the trajectory of biodiversity loss is critical. We are committed to leading a change across our Gucci universe, and beyond, to proactively protect and restore the natural world. To this end, we have evolved our carbon neutral strategy to go towards a nature-positive approach through Gucci's Natural Climate Solutions Portfolio, which conserves forests, protects and restores mangroves, and improves land management through regenerative agriculture. We also support global wildlife conservation efforts.

### CHAMPIONING CHANGE

Building on our commitment to total carbon neutrality, Gucci's new science-based Natural Climate Solutions Portfolio focuses us on tackling climate change and championing regenerative agriculture. Our essential aim is to protect and restore nature.

Our Natural Climate Solutions Portfolio outlines key initiatives to protect forests and biodiversity, including protecting critical forests around the world from deforestation; safeguarding and restoring mangroves; investing in regenerative agriculture within our supply chain so that we will be able to source regenerative raw materials for our collections; and incentivising farmers to shift to regenerative practices more broadly through 'carbon farming'.

To live up to our enhanced commitments, we are focusing on supply chain transformation, as well as supporting initiatives that help mitigate climate change, create a positive economic and social impact for local communities, and protect endangered wildlife and their habitats.

### TURNING OUR CARBON EMISSIONS INTO FORESTRY PROTECTION

Following the 'mitigation hierarchy', we first avoid and reduce our greenhouse gas (GHG) emissions in our own operations and across the supply chain as much as we can then, as a final measure, we compensate for our remaining emissions every year. Since undertaking to translate our total annual remaining GHG emissions, starting in 2018, into the conservation of nature, we have invested in selected Reducing Emissions from Deforestation and Forest Degradation (REDD+) projects that protect crucial ecosystems.

To maintain our carbon neutral commitment, for 2018, we invested in the Chyulu Hills REDD+ project, the Alto Mayo REDD+ project, the Rimba Raya REDD+ project and the Southern Cardamom REDD+ project, and, for 2019, we partnered with the Kariba REDD+ project and, once again, with the Chyulu Hills REDD+ project. For 2018 and 2019 combined, this equalled the protection of approximately 1.9 million hectares of important forests and biodiversity.



### OUR COMMITMENTS

Maintaining carbon neutrality and moving towards nature-positive

Supporting the conservation and restoration of vital ecosystems around the world

Advocating regenerative agriculture in our own supply chain and beyond

### PROTECTING AND RESTORING CRITICAL WETLANDS

Above and beyond carbon neutrality, and as part of Gucci's Natural Climate Solutions Portfolio, we have also invested in the Honduras-based Muskitia Blue Carbon REDD+ project through partner South Pole. This project is restoring and protecting over 290,000 hectares of primary forests and mangroves, which store up to ten times more carbon than mature terrestrial forests.

### ENCOURAGING REGENERATIVE AGRICULTURE

We advocate agricultural systems that actually replenish and strengthen nature rather than deplete it, instead of the widely used chemically intensive farming methods that traditionally produce fashion's raw materials.

As the first step in a broader, long-term strategy for regenerative agriculture, we are identifying and scaling up regenerative agriculture projects within our sourcing regions, in order to source regenerative raw materials for our collections.

Going beyond Gucci's own supply chain, we are also incentivising farmers to switch to regenerative agriculture through 'carbon farming'. Here, we are funding regenerative projects for wool and

leather globally. In Patagonia, for example, we are supporting woolgrowers to convert to regenerative grazing, which promotes soil health and water quality, increases biodiversity, adopts best practices in animal welfare and sequesters carbon dioxide.

*"We want to be part of the solution for nature and climate by mainstreaming practices and systems that will transform nature from being a victim of climate to becoming an actor to change climate, which will ultimately determine the future of our planet."*

Marco Bizzarri,  
Gucci's President and CEO



Courtesy of The Lion's Share Fund

### CONTRIBUTING TO THE CONSERVATION OF ENDANGERED WILDLIFE

In 2020, we joined The Lion's Share Fund, a unique initiative raising much-needed funds to tackle the crisis in nature, biodiversity and climate across the globe. Led by the United Nations Development Programme (UNDP) and a coalition of businesses and UN partners, the Fund is an innovative concept that organically connects the business community with on-the-ground action to protect wildlife and its natural habitat. Gucci's ongoing contribution to The Lion's Share Fund is an important part of our conservation strategy. In 2020, our donations supported two emergency grants for wildlife protection and recovery following the Australian bushfires; contributed to actions for the long-term conservation of the Leuser Ecosystem in Sumatra, one of the most biodiverse environments left on Earth; and helped communities across Africa, Asia and Latin America that depend on wildlife-based tourism, and were hit hard by the COVID-19 pandemic, through development of skills alternative sources of income and food security.

# 5. CONSERVING THE NATURAL WORLD

# LOOKING TO THE FUTURE

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## Over the past years, we have been striving to meet the sustainability targets outlined in our 10-year 'Culture of Purpose' strategy.

Our commitment to generate positive change for people and our planet underlines our resolve to constantly improve, as our values guide us to take action. We are always moving forward; and looking to the future. How we adapt to, and create in, our ever-changing world, will help define this future for Gucci, and for our industry.

Fostering an environment that is respectful, inclusive and diverse, where everyone is considered equal, is fundamental to our ongoing strategy. Our combined differences not only reflect the world around us but fuels creativity and imagination. We believe that the fashion industry needs to reflect this paradigm too.

Building in wide-ranging representation as a prerequisite for the next generation entering our industry is essential and we will continue to support this through our initiatives, like the Gucci Design Fellowship programme where we give students from international fashion schools hands-on professional experience, while facilitating cultural exchange. We will also continue to support community organisations focused on increasing inclusion, diversity and gender equality through our various initiatives.

Helping to build equality where we can in the wider world is one of our core philosophies. This will determine where we focus our ongoing efforts. Supporting COVID-19 relief initiatives, and the organisations combatting the lasting impacts of the pandemic, has been a main focus for us. Now, it is essential that the vaccine is equitably procured and distributed fairly in the most vulnerable communities globally.

Gucci has answered UNICEF's international call for support and funding for COVAX, a global collaboration organised to accelerate the development and production of, and equitable access to, COVID-19 tests, treatments and vaccines.

We are also committed to ensure everyone has equal opportunities at Gucci to create long-term careers, in every way we can. Our strategic ambition of 'Creating Opportunities for Disabled People' is a main priority over the next number of years. We have created equitable access to employment, partnered with grassroots organisations embedded in regional disabled communities, and designed a blueprint to reimagine physical places and digital spaces. In 2021, we are launching a pilot programme to improve and develop the accessibility of our stores as well as strengthening our efforts towards the meaningful inclusion of disabled people across our workforce from retail to corporate.

In creating space for disabled people to have agency and equitable access within our company, our ultimate goal is to develop and model best practice, so that we can shape how disabled people are seen, heard and considered. Not just within our stores, or our company, but in the world around us.

At Gucci we are building authentic value – value for people, value for climate and value for nature. Our relationship with the natural world, and our impact on the planet, will continue to drive us forward in the coming years. We want to be part of the solution for a better tomorrow. We will continue to prioritise the avoidance and reduction of our environmental impacts associated with our own operations and the entire supply chain. Our new science-based target for climate under Kering will act as one of our benchmarks so that we reduce our greenhouse gas emissions in alignment with a 1.5°C pathway by 2030. To help us achieve our ambitions, we will continue to develop eco-friendly sourcing solutions, manufacturing efficiencies and low-impact materials. Investing in innovation as a driver for sustainability will act as a facilitator. At the same time, we will be protecting and restoring critical forests, mangroves and biodiversity around the world.

We are also taking bigger steps to lower our footprint for raw materials production; supply chain transformation is the next chapter in our sustainability journey. We want to work with nature, not against it. A pivotal part of our new Natural Climate Solutions Portfolio champions regenerative agriculture.

We are supporting a shift from the chemically intensive farming that traditionally produces fashion's raw materials to agricultural systems that promote soil health, water quality, increased biodiversity, animal welfare best practices and carbon sequestration for the long term. Over the next years, Gucci will be setting up regenerative agriculture projects in our supply chain; our goal is to scale up projects within our sourcing regions, with the aim to source regenerative raw materials for our collections. While we work towards this goal, we will also support farmers in this switch through 'carbon farming' more broadly.

Gucci is committed to help catalyse positive outcomes for our planet and people. We are driven by the critical issues that are creating our collective future and, through Gucci Equilibrium, we will continue to evolve our strategy to meet the needs and challenges of tomorrow.

# METHODOLOGY

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**Gucci Equilibrium Impact Report covers a selection of the social and environmental commitments and actions we have made in our direct operations and across our supply chain. In addition to this overview, we report on our commitment and progress towards our sustainability goals in many other ways throughout each year, as well as through a wide range of surveys and industry rankings covering a broad array of issues. For more detailed information on Gucci's and our parent company Kering's sustainability strategy and methodology please refer to the following documents and platforms.**

## **GUCCI EQUILIBRIUM**

Gucci Equilibrium is our commitment to generate positive change for people and our planet. It unifies the principles we uphold and the actions we pursue to treat our world and each other better, for our collective future. Discover Gucci's sustainability news and articles on our efforts by visiting equilibrium.gucci.com. For Kering sustainability news, visit <https://www.kering.com/en/sustainability/>

## **KERING ENVIRONMENTAL PROFIT AND LOSS (EP&L)**

Gucci's total environmental impacts associated with our business activities in our direct operations and across our supply chain are rigorously calculated on an annual basis. To do this we use Environmental Profit and Loss (EP&L) accounting, which was pioneered by our parent company Kering. An EP&L account measures greenhouse gas emissions, air and water pollution, water consumption, land use and waste production along the entire supply chain, thereby making the various environmental impacts of Gucci's activities visible, quantifiable and comparable. Any variation of 2015-2019 EP&L data with respect to already published data is due to a periodical update of EP&L coefficient as per Kering Methodology.

These impacts are then converted into monetary values to quantify the use of natural resources. By measuring all our environmental impacts, we can focus in on the most significant drivers of impacts from our business and make better-informed decisions. This data-driven approach allows us to develop robust policies and programmes to reduce our footprint and drive tangible, positive change. With this deep knowledge, we can also respond to the risks and opportunities presented by any environmental challenges.

## **GUCCI DIGITAL EP&L**

To provide even greater transparency, we launched a customised Gucci Digital EP&L in 2019. This open source platform is a testimony to our underlying philosophy of transparency, welcoming all forms of collaboration with our peers, across our industry. It drives greater understanding of our sustainability approach and enables different stakeholders in our industry to leverage the EP&L through its underlying data sets.

## **KERING UNIVERSAL REGISTRATION REPORT**

The report includes Kering's annual financial report, the report of the Board of Directors on corporate governance, the internal control and risk management procedures implemented by the company and the reports from the Auditors. The report is developed for a range of stakeholders, including employees, local communities, non-governmental organisations (NGOs), customers, investors and government.

## **KERING INTEGRATED REPORT**

The report delivers a comprehensive view of Kering's global value creation gained from its creative, financial, environmental, ethical and social dimensions.

## **KERING SUSTAINABILITY PROGRESS REPORT**

Kering's report outlines the key projects and progress achieved from 2017 to 2020 as part of Kering's 2025 sustainability strategy.

# & REPORTING

**“WE ARE BUILDING AUTHENTIC VALUE ACROSS OUR BUSINESS AND IN THE WIDER WORLD – FOR PEOPLE, FOR CLIMATE AND FOR NATURE.”**

Marco Bizzarri, Gucci President and CEO

