BIODIVERSITY STRATEGY

Bending the Curve on Biodiversity Loss

KERING

FOREWORD

"How we solve the ongoing environmental crisis is likely the biggest challenge facing our generation. Given the scale of biodiversity loss sweeping the planet, we must take bold action. As businesses, we need to safeguard nature within our own supply chains, as well as champion transformative actions far beyond them to ensure that humanity operates within planetary boundaries.

At Kering, our Houses' products begin their lives in farms, fields, forests and other ecosystems around the world. The careful stewardship of these landscapes is fundamental to our continued success, and also linked to our responsibility on a broader global scale.

With Kering's biodiversity strategy, we are proud to put forth concrete targets to play our part in bending the curve on biodiversity loss, and helping to chart a course for our industry."

François-Henri Pinault
Chief Executive Officer, Kering

CONTENTS

Acknowledgements

We wish to thank the many external reviewers who provided critical feedback to strengthen this strategy. This includes: Dr. Joseph Bull (University of Kent), Dr. Becky Chaplin-Kramer (Stanford University), Dr. Gemma Cranston (Cambridge University), Dr. Helen Crowley (Conservation International), Sylvie Gillet (Entreprises pour l'Environnement), Dr. Han Meng (UNEP WCMC), Florence Jeantet (One Planet Business for Biodiversity/Danone), Akanksha Khatri (World Economic Forum), Eva Kruse (Global Fashion Agenda), Dr. Katie Leach (UNEP WCMC), Morten Lehmann (Global Fashion Agenda), Jess McGlyn (Science-Based Targets Network), Duncan Pollard (Nestlé), Dr. Samuel Sinclair (Biodiversify), Dr. Cath Tayleur (Cambridge Institute for Sustainability Leadership), Dr. Helen Temple (The Biodiversity Consultancy), Dr. Tannis Thorlakson (Driscoll's), Eva Von Alvensleben (The Fashion Pact), Eva Zabey (Business for Nature), Dr. Lu Zhi (University of Peking). This strategy was released in July 2020.

OUR PLANET IN PERIL

Humanity has achieved remarkable feats in the past 50 years. We have lifted 1 billion people out of poverty, increased life expectancy by over a decade, and probed distant parts of our solar system. With the creation of the internet, we have connected billions of people across the planet, and we are currently launching a network of stratospheric balloons to beam the internet into some of Earth's most remote, rural communities.

Yet the environmental costs of our success are catastrophic. Three quarters of terrestrial ecosystems are now "severely altered" as a result of human actions. We have lost 80% of the world's wetlands.[1] At least 200 vertebrate species have gone extinct in the past 100 years.[2] During the short span between 1980 and 2000, humanity cut down 100 million hectares of tropical forest for agriculture, mainly to build cattle ranches in Latin America and palm oil plantations in South East Asia to meet surging global demand.[3]

Looking to the future, the projections are bleak. In 2019, the landmark IPBES Global Assessment report – which is the most exhaustive scientific analysis ever conducted on the status of life on earth – warned us that as many as one million plant and animal species are at risk of extinction, many within decades.[4] These expected declines are exacerbated by climate change, which is not only already accelerating the loss – particularly within the tropics – but also threatening the fundamental life-support systems of the planet.

It is no longer just environmentalists raising the alarm. This crumbling of Earth's natural foundations present enormous risks, both to economies and societies. As concluded in the World Economic Forum (WEF) Global Risks Report in 2020, the top five largest threats to our global economy are all environmental, including biodiversity loss.[5]

Biodiversity[6] is a term used to capture the immense variety of life on our planet. It covers all plants, animals, bacteria, fungi and more, and includes not just microscopic organisms but indeed ecosystems that span continents.[7] A staggering 86% of species have yet to be discovered, and in many senses, the 'age of discovery' should be ahead of us.[8] The last time the international community came together specifically to set biodiversity targets was in 2010 in Japan.[9] Known as the 'Aichi Biodiversity Targets', they were to be implemented between 2011 and 2020. Countries also united around the creation of the Sustainable Development Goals (SDGs), which similarly set targets to create a world in which societies function in harmony with nature. Yet almost a decade later, we have failed to meet virtually all Aichi targets.[10]

Today, we are at a critical juncture. The risks to biodiversity are compounded by climate change, and the rate of biodiversity loss is expected to accelerate if we pass critical climate thresholds. As such, we must view climate and biodiversity together, and invest in nature-based solutions that simultaneously protect and restore habitat – for the sake of species, carbon sequestration, and overall ecosystem functioning. For both moral and economic reasons, we must rise to the challenge to solve the ongoing environmental crisis.

"The health of ecosystems on which we and all other species depend is deteriorating more rapidly than ever. We are eroding the very foundations of our economies, livelihoods, food security, health and quality of life worldwide."

Sir Robert Watson
Chair, Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)

[1] IPBES (2020). *Global Assessment Report*.
[2] Ceballos, G., P. Ehrlich and R. Dirzo (2017). Biological annihilation via the ongoing sixth mass extinction signaled by vertebrate population losses and declines.
[3] IPBES (2020). *Global Assessment Report*.
[4] IPBES (2020). *Global Assessment Report*.
[5] World Economic Forum (2020). *Global Risks Report 2020*.
[6] For the official CBD definition, visit: www.cbd.int/convention/articles/?a=cbd-02
[7] Biodiversify & CISL (2020). Developing a Corporate Biodiversity Strategy: A Primer for the Fashion Sector.
[8] National Geographic (2011).
[9] During this momentous event, 190+ countries came together and are now parties to the Convention on Biological Diversity.
[10] Nature editorial (2020).

OUR COMMITMENT

"Biodiversity is intrinsically linked to our business, and the need for holistic integration with nature through a strategically-driven approach is critical for our entire industry, and beyond."

Marie-Claire Daveu
Chief Sustainability Officer, Kering

Inspired by the Convention on Biological Diversity (CBD), and specifically the 'post-2020 Global Biodiversity Framework[11], **Kering commits to have a net positive impact on biodiversity by 2025, by regenerating and protecting an area about six times our total land footprint**. Thanks to our innovative Environmental Profit & Loss Account, or "EP&L" for short (see page 9), we know that Kering's footprint is about 350,000 hectares. This includes not only our offices, shops and warehouses, but stretches the entire value chain to also include the farms that produce all of our raw materials (including those that grow animal feed). **In order to have a net positive impact on biodiversity, Kering will:**

- **By 2025, Kering will regenerate one million hectares of farms and rangelands** in our supply chain landscapes. We will accomplish this through the recently-launched Kering for Nature Fund: One Million Hectares for the Planet (more detail below), with a focus on the materials with the highest environmental impacts according to our EP&L: leather, cotton, cashmere and wool. This represents about 3 times Kering's total land footprint.

- **By 2025, Kering will protect one million hectares of critical, 'irreplaceable' habitat outside of our supply chain**, through UN REDD+ and other programs that offer co-benefits of biodiversity protection, carbon sequestration and livelihood improvements. This represents an additional 3 times Kering's total land footprint approximately.

This strategy outlines our path to attain these (and more) targets. We draw upon the framework offered up by the Science-Based Targets (SBT) Network[12], against which we can benchmark progress. Given the inextricable linkages between biodiversity and climate change, this strategy includes both Kering's new commitments on biodiversity, as well as our existing science-based target (SBT) for greenhouse gas emissions.

[11] Zero draft of the post-2020 Global Biodiversity Framework (2020)
[12] The Science-Based Targets Network is made up of some of the world's top conservation organizations, who are jointly asking: "What is the 1.5 degree equivalent goal for nature?". The network is particularly focused on developing methodologies that enable companies (and cities) to adopt science-based targets to address their impacts on oceans, land, climate, biodiversity and freshwater systems.

A PARADIGM SHIFT

Like other fashion and apparel companies, Kering's core business is inextricably linked to well-functioning, healthy ecosystems. Indeed, according to the WEF Nature Risk Rising report, $44 trillion, or half of global GDP, is moderately or highly dependent on nature.[13] Though many of our Houses' final products are 'Made in Italy', the Kering supply chains span the planet, and our Houses' products typically begin their lives on farms, forests, fields, and other natural ecosystems. For instance, our Houses use wool produced in New Zealand's highlands, cashmere from Mongolia's South Gobi, organic cotton from India, and viscose from sustainably-managed Swedish forests, to name a few. As such, any degradation to these ecosystems has a direct impact on our ability to continue producing products.

Before these materials reach our creative designers and craftspeople, they pass through the hands many skilled intermediaries, who provide value-addition such as spinning, dying, tanning and weaving. Yet, we know from our pioneering environmental accounting tool – the EP&L – that Kering's impacts on the natural world are highest at the stage of raw material production. While we must continue mitigation efforts along the full supply chain, this means that it is essential to become laser-focused on action at the level of raw material production.

To support this strategy, we will work hand-in-hand with farmers, herders and other raw material producers to stem the biodiversity loss occurring 'on the ground'. To enable this change, we need to unite across the industry to build an entire movement behind these producers, as these raw material producers are often at the 'frontlines' of our collective interactions with biodiversity. This means collaborating with other fashion companies to support a transition to ecologically-sound production practices , particularly given projections that the industry will produce 63% more clothing by 2030 than we do today.[14] It will also mean forging deeper collaborations with suppliers, industry alliances and certification bodies to bring the full support of the supply chain behind raw material producers. Finally, to ensure the industry's efforts are grounded in scientifically-sound best practices, we must work closely with agricultural scientists, conservation biologists and others at the forefront of sustainability science.

Yet, we must do even more. Across the industry, we need to examine the fundamentals of fashion business models that reward ever-increasing production, and a pace that is increasingly untenable. We also need to support innovations in new material development, as well as recycling processes – both of which can reduce the industry's reliance on virgin raw material sourcing, where most of our impacts lie. Finally, we must look outside our direct supply chains and support bold action that can transform our industry.

[13] World Economic Forum (2020). Nature Risk Rising Report.
[14] Global Fashion Agenda & The Boston Consulting Group (2017).

TAKING STOCK OF PROGRESS AT KERING

For over a decade, Kering and its Houses have worked on diverse sustainability initiatives in order to take better account of our externalities. We have focused on avoiding and reducing negative impacts on nature and finding ways to have positive impacts on people. We have supported diverse conservation efforts, developed rigorous standards for sustainable raw material sourcing, strengthened gender equality policies in both our direct operations and manufacturing hubs, and created a comprehensive, open-sourced measurement tool with our EP&L to quantify environmental impacts across our value chain.

More recently, at the G7 Summit in 2019, the Fashion Pact was shared by Kering's CEO François-Henri Pinault. This CEO-led partnership brings together the world's largest fashion and textile companies (who together account for more than 35% of industry volume) to ensure the fashion industry plays its part in 'bending the curve on biodiversity loss'.[15, 16] The Fashion Pact is specifically focused on three topics: climate, biodiversity and oceans. Member companies have committed to support the development of SBTs on biodiversity and develop biodiversity strategies to measure impacts on key species and ecosystems, as well as delineate concrete actions to prevent future loss. Recognizing that this is an extraordinarily complicated challenge, and to help support this transformation, Kering partnered with the Cambridge Institute for Sustainability Leadership (CISL) and Biodiversify to develop a biodiversity 'primer' for the fashion sector. This 'primer' is already playing a pivotal role, and by design, is suited to meet the needs of fashion companies at various stages in the biodiversity journey.

[15] Mace *et al.* (2018). Aiming higher to bend the curve of biodiversity loss.
[16] Fashion Pact (2019).

TAKING ACTION: ALIGNING TO THE SCIENCE-BASED TARGETS NETWORK

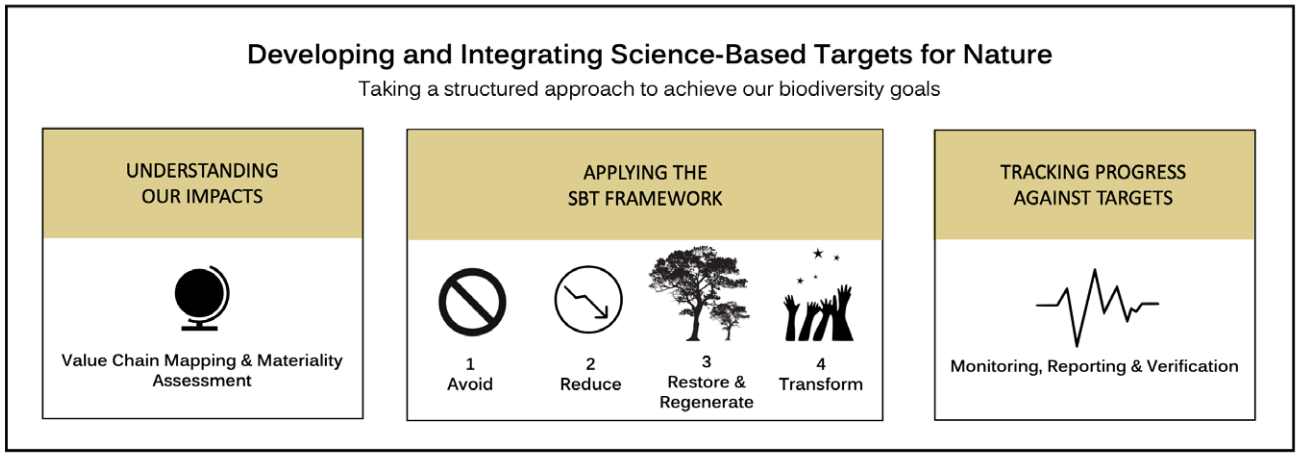
In order to translate our goal of having a net positive impact on biodiversity by 2025, we align with an approach spearheaded by the Science-Based Targets Network (SBTN)[17]. The SBT framework builds upon the mitigation[18] and conservation hierarchies[19], which enjoy wide usage in the construction and extractive industries. Yet it raises the ambition by encouraging companies to go far beyond their supply chains to inspire system-level change through transformational ideas.
Kering is part of the Initial Target Validation Group of SBTN launched in 2023, which means we are part of a small group of companies who will be working closely with SBTN to pilot the validation process for science-based targets.

As diagrammed, the first couple of steps in this process consist in looking under the hood of our raw materials supply chain to understand our impacts and dependencies on nature.[20] We already have a significant visibility thanks to our EP&L, and are currently working towards full alignment with the recently released version 1 of the Science-Based Targets for Nature guidance. Among many other activities, this process includes estimating the pressures exerted by our activities on nature (including an assessment of whether our direct operations are in or near to biodiversity-sensitive areas), assessing the state of nature in the locations we may be impacting, and setting target boundaries for materially relevant pressures on nature considering our activities.

We have also supported the development of a new tool by the Cambridge Institute for Sustainability Leadership (CISL) called the Biodiversity Impact Measurement (BIM) Tool (details below).

Next, grounded in a sophisticated understanding of our impact, we set science-based company targets for nature. To implement these targets, we follow the 4-stage action framework proposed by SBTN.

The first three steps in this action framework (also known as the AR^{3}T framework, for the initials of the steps that compose it) are hierarchical: we prioritize actions that prevent impacts ("avoid"), minimize impacts that are unavoidable ("reduce"), and push for corrective, nature-positive action when possible ("restore & regenerate"). We then look outside of our immediate supply chain ("transform") to concretely take game-changing actions that proactively contribute to a world in which people and nature can thrive.



[17] The Science-Based Targets Network is made up of some of the world's top conservation organizations, who are jointly asking: "What is the 1.5 degree equivalent goal for nature?". The network is particularly focused on developing methodologies that enable companies (and cities) to adopt science-based targets to address their impacts on oceans, land, climate, biodiversity and freshwater systems.
[18] Arlidge et al (2018).
[19] https://conservationhierarchy.org/
[20] As defined in the 2019 IPBES Global Assessment Report, "nature" can be defined as "…all non-human living entities and their interaction with other living or non-living physical entities and processes". We use this term to encompass biodiversity (species, ecosystems, genes), as well as nature's contributions to people.

VALUE CHAIN MAPPING & MATERIALITY ASSESSMENTS

Before reaching our clients, our Houses' products begin their journey as raw materials in farms, forests, mines and other landscapes. While we sometimes rely on certifications as a marker of sustainability, there are cases where we can pinpoint the exact sourcing location. This is true in the case of cashmere, for instance, where we have direct relationships with nomadic herding cooperatives in Mongolia's South Gobi. This supply chain visibility enables us to better assess our impacts on nature, as well as understand dependencies and potential risks. We can then use this information to make key programmatic and conservation decisions.

As reported in our 2020 Sustainability Progress Report, we can currently trace 88% of our materials to at least the country-level, with a goal to attain 100% traceability by 2025. In the case of leather (our highest impact material), we expect full traceability to the farm level by 2025. We are also piloting blockchain technologies, isotope-tracers, and other techniques to increase the number of 'identify-preserved' products in our supply chain.

Ultimately, this information enables us to assess the materiality of our impacts and take decisions accordingly.

	End of life	Use phase	TIER 0 Stores, warehouses, offices	TIER 1 Assembly	TIER 2 Manufacturing	TIER 3 Raw material processing	TIER 4 Raw material production	TOTAL
AIR EMISSIONS	10 T	2 249 T	3 947 T	989 T	1 744 T	1 918 T	6 347 T	8% €48M
GHGs	8 814 TCO_2	229 711 TCO_2	477 398 TCO_2	154 548 TCO_2	243 006 TCO_2	265 671 TCO_2	1 002 842 TCO_2	37% €206M
LAND USE	0 Ha	194 Ha	3 081 Ha	3 287 Ha	3 242 Ha	1 722 Ha	288 146 Ha	31% €172M
WASTE	3 807 T	48 415 T	122 578 T	156 838 T	243 259 T	79 051 T	37 932 T	6% €35M
WATER CONSUMPTION	4 dam^3	3 530 dam^3	16 374 dam^3	5 591 dam^3	6 688 dam^3	5 127 dam^3	18 617 dam^3	6% €35M
WATER POLLUTION	0 T	141 T	563 T	89 T	88 T	324 T	3 085 T	12% €67M
TOTAL IN MILLIONS	0,2% €1	7% €39	14% €77	5% €28	8% €43	9% €53	57% €322	100% **€562M**

EP&L Impacts Across The Supply Chain (2021)

As illustrated, our largest environmental impacts occur in Tier 4, which is the raw material production phase. Specifically, impacts are greatest in the "Land Use" category, which contains several biodiversity proxies. This level of visibility into our supply chain allows us to act, as well as measure yearly progress.

ENVIRONMENTAL PROFIT & LOSS (EP&L) ACCOUNTING

In 2012, Kering launched its pioneering EP&L, which is the 'work horse' behind virtually all sustainability activities at Kering. It paints a comprehensive, detailed picture of our environmental impacts across the full supply chain, looking at six key parameters: air pollution, water pollution, greenhouse gases, water consumption, waste production and land use (which contains a number of proxies for biodiversity[21]). **Critically, it also allows us to quantify our total land footprint, which is around 350,000 hectares across the full supply chain (of which 94%, or 330,000, is farmland, rangeland, mining sites, and other areas that produce raw materials).**

The EP&L's underlying methodology includes life cycle assessments for specific materials. Taking a natural capital approach by looking at the cost of impacts to societies, the EP&L allows us to compare 'apples to apples' by converting impacts into monetary terms. In short: the EP&L provides an excellent indication of the relative impact on the environment overall (and to society) of different commodities in different tiers of the value chain. This enables us to understand where to focus efforts to mitigate environmental impacts.[22] As diagrammed, the results are quite clear: our largest environmental impacts occur at the level of raw material production, and are specifically around land-use change, which is directly connected to biodiversity. Our second largest impact – also in Tier 4 – is greenhouse gas emissions. Taken together, the message is very clear: We need to focus action at this level of the supply chain, and prioritize nature-based solutions that offer dual benefits in biodiversity protection and carbon reductions. Every year, we refine the EP&L methodology, thereby improving the precision of our measurements and allowing us to monitor progress towards our sustainability goals. We publicly share our EP&L results annually, and open-source our methodology to support other companies on their journeys towards greater supply chain understanding and transparency.

THE BIODIVERSITY IMPACT METRIC

In order to fine-tune our understanding of how our supply chains impact biodiversity, we recently supported the Cambridge Institute for Sustainability Leadership (CISL) to develop a Biodiversity Impact Metric (BIM) tool.[23] The development process involved extensive consultative processes with some of the world's top ecologists, conservation biologists and social scientists, and produced a number of groundbreaking interim studies.[24] The BIM tool functions adeptly in both data-rich and data-poor scenarios, and provides an initial risk screening of potential biodiversity impacts from agricultural production. This, in turn, can drive smarter sourcing decisions. For instance, using data from our raw materials supply chain, we can weigh the relative biodiversity impacts of purchasing conventional cotton from one country, as opposed to organic cotton from another. Behind the scenes, the BIM enables us to examine several parameters for a given commodity, including farming intensity, sourcing country (or ideally, specific region), and the range/rarity of local species within that geography. Looking ahead, in addition to improving our EP&L, the BIM can also help pinpoint regions to invest in place-based biodiversity programs for critical supply chains.

[21] For instance, this includes changes in above-ground plant biomass as well as expected plant species' richness, using multipliers based off the work of Kier et al (2005) and Tracy & Sanderson (2000).
[22] Bull, J, P. Addison, M. Burgass & S. Sinclair. "Biodiversity, and a Conservation Hierarchy for Kering S.A." (2019).
[23] CISL & NCIG (2020). Measuring business impacts on nature (2020)
[24] CISL (2016). *Biodiversity and ecosystem services in corporate natural capital accounting: Synthesis report.* Di Fonzo & Hime (2017). *Biodiversity and ecosystem services in corporate natural capital accounting: Synthesis report.*

THE GUIDING FRAMEWORK

Stage 1: Avoid

STAGE 1: AVOID

In order to attain our biodiversity goals, we prioritize avoiding negative impacts **in our direct operations and along our value chain** whenever possible, especially in areas of **globally or nationally** critical ecological importance.

Kering's commitments:

Continue to ensure that all plant and animal-based raw materials in our supply chain come from legal, verifiable sources at a minimum, closely adhering to guidance issued under CITES, the IUCN Red List, and other relevant national and international conventions.

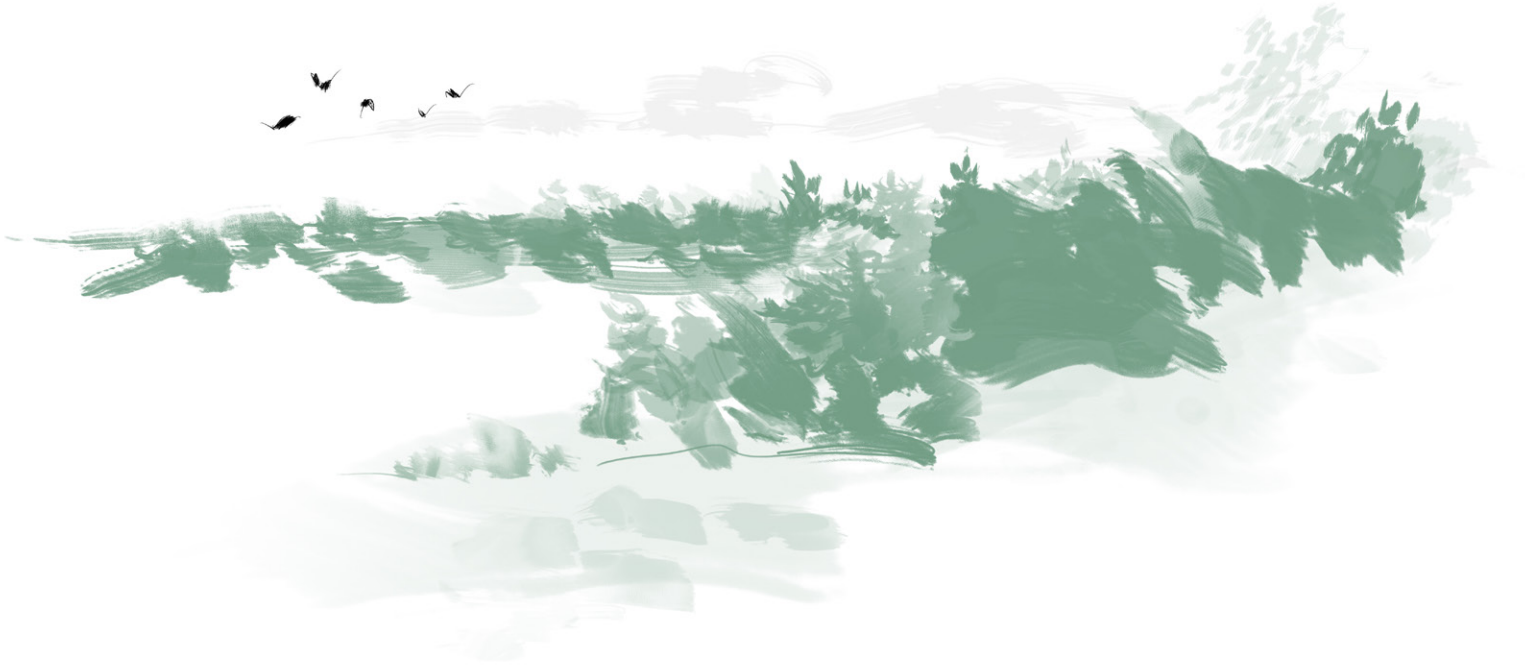
By 2025, ensure that the production and sourcing of companies in Kering's supply chains does not cause or contribute to the loss of natural ecosystems (including land, freshwater and marine ecosystems). This covers all natural ecosystems, including but not limited to Ancient and Endangered Forests, to natural forests more widely, and to those ecosystems that meet the criteria of Key Biodiversity Areas, High Conservation Value areas, High Carbon Stock or Irrecoverable Carbon areas.

The cut-off date adopted by Kering for this deforestation- and conversion-free commitment is of 1st January 2020 **at the latest**. This means that lands where natural vegetation has been cleared since 1st January 2020 are deemed non-compliant with the commitment, and raw materials produced in such lands cannot enter Kering's supply chains. This backdrop cut-off date does not supersede earlier existing cut-off dates: in biomes or certification schemes where an earlier cut-off date may apply, this must be upheld.

This is in direct support of the Global Biodiversity Framework's mission for 2030 to take urgent action to achieve no net loss of nature and to put nature on a path to recovery for the benefit of people and planet.

For more information, please refer to Annex 1: Deforestation and conversion-free commitment."

By 2025, achieve 100% traceability of all materials to at least the country level, and to the farm level for key materials like leather.



Spotlight On Ongoing Work:

Avoiding Negative Impacts on Species and Ecosystems

As a Group, Kering protects critical habitats and ecosystems through strict sourcing policies.

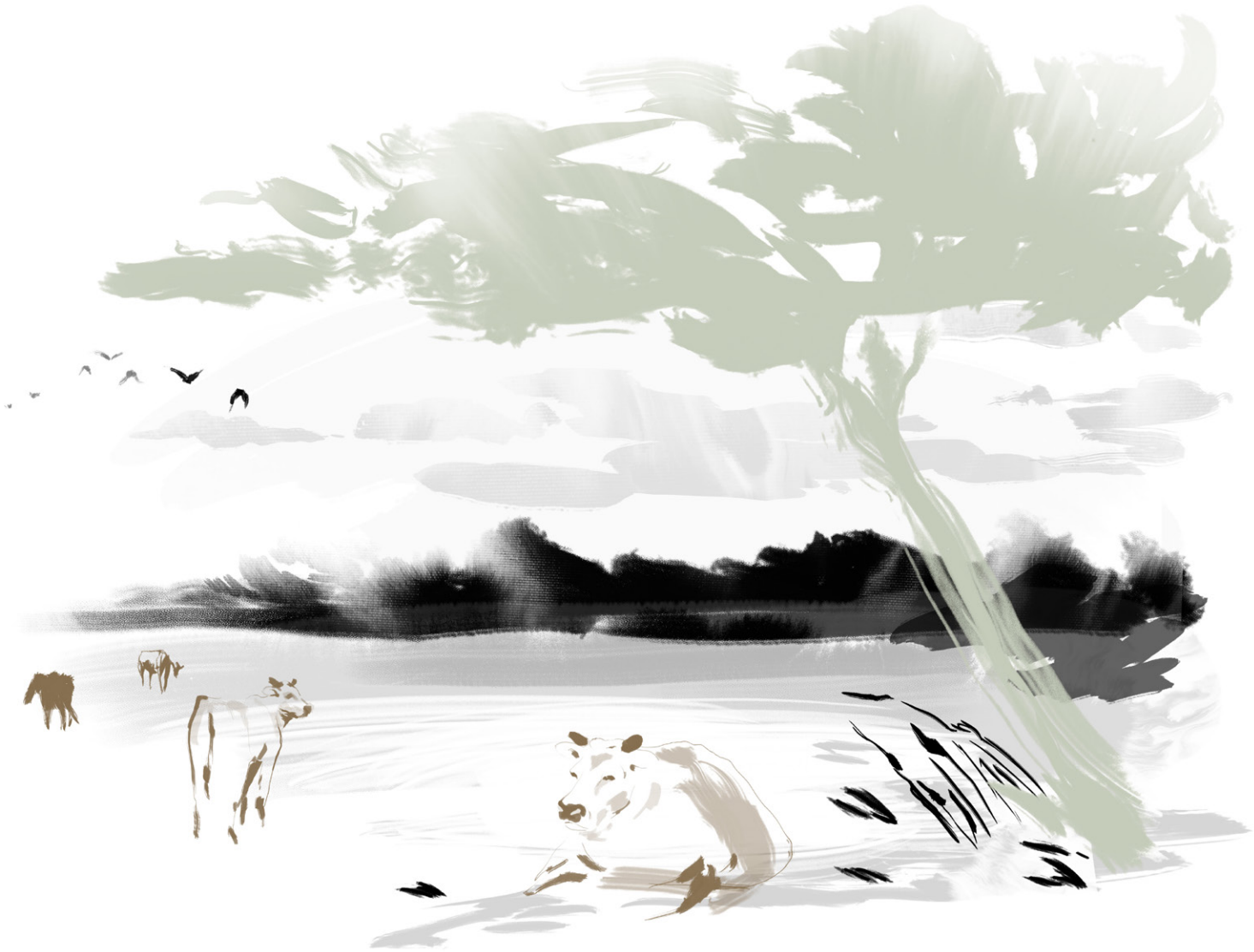
For instance, we work with the NGO Canopy to ensure our supply chain is free of products sourced from ancient and endangered forests as part of the CanopyStyle Initiative, particularly when it comes to viscose and other cellulosics.

These sourcing practices protect biologically-rich ecosystems, and allow wild plant and animal species to thrive in large, undisturbed contiguous areas. These actions also ensure the continued protection of forests, which are critical carbon sinks.

Finally, our sourcing policies ensure that all plant and animal-based products in our supply chain come from legal and verifiable sources, with strict adherence to international and national treaties and conventions. In the case of reptilians, for instance, we work closely with the International Union for Conservation of Nature (IUCN) and Southeast Asian Reptile Conservation Alliance (SARCA) networks to prioritize both traceability as well as conservation programs. These actions ensure that markets remain transparent, regulated and subject to external scrutiny.

THE GUIDING FRAMEWORK

Stage 2: Reduce



STAGE 2: REDUCE

When impacts cannot be avoided, Kering and its Houses actively work to reduce negative impacts. We take a full 360-degree approach, and apply this concept both to operational day-to-day decisions, as well as through our sourcing practice that reduce the duration, intensity and/or extent of impacts.

Kering commitments:

Reduce biodiversity impacts associated with sourcing decisions, by ensuring 100% alignment with the Kering Standards for Raw Materials and Manufacturing Processes by 2025. For instance, this includes prioritizing sourcing organic cotton, which has 80% less environmental impact compared to conventional cotton (see the Kering EP&L appendix).

Reduce our reliance on virgin materials sourcing by scaling up circular materials in the collections (for example, recycled materials).

Reduce our reliance on virgin raw materials by supporting material and process innovations and also by investing in start-up companies creating alternative materials.

Achieve a target of 100% metal-free tanned leather in our Houses' collections by 2025.

Furthermore, as detailed in the Kering 2025 Sustainability Strategy, we will reduce our total Group environmental footprint by 40% by 2025 across our own operations and the entire supply chain, as measured by our EP&L. We will also reduce our controlled greenhouse gas emissions by 50% by 2025. Both are calculated vis a vis a 2015 baseline.

Spotlight On Ongoing Work:

Reducing Impacts Through the Kering Standards

In order to reduce our impacts on nature, we developed the Kering Standards for Raw Materials and Manufacturing Processes, which cover 16 categories of materials. These open-sourced Kering Standards are a cornerstone of core-business operations, and are used by our Houses and suppliers to ensure our sourcing is adhered to, and in line with best-available technologies, science and practices. For instance, in the case of wool, we support the Textile Exchange's Responsible Wool Standard, which requires sheep farms minimize biodiversity impacts by implementing biodiversity management plans (BMPs).

Across all raw materials, suppliers must meet "minimum" requirements immediately. For example, in the case of leather, this means only purchasing skins from suppliers who are willing to disclose the source. Suppliers must also meet "additional conditions" by 2025. For instance, in the case of leather, this will mean having full traceability up to the farm, with the implementation of best ecological and animal welfare standards. Our recent Sustainability Progress Report shared that we have thus far achieved 68% alignment with the Kering Standards, well on track to meet our goal of 100% by 2025.

THE GUIDING FRAMEWORK

Stage 3: Restore & Regenerate

STAGE 3: RESTORE & REGENERATE

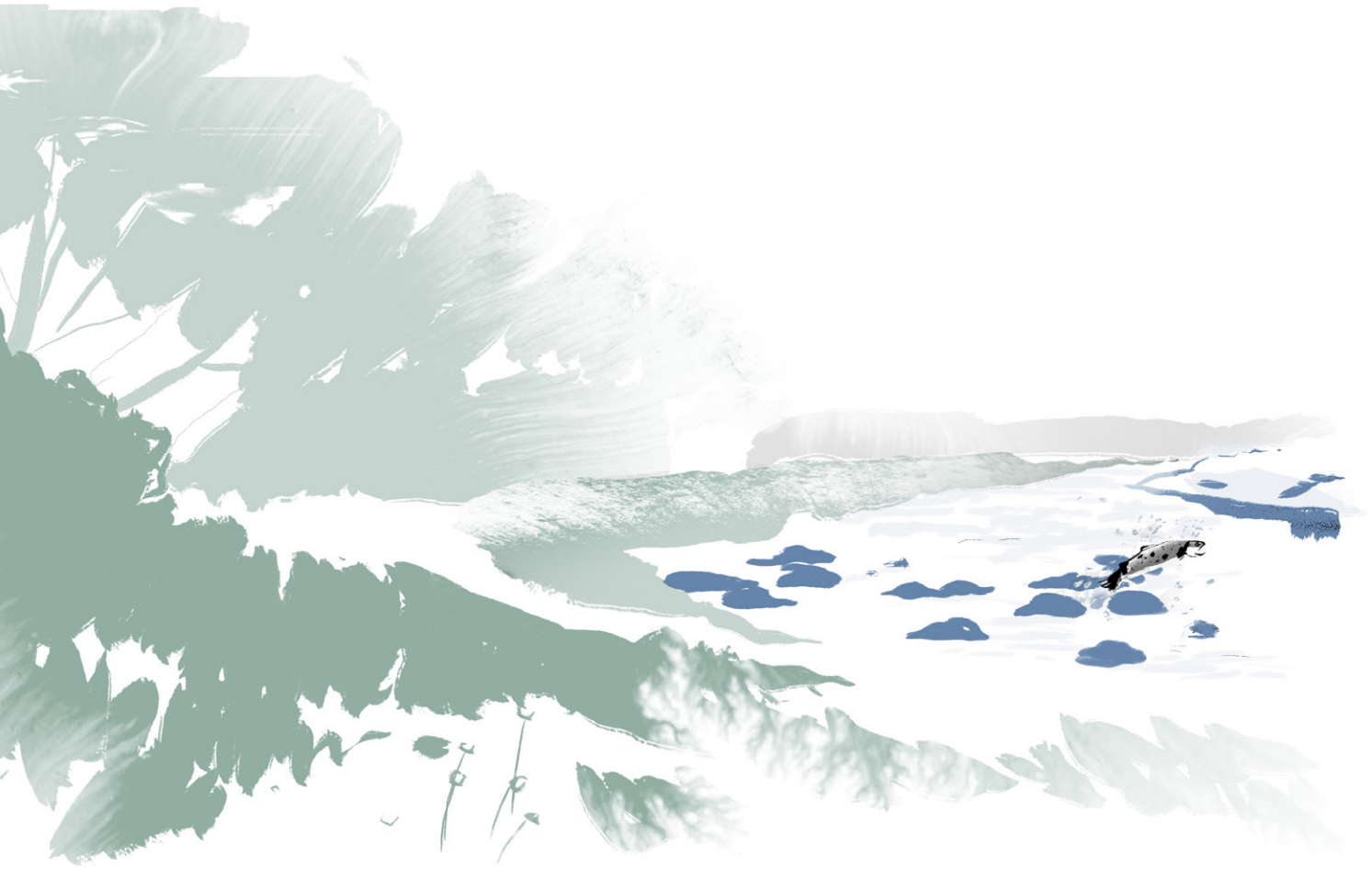
In order to help shift the industry paradigm that merely seeks to minimize negative impacts, we act to restore and regenerate ecosystems through nature-based solutions in our sourcing locations, which offer biodiversity and carbon benefits. This work is often done in partnership with agricultural scientists, botanists and foresters through carefully-planned interventions grounded in science.

Kering commitments:

As mentioned above, by 2025, regenerate one million hectares of farms and rangelands in our supply chain landscapes, prioritizing interventions that offer both biodiversity and carbon benefits. We will accomplish this through the Regenerative Fund for Nature (see explanatory box below), with a focus on the materials with the highest environmental impacts according to our EP&L: leather, cotton, cashmere and wool. This represents about 3 times Kering's total land footprint.

By 2025, restore habitats where mining and other extractive activities occurred, restoring an area three times larger than our total 'direct' footprint (which includes all stores, warehouses and offices).

Expand the 'basket of materials' used by our Houses, by identifying, sourcing and scaling forgotten plant varietals and livestock breeds in our supply chain, thereby improving agricultural resilience and moving away from an industry that is overly reliant on monocropping. **By 2025, increase the offerings of such materials at our Materials Innovation Lab**.



Spotlight On Ongoing Work:

Restoring Former Gold Mining Sites

In French Guiana, we are working with conservation partners Solicaz and Forest Finance to reforest a former alluvial gold mining site. This project goes beyond regulatory requirements (which mandate that 30% of former mines must be restored), and instead focuses on 100% restoration, making it the first full reforestation program of a mining site in the Amazon. Beginning with detailed ecological assessments of local species, our partners began by creating in-situ plant nurseries, and preparing more than 90,000 seedlings to plant over 116 hectares. Solicaz reforestation experts first focused on species with high nitrogen-fixation potential that could act as 'pioneer species'. Today, the systems are thriving, and our partners regularly monitor soil health, the quality of tree development, the appearance of spontaneous plant diversity and soil respiration. By focusing on full ecosystem restoration, this project not only restores habitat for local biodiversity, but also facilitates carbon sequestration. We are now inviting other brands to join forces to extend the work to other gold sites, as well as trying to launch similar initiatives in silver and platinum.

Spotlight On Ongoing Work:

Building Biodiversity Through Regenerative Agriculture

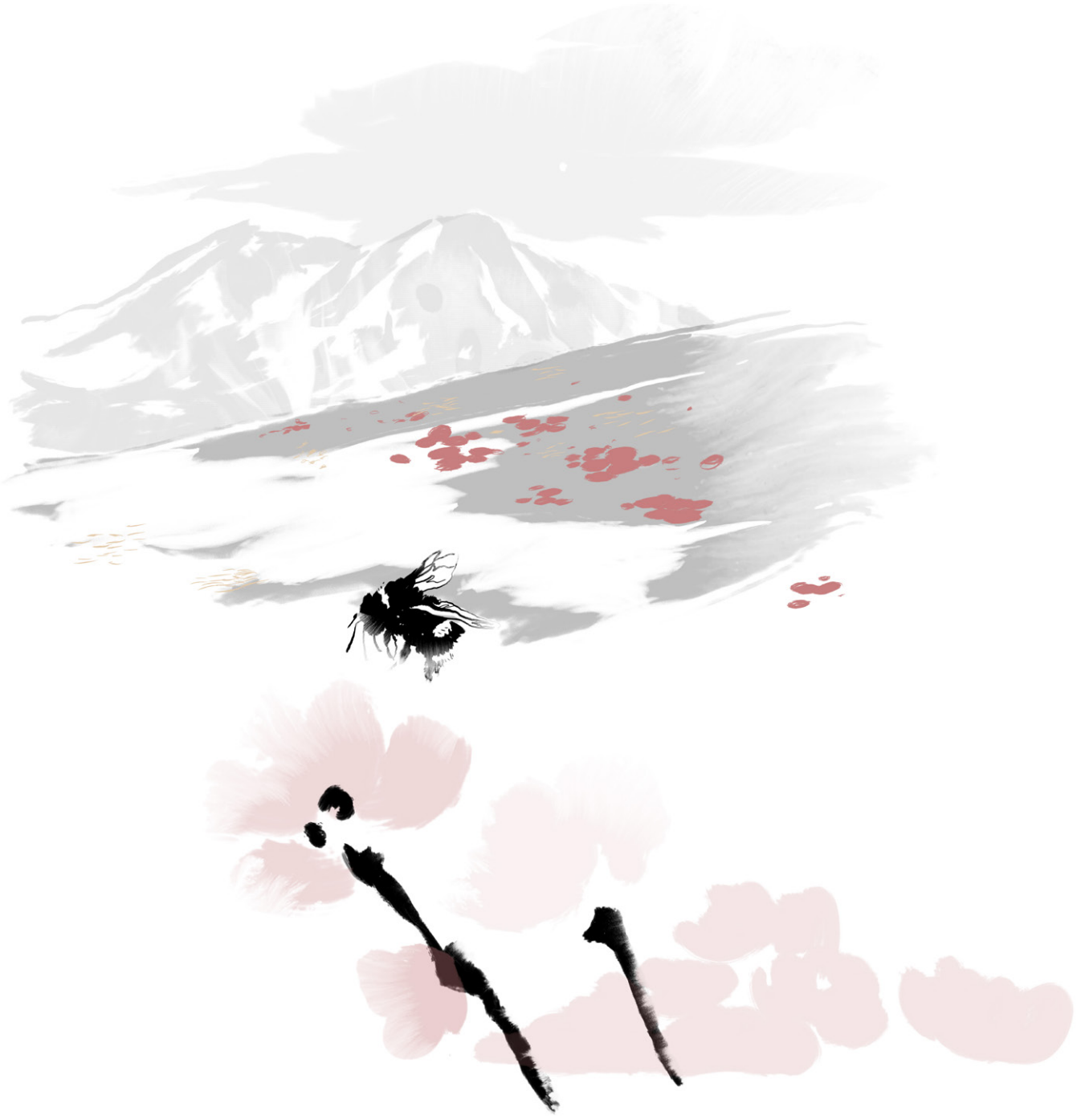
With the launch of the Regenerative Fund for Nature in collaboration with Conservation International, we will support promising agriculture and rangeland projects throughout the world, with a focus on leather, cotton, wool and cashmere. Regenerative agriculture has the potential to completely transform the face of agriculture, and is grounded in the idea that we can replenish and strengthen ecosystems through improved farming and livestock rearing practices. Specifically, regenerative agriculture increases farm biodiversity, reduces agro-chemical inputs, improves soil water retention, enhances carbon sequestration and focuses on livelihood gains.

To date, Kering has supported a number of direct regenerative projects, including an innovative goat rangeland program in Mongolia connected to our cashmere supply chain, which is being implemented in partnership with the Wildlife Conservation Society. We are also partnering with the Savory Institute to promote and support the regenerative production of raw materials and utilize Savory's pioneering methodology, Ecological Outcome Verification™ (EOV™) in our leather and fiber supply chains that come from grazing systems, such as wool and cashmere. More recently, we partnered with RARE and SouthPole on a cotton project in China to quantify carbon sequestration through improved practices. At an industry level, we work with our peers in food production via the One Planet Business for Biodiversity to identify potential cross-company projects in regenerative agriculture.

With the launch of the Regenerative Fund for Nature, we are excited to scale the success and lessons from these projects, which will not only meaningfully increase regenerative materials in our supply chain, but will also positively transform one million hectares of land by 2025 with the corresponding biodiversity and carbon benefits.

THE GUIDING FRAMEWORK

Stage 4: Transform



STAGE 4: TRANSFORM

In order to have a net positive impact on biodiversity by 2025, we need to go above and beyond. We must collectively revolutionize the fashion & apparel industry through actions outside of our direct supply chains. **We are committed to engaging with stakeholders to halt nature loss, as well as protect, restore and regenerate biodiversity**. Kering is made up of teams of creative experts, and their vision and skills are the driving force behind the beautiful products which are our raison d'être. For this reason, the "transform" pillar is especially relevant, as it represents a way to channel our most innovative ideas into action.

Kering commitments:

As mentioned above, by 2025, Kering will protect one million hectares of critical, 'irreplaceable' habitat outside of our supply chain, through UN REDD+ and other programs that offer co-benefits of biodiversity protection, carbon sequestration and livelihood improvements. This represents an area three times Kering's total land footprint.

Continue playing a pivotal role **spearheading the Fashion Pact**, which brings together more than 250 fashion brands and suppliers (who represent around 35% of the industry), to work together on the topics of climate, biodiversity and ocean health.

Continue providing **key support to groups at the forefront of biodiversity protection (see box).**

Lead the fashion industry in **reimagining fashion show calendars and requirements**, as they exert a high environmental toll.

Inspire our 38,000+ employees to incorporate biodiversity into their daily lives, through diverse activities at the House- and site-level, such as bee-keeping clubs and citizen science projects. In addition, we will continue to develop online biodiversity and sustainability trainings and games to engage our teams and help them translate biodiversity considerations into their daily lives.

Work to **strengthen the biodiversity element of existing certification schemes and standards**.

Continue **engaging scientific, academic and industry partners to produce publicly available tools, reports and insights** which can drive high-level change.

Continue to **promote natural capital accounting** by strengthening our internal measurement via our EP&L, as well as creating open-sourced, operationalized tools to support the industry.

Spotlight On Ongoing Work:

Supporting Groups Working at the Forefront of Biodiversity Conservation

Over the years, Kering and its Houses have supported a diverse array of international organizations working at the forefront of biodiversity conservation and science. This includes our partnership with IPBES, following the release of their pivotal report which called the world's attention to the scale of global biodiversity loss. We also provide support to the Paris' Museum of Natural History, and as recently announced on World Environment Day, we are thrilled to support The Explorers Program, a global media platform building a rich catalog of Earth's natural assets. In 2020, Kering and its Houses responded to a number of crises, for instance providing key support to teams battling bushfires in Australia. Finally, our Houses also support varied biodiversity programs directly, such as Gucci's partnership with the Lion's Share Fund, which seeks to raise over 100 million USD every year over the next five years to protect endangered species and their natural habitats.

MONITORING, REPORTING & VERIFICATION

As a next step, Kering will develop an operational plan that stems from this strategy. The plan will facilitate ongoing monitoring towards our commitments on an annual basis, enabling us to publicly report on key areas of progress. Given the depth and breadth of our biodiversity programming, we will draw upon a number of monitoring tools, including our EP&L, both at the level of Kering corporate and our Houses.

This strategy is designed to be a 'living document', which Kering will continue to update and modify to ensure it remains relevant and ambitious. This will mean building in new scientific findings that might affect particular actions and decisions. Looking ahead, we are especially excited to continue to implement guidance from the Science-Based Targets network as it becomes available, as well as aligning to CBD Global Biodiversity Framework.

FINAL THOUGHTS

We depend on, and therefore must protect the natural environment. Biodiversity – and nature more generally – provides an infinite source of inspiration to our Houses' creative design teams, who regularly celebrate nature in all of its forms. With this strategy, Kering aims to help stem biodiversity loss and restore ecosystems in its global supply chains, and finally, spark systemic change that goes above and beyond our own business activities.

Ultimately, our aim is to help shift the outdated business paradigm that has failed to account for its impacts on nature. Instead, we need to come together, as individual companies, as the fashion industry, and as the private sector more generally and work together with all relevant stakeholders to bend the curve on biodiversity loss. This is one of the greatest challenges of our generation. We have both an ethical and a business responsibility to respond. We hope the ambitions outlined hereabove will be a meaningful step on this journey.

ANNEX

Kering's Deforestation- and Conversion- Free Commitment

INTRODUCTION

For many years, Kering has been increasing the ambition of its sustainable sourcing actions for its key raw materials. Importantly, since 2019, Kering has published and updated every year a set of Kering Standards for sustainable production, which, among other topics, set out strict requirements pertaining to the environmental, social and animal welfare impact of key raw materials sourced by the company, and aligns with industry-leading initiatives. In 2021, the company has also launched the Regenerative Fund for Nature alongside Conservation International to support the implementation of regenerative agriculture practices across 1 million hectares of croplands and rangelands in the key landscapes where the group sources key raw materials such as leather, wool, cashmere and cotton.

In 2023, Kering is strengthening this commitment with a reinforced **deforestation- and conversion-free commitment included under the Stage 1 (Avoid) of our Biodiversity Strategy**, including (but not limited to) a commitment to ensuring no conversion of natural ecosystems (including but not limited to those ecosystems that meet the criteria of Key Biodiversity Areas, High Conservation Value Areas, High Carbon Stock or Irrecoverable Carbon Areas), and to avoid sourcing forest-derived materials from the world's Ancient and Endangered Forests. This also includes a commitment to no land clearance by burning or clearcutting, and to no planting on peatlands.

This commitment applies to all raw materials used by Kering's brands (although with higher-priority focus on riskier materials), for both products and packaging. It also applies to our own operated sites and to our suppliers' sites. It covers all natural ecosystems (not only forests) – hence the inclusion of "conversion", beyond deforestation alone. The aim is to achieve no gross loss of natural ecosystems. The cut-off date for this commitment is of 1st January 2020[1] at the latest. Any existing earlier cut-off dates for specific materials, sectors and regions continue to apply, as well as earlier cut-off dates associated with certification standards (for example, 1994 will continue to be the cut-off date applied to forest-based materials, as detailed in Table 2).

This commitment includes full legal compliance with national and international forest- and land-use related regulations related to deforestation and conversion of natural ecosystems, including in countries where activities are taking place – but it goes even beyond this to ensure no deforestation or conversion, even where this may be considered legal.

[1]This backdrop cut-off date is aligned with guidance from the Accountability Framework initiative – an internationally-recognized guide for achieving and monitoring ethical supply chains – free of deforestation and conversion of natural ecosystems and of related abuses of the rights of indigenous peoples, local communities and workers. The Accountability Framework initiative serves as a reference for a wide range of NGOs and rating agencies working on these topics, and explicitly underpins the Forest 500 assessments, the CDP Forests questionnaires, the Global Reporting Initiative's new Sector Standard for Agriculture, Aquaculture and Fishing and the draft SBTi Forest, Land and Agriculture (FLAG) guidance.

KERING DCF COMMITMENT IN DETAIL

Protection of forests and other natural ecosystems is critical for maintaining biodiversity, combating climate change and sustaining livelihoods. Some of the key raw materials in Kering's supply chains – leather, cellulosic fibers, wool, cashmere, cotton, paper and paper-based packaging – can pose risks for natural ecosystems, and may directly or indirectly be linked to their loss or degradation. As part of its overall commitments to sustainable sourcing, Kering is committed to halting deforestation and ecosystem conversion in its operations and supply chains. The group commits to achieving this as soon as possible, and by 2025 at the latest.

This means that the operations, production and sourcing of companies in Kering's supply chains – as well as our own direct operations – must not cause or contribute to the loss of natural ecosystems (or *conversion* – including land, freshwater and marine ecosystems). This covers all natural ecosystems, including but not limited to Ancient and Endangered Forests, to natural forests more widely (*deforestation*), and to those ecosystems that meet the criteria of Key Biodiversity Areas, High Conservation Value areas, High Carbon Stock or Irrecoverable Carbon areas. In addition to forests, this includes savannahs, wetlands, peatlands, grasslands and all other natural ecosystems. Implementation follows a risk-based prioritization approach, with higher priority being given to areas from which we are sourcing high-impact raw materials and which are facing high rates of natural ecosystem loss.

The cut-off date adopted by Kering for this deforestation- and conversion-free commitment is 1st January 2020 **at the latest**. This means that areas where natural ecosystems have been cleared or degraded since 1st January 2020 are deemed non-compliant with the commitment, and raw materials produced in such areas cannot enter Kering's supply chains.

This backdrop cut-off date does not supersede earlier existing cut-off dates: in biomes or certification schemes where an earlier cut-off date may apply, this must be upheld. For example, for wood, paper-based packaging and man-made cellulosic fibers, a deforestation cut-off date of November 1994 is applied by the industry through initiatives including CanopyStyle, Pack4Good and FSC certification.

The definitions of deforestation, conversion and natural ecosystems used for this commitment are outlined below, drawing from the Accountability Framework initiative, Canopy and our Kering Standards. In line with these definitions, the commitment includes not only illegal deforestation and conversion, but also that which may be considered legal in the jurisdiction where infractions may occur.

As mentioned under the "Stage 3: Restore & Regenerate" chapter of this Biodiversity Strategy, beyond halting the devastating impacts of deforestation and conversion of natural ecosystems for biodiversity, soils, climate and indigenous and local communities, Kering is also committed to actively supporting the **conservation, restoration and regeneration of natural ecosystems, agricultural lands and rangelands**, with the ambition to:

- Transition one million hectares of agricultural lands and rangelands to regenerative practices by 2025
- By 2025, protect one million hectares of critical, 'irreplaceable' habitat outside of our supply chain

The Kering Standards – which set out requirements and additional best practices for suppliers of raw materials to the Houses of the Kering group – include a requirement that the above holds true for all key natural raw materials supplied to Kering's Houses. All suppliers are expected to be fully aligned with this and other requirements laid out in the Kering Standards as soon as possible, and by 2025 at the latest.

Kering is also committed to improving the traceability and transparency of its supply chains, to increasingly trace materials to the point of origin, and to systematically determine that all materials are free of deforestation (including of Ancient and Endangered Forests) and conversion and fully aligned with the Kering Standards. Where raw material traceability to the origin may not be possible or viable, Kering will aim to use other solutions to very compliance, including third-party certification, or industry-/biome-wide solutions.

As environmental and social challenges are intrinsically linked, and recognizing that deforestation and conversion often go hand in hand with human rights abuses, this commitment also includes a commitment to protecting human rights and livelihoods, including

those of workers, local communities and indigenous peoples, in line with Kering's Code of Ethics and Human Rights Policy. This notably means that, prior to any activity that may affect the rights of indigenous peoples or their territories, their Free, Prior and Informed Consent (FPIC) must be systematically secured. This FPIC should also be secured with local communities. We expect direct suppliers to respect the rights of indigenous peoples (including securing FPIC), and to communicate this requirement to their sub-suppliers. In line with our Code of Ethics, we respect the provisions of the International Labor Organization (ILO), and in particular the conventions on the eradication of child labor and the abolition of slavery and forced or compulsory labor.

Where our activities or our direct or indirect supplier's activities may have caused or contributed to adverse human rights, we will work with suppliers to provide for or cooperate in the remediation of associated harms.

In line with our Kering Standards, the target date for this deforestation- and conversion-free commitment is of 2025 at the latest.

SCOPE OF DEFORESTATION- AND CONVERSION-FREE COMMITMENT

The provisions in this commitment apply to:

- All materials sourced by Kering's Houses that may be linked to a risk of being linked to deforestation and conversion of natural ecosystems (including Ancient and Endangered Forests), including **leather, paper and wood, plant fibers, animal fibers, cellulosic fibers and rubber** (see percentages of raw material sourcing and of Kering's Land Use EP&L on our EP&L page).

- Early 2023, Kering has expanded its activities to beauty and fragrances, with the launch of Kering Beauté. This policy will also apply to all ecosystem-risk materials that may be used in such products, including in ingredients like ethanol (often made from sugarcane, maize or beetroot), palm oil and palm kernel oil and their derivatives, coconut oil, soybean oil, wood-based ingredients as well as any other butters, waxes, oils, seeds, nuts, flowers and leaves extracts. We will expand Table 2 below with material-specific pathways for compliance over the coming months.

- All suppliers, including direct and indirect suppliers. Kering's direct operations are also in scope of this commitment; although the portion of the risk represented by them is very small.

- All geographies where these raw materials may be produced

- These provisions also apply to any licensees that are producing and marketing products under the name of the brands of the group, including fragrances and cosmetics. We will work towards integrating these provisions into future contracts with all licensees.

- In the future, this policy will also extend to embedded materials that may pose risks of conversion of natural ecosystems, such as soy in animal feed for animal supply chains (e.g., bovine leather). We recognize that this is an important issue but also that we cannot address it alone, and that it is more challenging to monitor indirect exposure to risks associated with highly embedded products. This will require collaboration with companies in other connected supply chains, and importantly with the food industry. In 2022, we have worked with the Responsible Luxury Initiative (ReLI) and with Trase.earth to better explore our exposure to soy-driven, leather-linked deforestation associated with leather sourced from Europe. The findings of this assessment have been published by Trase.earth.

To fulfill this policy, we require our suppliers to adhere to our Kering Sustainability Principles or equivalent documents available at brand level, which are part of Kering's contractual framework with suppliers. The Kering Sustainability Principles (or equivalent documents) are the contractual equivalent of the Kering Standards. Suppliers are required to abide by these principles, and supplier compliance is evaluated on this basis. Suppliers are also required to comply with the Kering Code of Ethics. We aim to only source from direct suppliers that adhere to these documents, and we expect direct suppliers to cascade DCF requirements upstream to their own direct and indirect suppliers, all the way to a point at which compliance with such a DCF policy can be ascertained. We also expect all suppliers to be 100% aligned with all of the requirements of the Kering Standards as soon as possible, and by 2025 at the latest.

IMPLEMENTATION

To implement and demonstrate progress towards our commitments, Kering further commits to:

1. Risk assessment

We use our existing data systems (e.g., EP&L, Vendor Portal System) to produce a high-level assessment of our risks to guide priority actions. Thanks to this assessment, we can prioritize actions in areas or with suppliers that present higher risk levels. We complete the risk assessment provided by the EP&L with more in-depth investigations as warranted for higher-priority materials and origins.

2. Transparency and traceability

We continue to work towards a level of transparency and traceability (as defined by the Kering Standards) that enables us to ascertain compliance with DCF commitments – including indirect suppliers when applicable –, with third-party verification.

3. Supplier engagement

We will continue to strengthen supplier requirements and supplier engagement mechanisms to ensure full implementation of the DCF commitments, for instance by:

- Integrating these commitments into our Kering Sustainability Principles or equivalent documents available at brand level, which are part of Kering's contractual framework with suppliers, requiring suppliers to have their own policies to address these risks in their supply chains, in alignment with guidance from AFi and Canopy. This aims to support consistent, aligned cascading requirements upstream on halting deforestation and conversion and securing ecosystem integrity.
- Working with our suppliers to address, prevent, mitigate, and where necessary remedy, environmental and social harms that violate this policy. This includes remediating, restoring and/or compensating past harms.
- Providing direct and indirect suppliers with trainings, technical assistance, and other incentives to support compliance while at the same time improving local livelihoods. This may include the development of a range of pathways to incentivize DCF upstream production, for instance through investment in "next generation" materials, offtake agreements, robust certification standards, "impact incentives" or through the integration of stronger DCF criteria in long-term contracts for sourcing sustainable raw materials, produced with regenerative practices.

4. Monitoring, verification and reporting

We will strengthen our traceability systems and build a third-party verified monitoring, verification and reporting system to regularly assess and disclose compliance and progress towards the commitment. We will also regularly share progress towards meeting our policy commitments.

5. Collaboration for systemic change

We actively participate in collective action to drive change at industry level, for instance through field incentive programs for farmers and industry collaborations. In addition to taking action in our own supply chains, we partner with others to increase the effectiveness of our actions and accelerate progress toward achieving our goals of halting deforestation and conversion, promoting ecosystem restoration and regeneration and forwarding human rights. This includes collaborations such as the Fashion Pact, the One Planet Business for Biodiversity Coalition (OP2B), CanopyStyle initiative, or the Responsible Luxury Initiative (ReLI), facilitated by Business for Social Responsibility (BSR) – as well as other more material-specific initiatives.

Table 1: **Implementation plan for Kering's DCF Strategy**

	(1) Risk assessment	(2) Transparency and traceability	(3) Supplier engagement	(4) Monitoring and verification	(5) Collaboration for systemic change
DESCRIPTION	Using existing data systems (e.g., EP&L, Vendor Portal System, Verisk MapleCroft) to produce a first assessment of our risks to guide priority actions. We will then prioritize actions in areas or with suppliers that present higher risk levels.	Working towards a level of transparency and traceability in supply chains that enables us to ascertain compliance with DCF commitments, with third-party verification.	Strengthening supplier requirements and supplier engagement mechanisms to ensure full implementation of the DCF commitments.	Building a third-party verified monitoring, verification and reporting system to regularly assess and disclose compliance and progress towards the commitment.	Actively participating in collective action to drive change at industry level, for instance through field incentive programs for farmers and industry collaborations.
CROSS-COMMODITY ACTIONS	Assessing EP&L data (and other supplier data collection systems where relevant, such as Kering's 3C questionnaires) to identify key areas of concern (high-risk origins and unspecified origins) where further third-party verified traceability needs to be prioritized.	Working towards a transition from supplier self-declaration-based traceability to slaughterhouse to third-party verified traceability systems covering all non-low-risk origins.	Adding DCF requirements for all relevant commodities to the Kering Standards and the 3C questionnaire.	Working with a third party to implement a monitoring, verification and reporting system.	This includes collaboration within the following collective action platforms: • OP2B • The Fashion Pact • ReLI It also includes material-specific collaborative initiatives such as: • Leather WorkingGroup • ICEC • Canopy – includingCanopyStyle partnership and support to ForestMapper • Textile Exchange Call to Action on Deforestation-Free leather supply chains

PATHWAYS FOR COMPLIANCE FOR EACH MATERIAL GROUP

All of the materials below are included in the policy – however, a higher-priority focus will be put on those presenting higher risks at the top of the table. Those are considered to be higher-priority because of high volumes purchased and/or because of disproportionate potential impact on natural ecosystems.

As mentioned above, this policy will also apply to all ecosystem-risk materials that may be used in beauty and fragrance products, including in ingredients like ethanol (often made from sugarcane, maize or beetroot), palm oil and palm kernel oil and their derivatives, coconut oil, soybean oil, wood-based ingredients as well as any other butters, waxes, oils, seeds, nuts, flowers and leaves extracts. We will expand Table 2 below with material-specific pathways for compliance over the coming months. Similar requirements around traceability, transparency, and robust third-party certification and/or verification will apply to these materials.

Table 2: Material-specific[2] pathways for DCF compliance[3]

MATERIALS[4]	OPTIONS AVAILABLE TO VERIFY DCF COMPLIANCE
LEATHER 	***Introduction to leather-specific pathways:*** *Using the best available information, we maintain a list of low-, medium- and high-risk countries for leather sourcing, which includes information on deforestation and conversion risk, alongside other environmental, human rights and animal welfare criteria. We do not source leather from high-risk countries, following this rating. The below pathways are available for leather coming from low- or medium-risk countries.*
	Traceability to a low-risk subnational area • Third-party verified traceability to the slaughterhouse in a **low-risk subnational area** (at low risk of deforestation or conversion of other natural ecosystems). • AND alignment with Kering Standards requirements, in particular on supply chain transparency & traceability.
	OR Full traceability through all indirect farms & DCF verification • Third-party verified traceability **to the slaughterhouse** (including specific location, with georeferenced boundaries) • AND Third-party verified traceability **to the direct farm** that the slaughterhouse has purchased from (including specific location, with georeferenced boundaries), and a verification of alignment with Kering's requirement of no deforestation or conversion after a cut-off date of 1st January 2020 (i.e., no native vegetation has been cleared on the farm after this cut-off date), i.e., DCF compliance. • AND Third-party verified traceability **to the indirect farms** that the "direct farms" referred to above have purchased from (including specific location, with georeferenced boundaries), and verification of alignment with Kering's requirement of no deforestation or conversion after a cut-off date of 1st January 2020 (i.e., no native vegetation has been cleared on the farm after this cut-off date), i.e., DCF compliance.
	OR Traceability to the slaughterhouse and audit of DCF safeguards • Third-party verified traceability (e.g., with ICEC certification) **to the slaughterhouse** (including specific location, with georeferenced boundaries) • AND **audit of slaughterhouse systems and process** to verify DCF compliance within their entire supply chain (direct and indirect farms). This may include a combination of traceability systems with segregated certification ensuring DCF compliance (e.g., for meat industry).
	OR Third-party certification of leather guaranteeing DCF compliance • Third-party segregated (SG) or identity-preserved (IP) certification of the hides with DCF requirement. To our knowledge, no existing leather certification is currently strong enough to guarantee this, but they can be developed. • AND alignment with Kering Standards requirements, in particular on supply chain transparency & traceability.
ANIMAL FIBERS 	• Third-party **segregated or identify-preserved certification or verification with DCF** requirement, for instance Responsible Wool Standard (cut-off date of June 1st, 2016) • OR Third-party verified traceability **to the farm/grazing areas (for non-low-risk areas)** and **third-party DCF verification** – possibly building supply chains "from the ground up" All options above should be in addition to alignment with Kering Standards requirements, in particular on supply chain transparency & traceability.
PLANT FIBERS 	• Third-party **segregated or identify-preserved certification with DCF** requirement (for instance, Regenerative Organic Certification, which has a cut-off date of January 1st, 2015) • OR Third-party verified traceability **to the farm (for non-low-risk areas)** and third-party DCF verification (+ regenerative practices) – possibly building supply chains "from the ground up" All options above should be in addition to alignment with Kering Standards requirements, in particular on supply chain transparency & traceability.
PAPER AND PAPER-BASED PACKAGING 	Note: a cut-off date of November 1994 applies to all paper sourced. • Avoid and reduce unnecessary packaging is a first priority • *Reusable*: **Reusable** paper and paperboard, instead of single use, made with materials aligned with the points below • *Recycled*: Certified **recycled** paper • *Next generation*: **Next generation** materials, with feedstock certification including DCF criterion (e.g., Roundtable on Sustainable Biomaterials) • *Certified virgin*: Not sourced from Ancient and Endangered Forests and **FSC 100%** certified. **If** FSC 100% is not available, FSC Mix with at least 70% contributing material is accepted • *Recyclability*: Recyclable paper or cardboard, to be checked according to the standard EN13430 All options above should be in addition to alignment with Kering Standards requirements, in particular on supply chain transparency & traceability.

CELLULOSE -BASED FIBERS 	Note: a cut-off date of November 1994 applies to all cellulose-based fibers sourced. • Sourcing only from Canopy Hot Button Report **dark green shirt suppliers** of MMCF AND requiring **segregated FSC 100% certification**. If FSC 100% is not available, **FSC Mix with at least 70% contributing material is accepted** • Sourcing alternative **"next generation" fibers** made from alternative feedstocks such as recycled textiles and agricultural residues. As availability of certified "next generation" feedstocks improves, we will require sustainability certification (e.g., Roundtable on Sustainable Biomaterials). Both options above should be in addition to alignment with Kering Standards requirements, in particular on supply chain transparency & traceability.
WOOD 	Note: a cut-off date of November 1994 applies to all wood sourced. • Not sourced from Ancient and Endangered Forests and **FSC 100%** certified • OR Third-party verified traceability to the plantation and verification that the wood is not sourced from Ancient and Endangered Forests or causing deforestation or conversion Both options above should be in addition to alignment with Kering Standards requirements, in particular on supply chain transparency & traceability.
RUBBER 	• Third-party **segregated or identify-preserved certification with DCF** requirement (e.g., FSC 100%) • OR Third-party verified traceability **to the plantation** and DCF verification

NOTES:
- **All certified 100% recycled materials (or any portions of these materials which are certified recycled), with robust Kering Standards-aligned certification, are also considered aligned with this policy**, as such materials are reducing pressure on natural ecosystems from which alternative virgin materials would have originated.
- Ideally, all third-party DCF verification systems / SG or IP certifications referred to above should also include regenerative practices.
- In general, when certifications are mentioned in the table above, they should align with those listed in the respective material-specific section in the latest available version of the Kering Standards.

[2] Please note that although they may be at risk of driving deforestation and conversion, this list does not include bio-based plastics or biosynthetic fibers. This is because these materials still represent a very small percentage of our raw material sourcing and therefore are of limited relevance for this policy at this stage. Bio-based plastics represented 0,5% of all raw materials sourced by the group (8% of all plastics) in 2022, and biosynthetic fibers represented 0,1% of all synthetic fibers sourced in 2022, or 0,003% of all raw materials sourced by the group in the same year. As these percentages increase in the future, we will more explicitly integrate these materials into this policy and require suppliers to provide proof of a robust third-party certification including DCF criteria pertaining to the feedstocks used in the production of such materials, such as from the Roundtable on Sustainable Biomaterials.

[3] The table is organized by land footprint associated with Kering's 2022 sourcing of raw materials, which should also reflect Kering's risk exposure to deforestation and conversion risk through sourcing these materials.

[4] The materials on this list as well as other non-bio-based plastics and synthetic fibers (which are not relevant for our deforestation- and conversion-free commitment) represent 99,9% of materials sourced by weight in 2021. "Other" materials representing the remaining 0,1% include glass, bamboo, cork, straw, ceramic, horn, calcium carbonate or mother of pearl. Because these represent very small and fragmented volumes each year, we do not have dedicated DCF implementation plans for these specific materials – although DCF requirements apply to all suppliers, including those selling these materials.

[5] As they largely come from virgin wood pulp when not certified recycled, cellulose-based fibers do come with an inherent risk of being associated with deforestation or conversion of other natural ecosystems. This risk is however moderated by the fact that they only represented 0,5% of our raw material sourcing in kg in 2021 (and 0,0% of our 2021 land use EP&L). Despite this, DCF requirements do apply to all suppliers, including those selling cellulose-based fibers.

DEFINITIONS

Ancient and Endangered Forests

Ancient and Endangered Forests are defined as intact forest landscape mosaics, naturally rare forest types, forest types that have been made rare due to human activity, and/or other forests that are ecologically critical for the protection of biological diversity. Ecological components of endangered forests are:

- Intact forest landscapes;
- Remnant forests and restoration cores;
- Landscape connectivity;
- Rare forest types;
- Forests of high species richness;
- Forests containing high concentrations of rare and endangered species;
- Forests of high endemism;
- Core habitat for focal species;
- Forests exhibiting rare ecological and evolutionary phenomena.

Key endangered forests globally are:

- the Canadian and Russian Boreal Forests;
- Coastal Temperate Rainforests of British Columbia, Alaska and Chile;
- Tropical forests and peat lands of Indonesia, the Amazon and West Africa.

For more information on the location and definitions of Ancient and Endangered Forests, please see Canopy's ForestMapper.

Natural ecosystems

A natural ecosystem is an ecosystem that substantially resembles – in terms of species composition, structure, and ecological function – one that is or would be found in a given area in the absence of major human impacts. This includes human-managed ecosystems where much of the natural species composition, structure, and ecological function are present.

Natural ecosystems include:

- **Largely "pristine" natural ecosystems** that have not been subject to major human impacts in recent history
- **Regenerated natural ecosystems** that were subject to major impacts in the past (for instance by agriculture, livestock raising, tree plantations, or intensive logging) but where the main causes of impact have ceased or greatly diminished, and the ecosystem has attained species composition, structure and ecological function similar to prior or other contemporary natural ecosystems;
- **Managed natural ecosystems** (including many ecosystems that could be referred to as "semi-natural") where much of the ecosystem's composition, structure, and ecological function are present; this includes managed natural forests as well as native grasslands or rangelands that are, or have historically been, grazed by livestock
- **Natural ecosystems that have been partially degraded** by anthropogenic or natural causes (e.g., harvesting, fire, climate change, invasive species, or others) but where the land has not been converted to another use and where much of the ecosystem's composition, structure, and ecological function remain present or are expected to regenerate naturally or by management for ecological restoration.

This includes but is not limited to Ancient and Endangered Forests, natural forests more widely (*deforestation*), and those ecosystems that meet the criteria of Key Biodiversity Areas and High Conservation Value Areas (including High Carbon Stock or Irrecoverable Carbon Areas). It also includes the Amazon as well as Intact Forest Landscapes.

Deforestation

Deforestation is a loss of natural forest as a result of:
i) conversion to agriculture or other non-forest land use;
ii) conversion to a tree plantation; or
iii) severe and sustained degradation.

- It is important to note that although this definition focuses on natural forests only, Kering's commitment extends to other non-forest natural ecosystems as well, such as (but not limited to) natural grasslands, savannahs or peatlands.
- Severe degradation (scenario iii in the definition) constitutes deforestation even if the land is not subsequently used for a non-forest land use.
- Loss of natural forest that meets this definition is considered to be deforestation regardless of whether or not it is legal.
- Deforestation signifies "gross deforestation" of natural forest where "gross" is used in the sense of "total; aggregate; without deduction for reforestation or other offset."

Conversion

Conversion refers to the change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function.

- Deforestation is one form of conversion (conversion of natural forests).
- Conversion includes severe degradation or the introduction of management practices that result in substantial and sustained change in the ecosystem's former species composition, structure, or function.
- Change to natural ecosystems that meets this definition is considered to be conversion regardless of whether or not it is legal

Cut-off date

In this context, "cut-off date" refers to the date after which deforestation, conversion or degradation renders a given area or production unit non-compliant with Kering's commitments on the topic.

The cut-off date adopted by Kering for this deforestation- and conversion-free commitment is 1st January 2020 **at the latest**. This means that areas where natural ecosystems have been cleared or degraded since 1st January 2020 are deemed non-compliant with the commitment, and raw materials produced in such areas cannot enter Kering's supply chains.

This backdrop cut-off date does not supersede earlier existing cut-off dates: in biomes or certification schemes where an earlier cut-off date may apply, this must be upheld. For example, for wood, paper-based packaging and man-made cellulosic fibers, a deforestation cut-off date of November 1994 is applied by the industry.

REFERENCES

- Act4nature, Business for Biodiversity (2018). www.act4nature.com/wp-content/uploads/2018/11/act4nature_version-en.pdf

- Arlidge, William & J.W. Bull, P.F.E. Addison, M. Burgass, D. Gianuca, T.M. Gorham, C. Jacob, N. Shumway, S. Sinclair, J.E.M. Watson, C. Wilcox, E.J. Milner-Gulland (2018). "A Global Mitigation Hierarchy for Nature Conservation." *BioScience*, Volume 68, Issue 5: 336-347. https://doi.org/10.1093/biosci/biy029

- Assessment of biodiversity measurement approaches for businesses and financial institutions, EU Business & Biodiversity Platform (2019). www.arcadis.com/~/media/files/belgium/europeanbbplatformreportbiodiversityassessment2019final5dec2019.ashx?la=en

- Biodiversify & The University of Cambridge Institute for Sustainability Leadership (CISL). (2020). Developing a Corporate Biodiversity Strategy: A Primer for the Fashion Sector. www.cisl.cam.ac.uk/resources/natural-resource-security-publications/developing-a-corporate-biodiversity-strategy-a-primer-for-the-fashion-sector

- Bull, J, P. Addison, M. Burgass & S. Sinclair (2019). "Biodiversity, and a Conservation Hierarchy for Kering S.A.". Internal document prepared for Kering S.A.

- Cambridge Institute for Sustainability Leadership (CISL), (2016). *Biodiversity and ecosystem services in corporate natural capital accounting: Synthesis report*. Cambridge, UK: Cambridge Institute for Sustainability Leadership. www.cisl.cam.ac.uk/resources/natural-resource-security-publications/biodiversity-and-ecosystem-services-in-corporate-natural-capital-accounting

- Cambridge Institute for Sustainable Leadership (2019). Linking planetary boundaries to business: Part of Kering's series on planetary boundaries for business. www.cisl.cam.ac.uk/resources/publication-pdfs/linking-planetary-boundaries.pdf

- Cambridge Institute for Sustainable Leadership and the Natural Capital Impact Group (NCIG) (2020). Measuring Business Impacts on Nature: A Framework to Promote Better Stewardship in Supply Chains. www.cisl.cam.ac.uk/resources/publication-pdfs/measuring-business-impacts-on-nature.pdf

- Ceballos, G., P. Ehrlich and R. Dirzo (2017). Biological annihilation via the ongoing sixth mass extinction signaled by vertebrate population losses and declines. PNAS July 25, 2017 114 (30). www-pnas-org.stanford.idm.oclc.org/content/114/30/E6089

- Di Fonzo, M. & S. Hime (2017). "How businesses measure their impacts on nature: A gap analysis". *University of Cambridge Institute for Sustainability Leadership (CISL), Working Paper 01/2017*. www.cisl.cam.ac.uk/resources/working-papers-folder/how-businesses-measure-impacts-on-nature

- Fashion Pact (2019). Structure of Framework for Action. Biarritz, G7 Summit. https://thefashionpact.org/?lang=en

- Global Fashion Agenda & The Boston Consulting Group (2017, 2018, 2019). *Pulse of the Fashion Industry*.

- IPBES (2019): Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. S. Díaz *et al.*(eds.). IPBES secretariat, Bonn, Germany.

- IUCN (2015): Net positive impact on biodiversity: The business case. https://portals.iucn.org/library/sites/library/files/documents/Rep-2015-008.pdf

- Kering (2020). Reference to EP&L Report for 2019 data: https://keringcorporate.dam.kering.com/m/788c4d5588730055/original/Kering-EP-L-report-2019-.pdf

- Kering (2020). Sustainability Progress Report, 2017 – 2020: https://keringcorporate.dam.kering.com/m/b2ad4cc8ee-acaa5/original/Kering-Sustainability-Progress-Report-2017-2020.pdf

- Kering (2020). Updated Kering Standards Report, 2019: https://keringcorporate.dam.kering.com/m/2b0fd1f253475285/original/KERING_Standards_EN.pdf

- Kering (2017). Sustainability Strategy: www.kering.com/en/sustainability/our-strategy/

- Kier, G *et al*. (2005). Global patterns of plant diversity and floristic knowledge. Journal of Biogeography. Vol 32(7): 1107-1116.

- Mace, G.M., Barrett, M., Burgess, N.D. et al (2018). Aiming higher to bend the curve of biodiversity loss. Nat Sustain 1, 448–451. https://doi.org/10.1038/s41893-018-0130-0

- National Geographic (2011). 86 Percent of Earth's Species Still Unknown? *National Geographic News*. www.national-geographic.com/news/2011/8/110824-earths-species-8-7-million-biology-planet-animals-science/

- *Nature Editorial* (2020). The United Nations must get its new biodiversity targets right. 578: 337-338. doi: 10.1038/d41586-020-00450-5

- Tracy, B. & M. Sanderson (2000). Patterns of plant species richness in pasture lands of the northeast United States. *Plant Ecology*. Vol 149: 169 – 180.

- United Nations (2019). Press Release: Only 11 Years Left to Prevent Irreversible Damage from Climate Change, Speakers Warn during General Assembly High-Level Meeting. www.un.org/press/en/2019/ga12131.doc.htm

- World Economic Forum (2020). *Global Risks Report 2020 (15th Edition)*. Produced in collaboration with Marsh & McLennan and Zurich Insurance Group. www.weforum.org/reports/the-global-risks-report-2020

- World Economic Forum (2020). Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy. Part of the World Economic Forum's New Nature Economy Series. Produced in collaboration with PwC. www.weforum.org/reports/nature-risk-rising-why-the-crisis-engulfing-nature-matters-for-business-and-the-economy

- Zero draft of the post-2020 Global Biodiversity Framework (2020). CBD/WG2020/2/3 6 January 2020. www.cbd.int/doc/c/efb0/1f84/a892b98d2982a829962b6371/wg2020-02-03-en.pdf

Empowering Imagination

sustainability@kering.com
www.kering.com/en/sustainability

Version 2.0 - June 2023