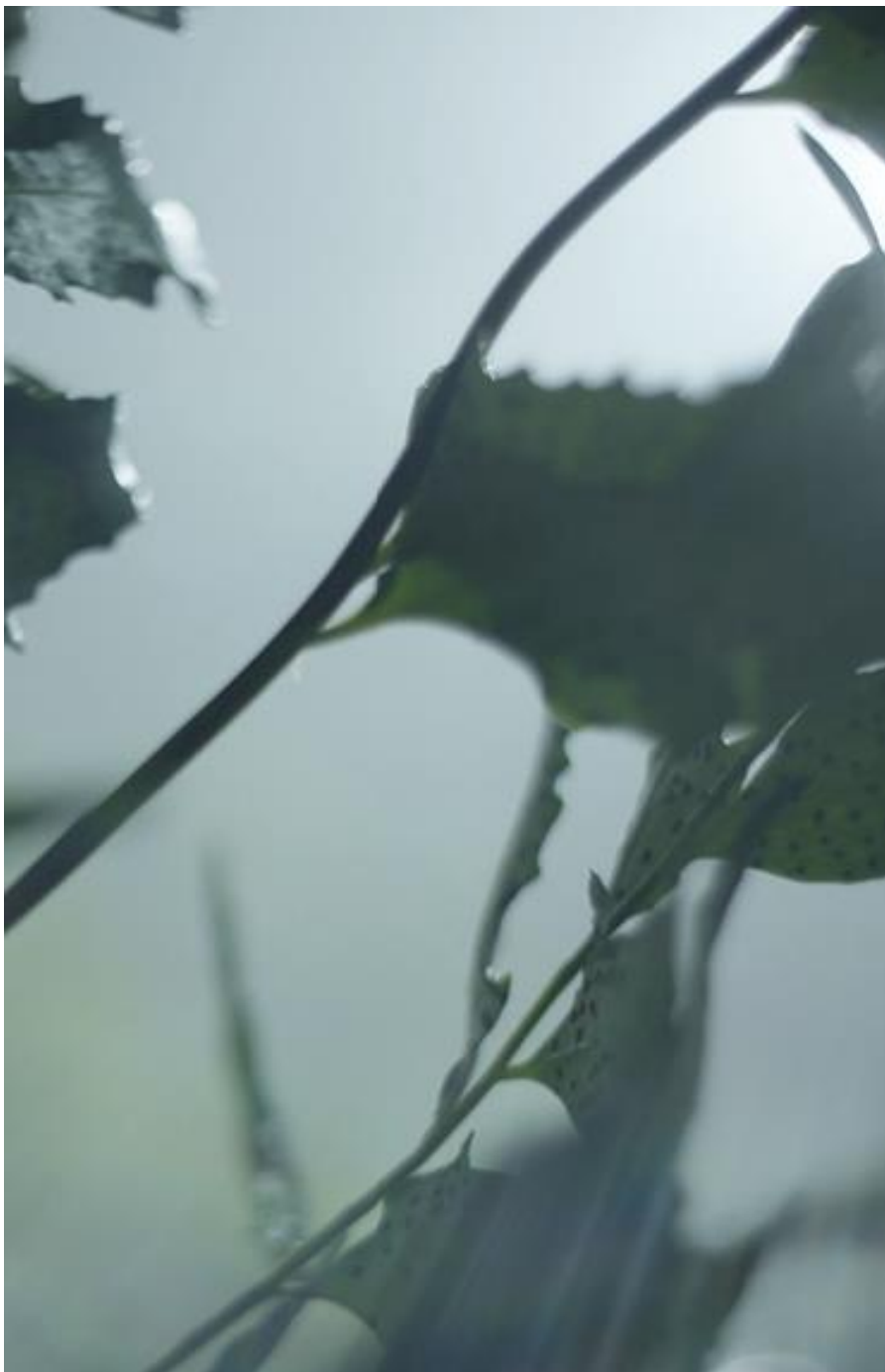


# SUSTAINABILITY PRINCIPLES

KERING LUXURY ACTIVITIES



K E R I N G



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# OUR COMMITMENT

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As a global luxury group, Kering recognises its responsibility to address the challenges we face as a society and its capacity to tackle these alongside governments, non-profits and industry players. Kering is committed to the protection of human rights and dignity, the preservation of the environment and the humane treatment of animals. In light of this, and in accordance with the Group Code of Ethics and international conventions, the Group has set out Kering Sustainability Principles.

Embedded within the Kering contract framework, the Kering Sustainability Principles require suppliers to adhere to rigorous codes of conduct inclusive of those set out under the Kering Code of Ethics' Suppliers Charter. These Principles ensure compliance with prevailing legislation and goes beyond to set more comprehensive requirements for Kering suppliers with the aim of driving the luxury industry toward higher environmental, ethical and social standards. In the case of environmental challenges, when a lack of scientific certainty exists the Kering Sustainability Principles encourage suppliers to follow the precautionary principle and act carefully and conservatively in order to minimise potential impacts.

In terms of scope, all of Kering and its brands' suppliers are required to comply with these Principles, and attest that their respective supply chains do likewise. This encompasses our suppliers and all of their sub-suppliers, including suppliers of materials, production materials, packaging and services used in the production or performance of activities on behalf of Kering and its Brands', and any personnel acting for and/or on behalf of the supplier and its sub-suppliers.

The supplier must understand, and comply with the Kering Sustainability Principles and all applicable laws, regulations, directives, collective agreements and supplementary agreements with respect to human rights, worker's rights, environmental protection standards as well as applicable international Conventions and Declarations. In the event any of these requirements are more stringent than the provisions in this document, the most stringent standard shall apply. The supplier and its sub-suppliers will be responsible for monitoring adherence to these requirements within their respective businesses, and ensuring all of their direct or indirect personnel understand and comply with such.

Furthermore, Kering stipulates the right to check any facility of a supplier or sub-supplier in order to verify compliance with these Principles, and has instated a Group-wide auditing system. As such, suppliers are required to disclose their sub-suppliers with Kering, and both the supplier and its sub-suppliers must allow access to their respective premises, staff and employees for inspection audits, checks or information requests made by Kering, its brands' or any designated third party.



Our principles are divided into mandatory provisions that are compliance based, and other provisions that represent sustainability best practices.

The mandatory provisions include prohibitions against child labour, forced labour, human trafficking, lack of formal work contract, and any kind of discrimination while insisting on fair wages, proper working hours, a safe workplace and freedom of Association. The Group requires adherence to Kering's Product Restricted Substances list and all environmental laws and regulations. In the case of precious skins and furs, Kering requires all to have a CITES permit and prohibits the use of precious skins and furs from the International Union for the Conservation of Nature's Red List. Kering also prohibits the use of cotton from countries using child labour, leather from amazon biome, and PVC.

Suppliers are asked to trace the source of all materials; to comply with the Kering Manufacturing Restricted Substances List and eliminate any use of hazardous chemicals; to avoid sourcing raw materials that contribute to deforestation; to ensure rubber is not sourced from newly established plantations; to use FSC or PEFC certified paper and packaging; to avoid non-recyclable and Nano-plastics; to adhere to the Kimberly Process for Diamonds and source from Responsible Jewellery Council (RJC) certified suppliers; to adhere to the Kering Gold Code; to source organic cotton where possible; to exclusively source down and feathers from within the European Union; and for all animal based materials, to observe the five freedoms of animal welfare.



# SOCIAL PRINCIPLES

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## **HUMAN RIGHTS, WORKER RIGHTS, HEALTH & SAFETY**

All workers, be they on full-time, part-time, temporary, internship or agency contracts, must have formal contracts of employment that respect local legislation and human rights standards. Contracts must include wages, payment frequency, deductions, benefits, working hours, holidays, notice periods, sick pay, maternity pay and any other locally required aspects of employment.

Every effort possible should be made to provide regular, secure employment. The use of temporary contracts or agency labour must not be used as a mean of denying workers their rights or benefits under employment law. Apprenticeships and training contracts are allowed, but must be legally compensated and provide adequate levels of training or development.

Home working is permissible only where the employment relationship is governed by a legal contract that is compliant with the provisions herein for employment, health and safety and must comply with all applicable laws and regulations. Homework must be paid based on a guaranteed hourly minimum wage with verifiable tracking of wage calculations and production output. Work that is started in a factory shall not be reallocated for homeworking to be completed offsite.

## **CHILD LABOUR**

No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher. Whereas governing law requires a higher minimum age of employment, the higher age will apply. If the governing law allows for young workers under the age of 18, they must not work during the night hours and must not be exposed to any situations – in or outside

of the workplace – that are hazardous or impairs their physical and mental health and development.

The supplier and its sub-suppliers must participate and give its contribution to, policies and programs for remediation of children found to be working in order to enable such children to attend and remain in school until no longer a child.

The supplier and its sub-suppliers must ensure that age verification procedures are in place and only rely on official government identification documents and educational records.

## **FORCED LABOUR**

No use of forced labour (including involuntary prison labor, indentured labor, bonded labor or any other forms of forced labor) is allowed and employees cannot be asked to pay “deposits” or fees or have their identification documents withheld.

No portion of employees’ salaries, indemnities, property or documents may be withheld the purpose of forcing employees to continue their employment relationship with the firm. Employees are free to leave their employment relationship with reasonable notice as defined by governing law and prevailing industry practices.

Employees must be entitled to leave the workplace at the end of the standard working day or in case of medical or family emergencies and should be free to terminate their work contract by informing the supplier and/or its sub-suppliers within reasonable time as provided by governing law or international labor standards, whichever provides the most protection to the employees.

Neither the supplier nor its sub-suppliers shall engage in or with any organisation engaged in trafficking in human beings.



## **SAFE WORKPLACE**

A safe and healthy workplace must be provided and the supplier and its sub-suppliers must take effective measures to prevent potential accidents and avoid jeopardising the health and safety of workers in the workplace. Accident risk must be regularly assessed in order to uncover the actual causes and adopt preventive measures; also making sure that standards are consistently applied as well as health and safety guidelines.

The supplier and its sub-suppliers must also provide workers with Person Protection Equipment (PPE) for any place where the work is carried out, as prescribed by applicable regulations. The supplier and its sub-suppliers should encourage workers to use PPE.

Regular training will be provided to all personnel on safety aspects, standards, PPE and procedures to follow so that they can be familiar with using safety equipment, and such training shall be repeated for new or reassigned workers.

All personnel must also have free access to clean toilet facilities, access to potable water, and, where applicable, sanitary facilities for food storage. Accommodation, where provided shall be clean, safe and meet the basic needs of the workers.

Reasonable adaption for employee medical conditions as prescribed by prevailing law or international conventions should be provided.

A senior management representative must be assigned responsibility for health and safety.

## **FREEDOM OF ASSOCIATION**

Employees must have the right to establish, participate and organise trade unions based on their own will and their right to bargain collectively with the trade unions. In the event that freedom of association and the right to bargain collectively become limited by law, the supplier and its actors must allow its workers to freely elect their own representatives. The supplier and its sub-suppliers

must ensure that representatives of workers and any personnel engaged in organising workers are not subjected to discrimination, harassment, intimidation, or retaliation.

Where the right to freedom of association and collective bargaining is restricted under law, the supplier and its sub-suppliers will facilitate, and not hinder, the development of parallel means for independent and free association and bargaining.

## **DISCRIMINATION**

All employees must be hired and treated based on their ability to carry out their work and their performance. There must not be any form of discrimination or preferential treatment in recruiting, remunerating, providing training, promoting, dismissing or in retirement nor on the basis of race, social class or nationality, caste, familial situation including marital status or pregnancy origin, religion, disability, gender, sexual orientation, civil status, trade union affiliation, political opinion, age or in any other discriminating condition.

The supplier and its sub-suppliers must not engage in any conduct that is threatening, offensive or aimed at exploitation or sexual harassment, including gestures, language or physical contact, whether in the workplace or if applicable, in residences or in other areas provided to employees by the company. All employees must be treated with dignity and respect. Physical punishment, mental or physical coercion, nor verbal abuse against employees shall be allowed.

## **WORKING HOURS**

Working hours must comply with national laws, collective agreements, and international conventions, whichever provides the greatest protection for workers.

A standard working week, except for overtime work, must be established by law; nevertheless, it should not exceed 48 hours per week. Employment hours and work rules



should be established by written contract with the employee. Employees must get at least one off day after six consecutive working days.

All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole.

Any exceptions to this rule will only be applicable upon the occurrence of the following conditions:

- a) Governing law provides a work schedule that exceeds the above limit.
- b) Existence of a collective bargaining agreement that provides a flexible work schedule and includes suitable resting periods: overtime work must be voluntary and must not exceed 12 hours per week, or be required on a regular basis. If overtime work is required in order to meet market demands within a brief period of time and the supplier and its sub-suppliers adheres to a contract derived from a collective bargaining agreement with the worker's organisation (as defined above), whereby it makes up a significant part of the workforce, the company may request overtime work in accordance with the established agreements.
- c) the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.

Overtime shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, and should not place the employee's health and safety at risk.

### **FAIR WAGE**

The supplier and its sub-suppliers must respect employees' rights to a living wage that guarantees that the salary paid for a standard working week meets or exceeds legal standards or minimum wage standards relevant to the sector and that is sufficient to satisfy the employee's basic needs as well as providing a discretionary income.

Salary withholdings due to disciplinary purposes are not allowed. Any exceptions to this rule will only be applicable upon the occurrence of both of the following conditions:

- a) Salary withheld for disciplinary reasons permitted by national laws.
- b) Existence of an effective collective bargaining agreement: the company must ensure that employees' salaries and wage structures are clearly and duly specified in writing for each wage period. Moreover, the company must make sure that payment of salaries and wages conform to applicable laws.



# ENVIRONMENTAL PRINCIPLES

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As per the Kering Suppliers' Charter, all suppliers and sub-suppliers are contractual bound to complying with directly applicable environmental legislation and to working to implement the three principles of the Global Compact relating to environmental protection:

- Support a precautionary approach to environmental challenges;
- Undertake initiatives to promote greater environmental responsibility;
- Encourage the development and diffusion of environmentally friendly technologies.

To ensure they act in compliance with all applicable Environmental Laws, suppliers and sub-suppliers must obtain and maintain all licenses, authorisations, certifications and approvals required under all applicable Environmental Laws. As such, the use of any process, operation or material which is not fully compliant with applicable Environmental Laws and the Kering Product Restricted Substance List (PRSL) is forbidden.

## **REPORTING**

As the first step to reducing environmental impacts is identifying and understanding them, suppliers and sub-suppliers should measure their environmental impacts such as emissions, energy use, water use and water discharge. Suppliers and sub-suppliers are invited, on a discretionary basis, to share this information with Kering and its brands' as part of the Group's Environmental Profit & Loss (EP&L) ongoing analysis and annual reporting.

## **DISCLOSURE**

Upon request by Kering or its brands', suppliers and their sub-suppliers are obliged to promptly share any data and documentation, related to safety, Environmental Laws, and their respective compliance therewith. Furthermore, any violation or deviance from such Laws by a supplier or their sub-suppliers must be immediately reported to Kering, who will evaluate the situation and take consequential action, including terminating a supplier relation if necessary.

## **HAZARDOUS MATERIALS**

Kering prohibit the release of any Hazardous Material into the environment by suppliers or sub-suppliers. In the event of any such release, the necessary action must be taken to promptly investigate, study, sample, test, cleanup, remedy and remove any such Hazardous Materials in accordance with the requirements set forth by the applicable Environmental Laws.

Suppliers and sub-suppliers must additionally (i) disclose all communication with authorities relating to any Environmental Law or Environmental Claim, and (ii) promptly upon obtaining knowledge of any fact, circumstance, condition or occurrence that could form the basis of an Environmental Claim or any pending or threatened Environmental Claim, arising with respect to the supplier, a sub-supplier, Kering or any third party. This includes a detailed description of the incident and the reactive action proposed, as well as regular update reports until the situation is rectified.





## **HAZARDOUS CHEMICALS**

Kering is committed to phasing out and eliminating all hazardous chemicals from its production by 2020. To achieve this goal Kering has developed a Chemical Management Framework, which applies to the ensemble of its brands, suppliers, sub-suppliers, licensees, processes and products. The Framework goes beyond regulatory compliance, and includes specific guidelines for products, through a Restricted Substance List (RSL), and for processes, through a Manufacturing Restricted Substances List (MRSL).

Kering requires suppliers and sub-suppliers to strictly comply with this framework, as well as all local and international regulations and industry standards including the European Union Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH); the US Consumer Product Safety Improvement Act (CPSIA); AFIRM; and the American Apparel & Footwear Association (AAFA) standards.

As such, suppliers and their sub-suppliers are required to:

- Implement a Chemical Management System (CMS), or similar system that addresses the chemical inventory requirements mentioned hereafter.
- Regularly review MRSL compliance, within their own facilities and at chemical suppliers. This should include due diligence, testing of incoming chemicals, review and phase-out of non-compliant suppliers, documentation review, and self-assessments. Alternatively, in the case of non-direct operations, Kering suppliers must require that their sub-suppliers and chemical suppliers provide a statement of compliance.
- Maintain a Chemical Inventory of their use of hazardous chemicals during production of products, and disclose this with Kering. The inventory must be continuously updated and should cover a retrospective period of three years to ensure the adequate traceability of all chemicals used. This includes retaining copies of the Technical Data Sheets (TDS), and an inventory of Safety Data Sheets (SDS) for all chemicals, packaging, and samples.

- Document all chemicals used in the facility, be it related to Kering activities or not. This may include but is not limited to dyestuffs, inks, paints, solvents, primers, adhesives, surfactants, cleaning agents, or other auxiliary chemicals.
- Document all chemicals used in relation to auxiliary processes. This may include but is not limited to grounds maintenance, water and wastewater treatment, fire-fighting practices, and support facilities.

## **ANIMAL WELFARE**

The Group is committed to ethical practices in the catching, maintaining, breeding, raising, transport, handling, and slaughter of animals in our leather, fur and precious skin supply chains. We believe that all such animals, while taking into account their species' needs, should benefit from:

- freedom from hunger and thirst, by ready access to fresh water and a diet for full health and vigour;
- freedom from discomfort, by providing an appropriate environment including shelter and a comfortable resting area;
- freedom from pain, injury or disease, by prevention or rapid diagnosis and treatment;
- freedom to express normal behaviour, by providing sufficient space, proper facilities and company of the animal's own kind;
- freedom from fear and distress, by providing conditions and treatment that avoid mental suffering.

We ask the supplier to ensure that the capture, maintaining, breeding, raising, transportation, handling and slaughter of animals is in compliance with applicable local animal welfare, social, and environmental laws and regulations as well as internationally accepted human and labor rights standards. In addition, internationally accepted standards for animal welfare such as the standards developed by the World Organization for Animal Health should be followed.

Use of animal skins or other products that originate from illegal wildlife trade is strictly prohibited.



## **SOURCING OF RAW MATERIALS**

Kering requires all suppliers and sub-suppliers to source raw materials in strict accordance with the following principles:

- Protect of biodiversity
- Preserve the functionality of ecosystems
- Manage and conserve water
- Manage land use and conserve soils
- Avoid contributing to deforestation
- Avoid or mitigate impacts on climate change
- Ensure humane treatment of animals
- Ensure fair, just and safe working conditions
- Build positive relations with local communities

In addition, suppliers and sub-suppliers are required to respect the following material-specific requirements:

### **LEATHER**

Kering forbids the use of leather from farms involved in any form of deforestation in the Amazon biome since July 2006, or farms included in IBAMA's [embargo list](#). Suppliers are required to ensure, and provide documentation of, traceability so as to;

- guarantee that leather supplies do not come from farms which directly or indirectly (through the production of livestock fodder) use lands recently (since 2009) converted to pasture from sensitive natural eco-systems (especially forests and grasslands) with a high conservation value;
- ensure that leather sourced not come from cattle grazing operations that occupy land disputed by indigenous groups or areas protected by federal, state or municipal legislation, or farms included in MTE's embargo list. [www.mte.gov.br](http://www.mte.gov.br)

## **PRECIOUS SKINS**

Kering prohibits the use of skins from all species listed on the IUCN Red List as "near threatened", "vulnerable", "endangered" or "critically endangered"; and require that all species listed on CITES Appendices have the appropriate CITES permits that have been verified by the supplier;

We require suppliers to guarantee that they do not trade (buy or sell) illegal species (i.e. CITES Appendix I) and that all trade in skins complies with local and international laws;

We ask suppliers for complete traceability of skins back to wild source and/or captive operations and source preferentially from captive operations that can be verified by 3rd parties in terms of their countries that have well established and enforced legislation covering animal welfare and trade.

### **FURS**

We prohibit the use of furs obtained by killing fetal animals, as well as the use of any furs of species classified by the IUCN Red List as "threatened", and require documentation for wild-caught species listed on CITES including country of origin and method of capture, though their use is discouraged. In the case of Angora, we only source from third-party certified farms which comply with strict animal welfare standards.

We ask suppliers for complete traceability of fur back to farms and show evidence of the origin of the product and adherence to the animal welfare standards in these principles and ensure a minimal impact on environment and biodiversity.

We ask suppliers to avoid sourcing "wild caught" animals, in particular prohibiting furs from CITES listed species, or any wild caught animals from Asia.



## GOLD

We ask our suppliers to exclusively source gold that is:

- in accordance with those principles outlined in the Kering Ethical Gold Framework, via Kering selected refiners;
- artisanal gold from mines that are certified by credible third parties such as Fairtrade or Fairmined;
- provided by suppliers from RJC certified mines or RJC certified mining companies;

## DIAMONDS

We ask supplier to adhere to the Kering Diamond Code and endeavor, as of now, to source diamonds from direct and indirect Suppliers who are RJC (Responsible Jewelry Council) Certified Members accompanied by the World Diamond Council System of Warranties statement;

Diamonds can also be sourced throughout a supply-chain composed of actors who implement one or several of the following private ethical standards:

- De Beers Best Practice Principles (BPP)
- De Beers Forevermark
- Dominion Diamond CanadaMark™

## WOOL

We ask suppliers to ensure that the sheep farming has not led to recent conversion of sensitive and important ecosystems and are not seriously degrading the land through soil erosion and chemical inputs; and to ensure that the wool sourced meets the EU Eco-label requirements. We have also instated specific wool guidelines across our supply-chain, to guarantee that mulesing techniques have not been employed.

## COTTON

We forbid the use of cotton from producers and suppliers that directly or indirectly use child labour. In light of this, we do not use Uzbekistan cotton and limit our sourcing to regions where strict legislation and high standards prevail.

We ask suppliers to source certified organic cotton whenever possible, and consider FairTrade or organically grown cotton as a secondary alternative. We also require them to take necessary measures to avoid using genetically modified cotton and cotton from conflict areas.

## DOWN & FEATHER

We ask our suppliers to ensure sourcing down and feather from European Union countries; and that down and feather must not be removed from live animals or from animals that are force fed during their life for any reason; and to provide a full traceability of down and feather sourced.

## RUBBER

We ask require that suppliers to ensure that rubber sourced should does not come from Plantations that have been recently established plantations (since 2004) created by clearing natural forest or mixed agricultural-forestry production areas (e.g. "jungle rubber" as described below) to monoculture plantations.

Additionally, we avoid high risk areas for sourcing including Gabon, Laos, Cambodia, China and, Indonesia in order and to ensure that rubber sourced does not come from plantations that have been established on land taken from local communities without their 'free and prior informed consent'.



## PLASTIC

We forbid the use PVC in our products and packaging. We ask suppliers to prefer plastics that are made with recycled content or bio-content (non-fossil/petrol content), prefer plastics that are biodegradable or compostable and avoid the use of plastics that are not recyclable and Nano-plastics (plastic micro particles). Also we ask them to ensure that the production of the bio-plastic component of the plastics (crops, organic wastes, proteins etc.) have not been genetically modified; and to ensure that the production used is not a food source but is rather from non-edible parts of the plant, resources from forestry, proteins from discarded sources etc.

## PACKAGING

We ask that suppliers ensure that all wood, paper and derived products come from FSC or PEFC certified sources, with a preference given to fibres from recycled sources. When recycled or certified wood and paper is not fit for purpose, we impose a series of requirements to ensure the supply chain does not contribute to deforestation or impact sensitive ecosystems, and does not involve companies on the Greenpeace list and is chlorine free.



# APPLICABLE INTERNATIONAL CONVENTIONS

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- International Labour Organization (ILO): [www.ilo.org](http://www.ilo.org)
- Intergovernmental Panel On Climate Change (IPCC): [www.ipcc.ch](http://www.ipcc.ch)
- International Maritime Organization (IMO): [www.imo.org](http://www.imo.org)
- Millenium Ecosystem Assessment: [www.unep.org](http://www.unep.org)
- Organization for Economic Co-Operation and Development (OECD): [www.oecd.org](http://www.oecd.org)
- Ramsar Convention: [www.ramsar.org](http://www.ramsar.org)
- Geneva Conventions: [www.icrc.org](http://www.icrc.org)
- International Covenant on Economic, Social and Cultural Rights
- International Covenant on Civil and Political Rights
- United Nations' Convention on the Rights of the Child
- United Nations' Convention on the Elimination of All Forms of Discrimination Against Women
- United Nations' Convention on the Elimination of All Forms of Racial Discrimination
- United Nations' Guiding Principles on Business and Human Rights
- United Nations' Universal Declaration of Human Rights
- Rio Declaration on Environment and Development: [www.unep.org/rio20](http://www.unep.org/rio20)
- United Nations Conference on Trade and Development: [unctad.org](http://unctad.org)
- United Nations Educational Scientific and Cultural Organization (UNESCO): [unesco.org](http://unesco.org)
- United Nations Environment Programme (UNEP): [www.unep.org](http://www.unep.org)
- Food and Agriculture Organization: [www.fao.org](http://www.fao.org)
- Rotterdam Convention: [www.pic.int](http://www.pic.int)
- World Commission on Environment and Development (WCED): [sustainabledevelopment.un.org](http://sustainabledevelopment.un.org)
- The Fundamental Conventions of the International Labour Organisation (ILO)
- The Ethical Trading Initiative (ETI) Base Code
- FLA Workplace Code of Conduct and Compliance Benchmarks

K E R I N G



Gucci • Bottega Veneta • Saint Laurent • Alexander McQueen • Balenciaga  
Brioni • Christopher Kane • McQ • Stella McCartney • Tomas Maier  
Boucheron • Dodo • Girard-Perregaux • JeanRichard • Pomellato • Qeelin • Ulysse Nardin

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