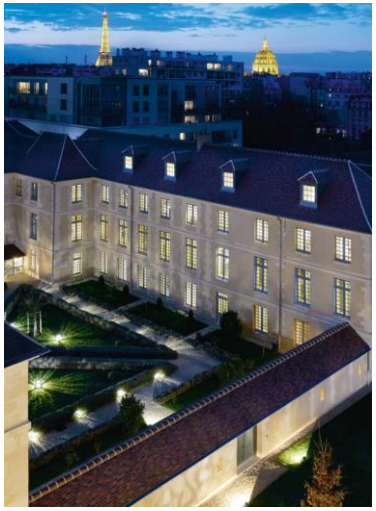
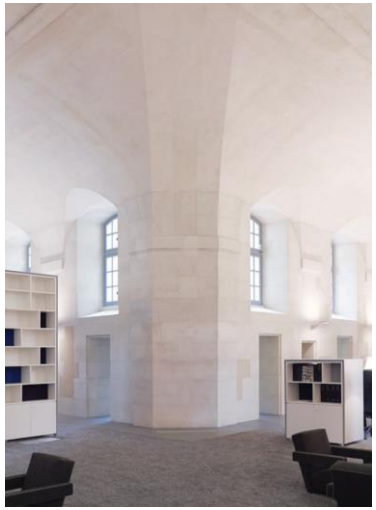
KERING

ENVIRONMENTAL PROFIT & LOSS ACCOUNT

SEEA workshop, October 2019
NYC


A global Luxury group, Kering manages the development of a series of renowned Houses in Fashion, Leather Goods, Jewelry and Watches: Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, Brioni, Boucheron, Pomellato, DoDo, Qeelin, Ulysse Nardin, Girard-Perregaux, as well as Kering Eyewear.

€13,665M

Group revenue

+29,4%

Revenue growth

€3,943.8M

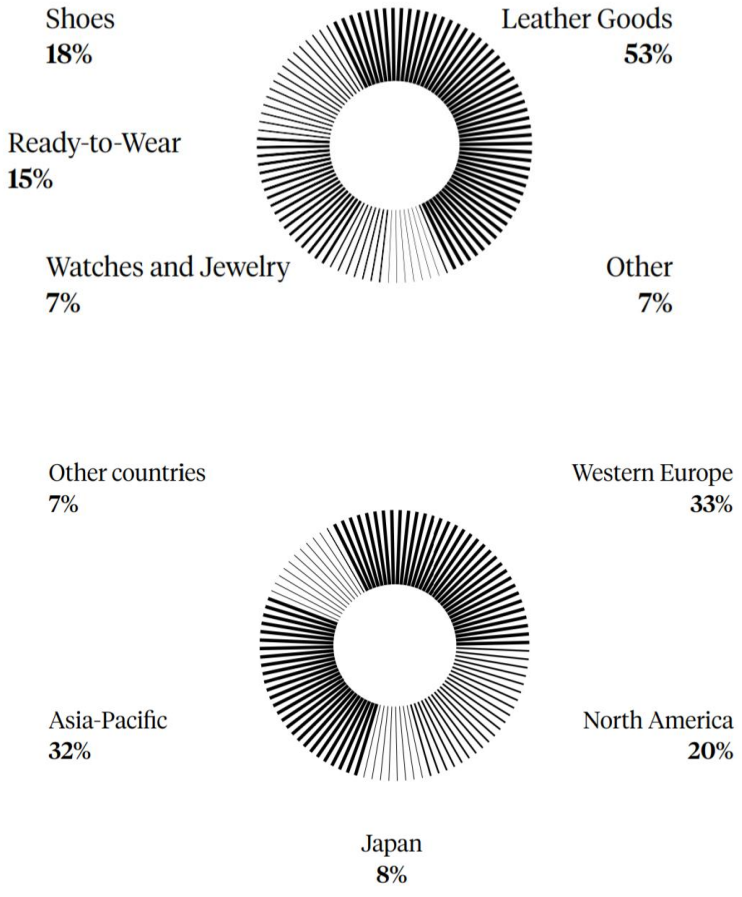
Recurring operating income

1,439

Directly operated stores

35,000

employees



SUSTAINABILITY AT KERING: 2025 STRATEGY

The strategy is supported by three themes that translate vision into action:

CARE FOR THE PLANET
COLLABORATE WITH THE PEOPLE
CREATE NEW BUSINESS MODELS

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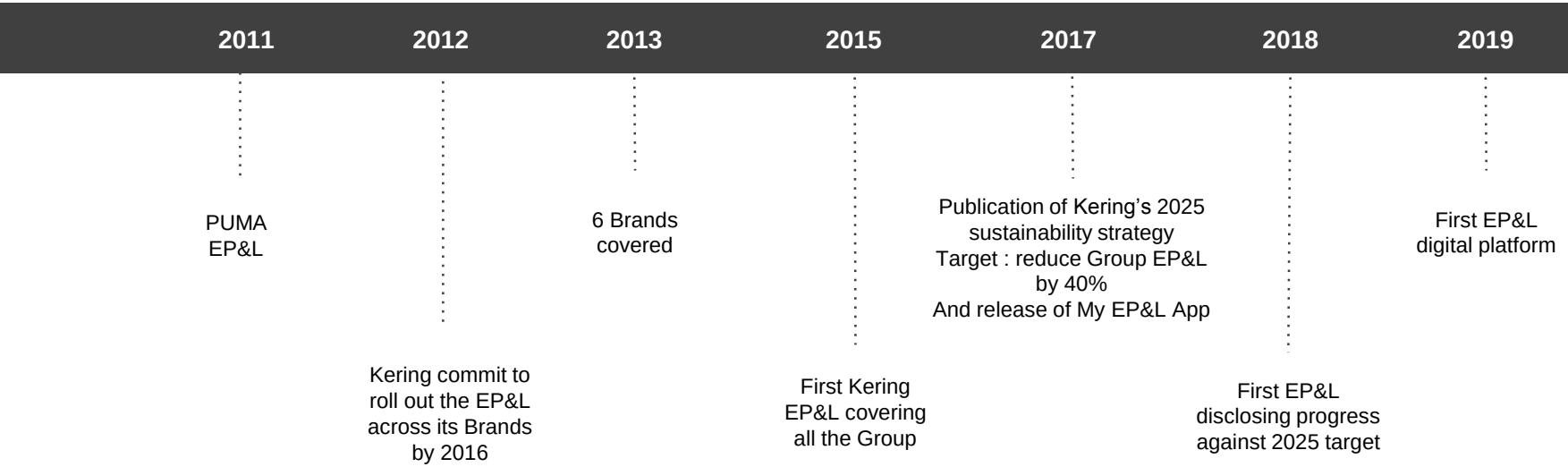

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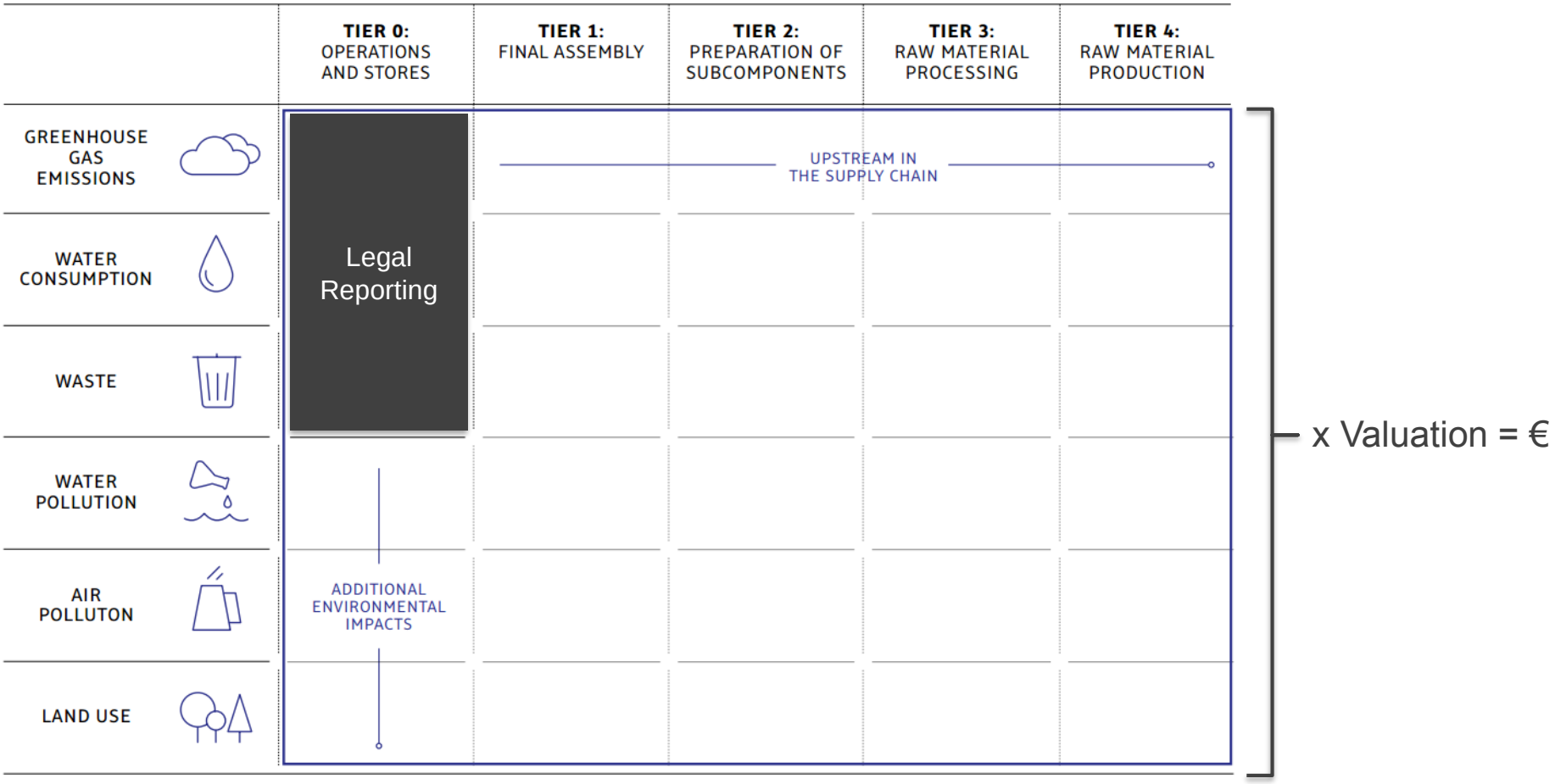
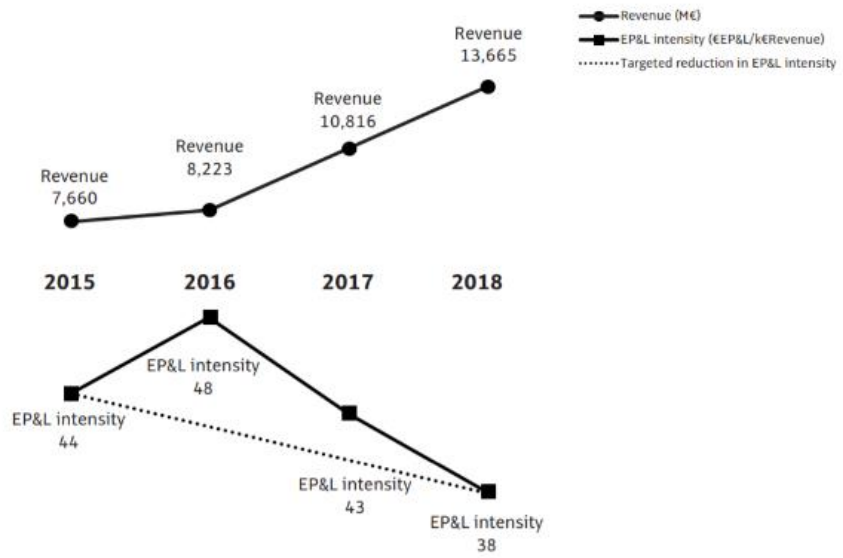


ENVIRONMENTAL PROFIT & LOSS ACCOUNT

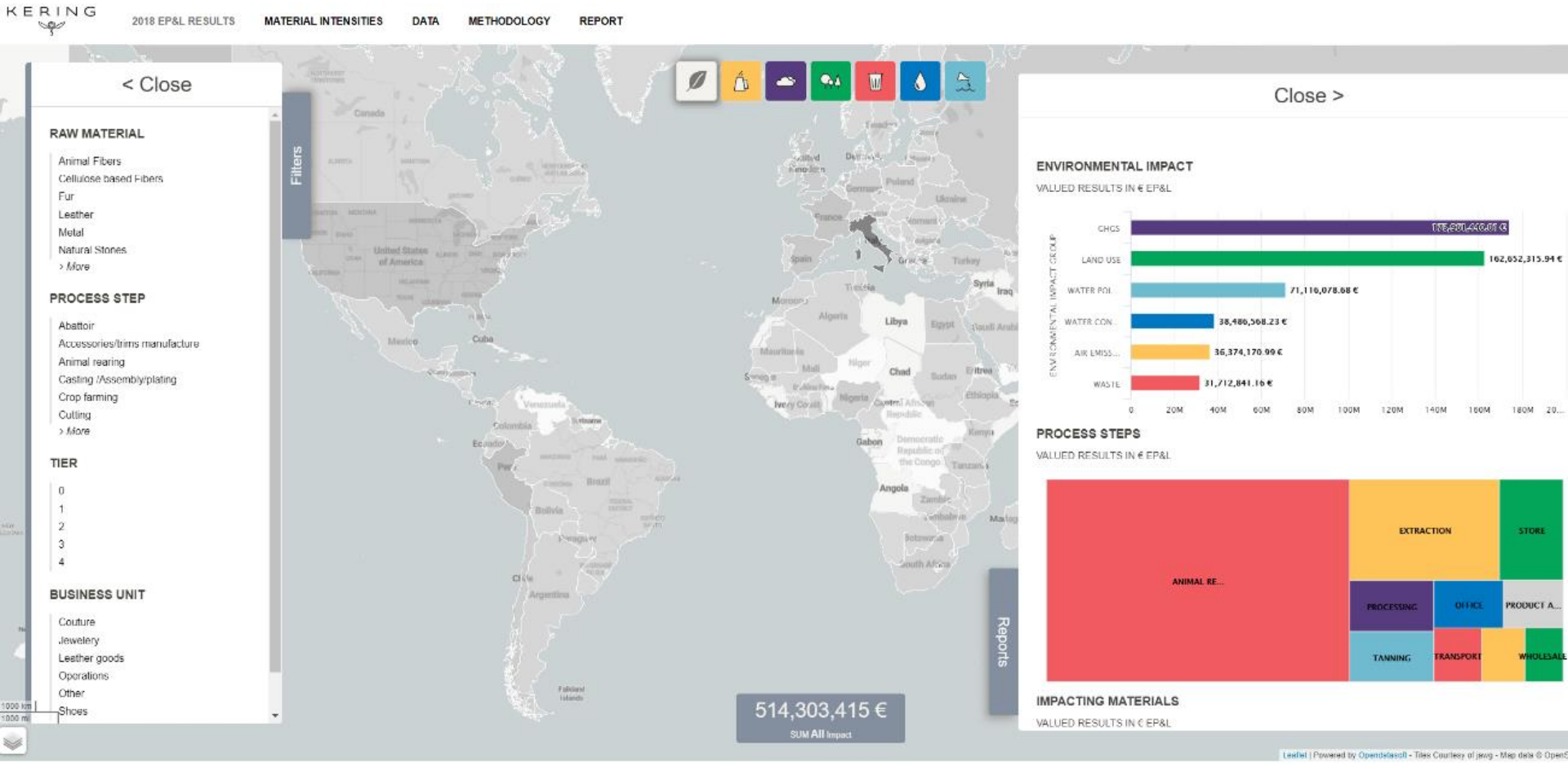
	TIER 0: STORES, WAREHOUSES, OFFICES	TIER 1: ASSEMBLY	TIER 2: MANUFACTURING	TIER 3: RAW MATERIAL PROCESSING	TIER 4: RAW MATERIAL PRODUCTION	TOTAL IN MILLIONS:
AIR EMISSIONS						7% €36.4
GHGs						34% €174
LAND USE						32% €162.6
WASTE						6% €31.7
WATER CONSUMPTION						7% €38.5
WATER POLLUTION						14% €71.1
TOTAL IN MILLIONS:	11% €58.7	6% €29.4	9% €48.3	10% €51.8	63% €326.1	**100%** €514.3



Revenue: € million
EP&L intensity: € EP&L per €1,000 revenue (intensities based on EP&L results calculated using the 2018 methodology)
Targeted reduction in EP&L intensity: We have targeted a 40% reduction in our EP&L intensity by 2025, with a 2015 baseline. This trajectory is shown in the chart and leads to an EP&L intensity of 27 (€EP&L/k€CA) in 2025. This reflects we are on target to reach our reduction ambitions.

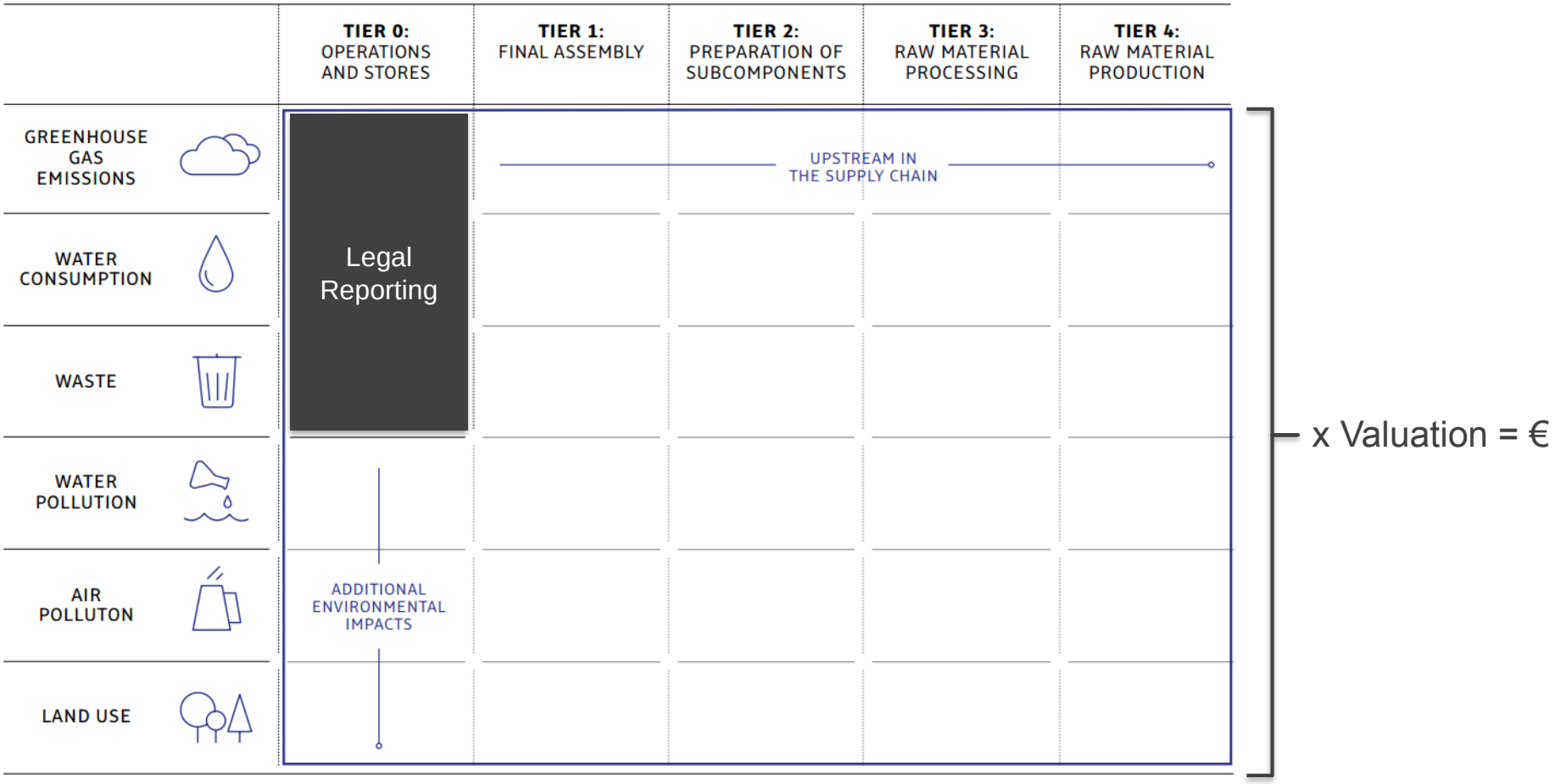
ENVIRONMENTAL PROFIT & LOSS ACCOUNT

https://kering-group.opendatasoft.com



Empowering Imagination

WHAT IS AN EP&L?



WHAT IS AN EP&L?

Environmental Footprint **X** Impact Valuation **=** EP&L

	EMISSIONS AND RESOURCE USE	ENVIRONMENTAL CHANGE	CHANGE IN WELLBEING
AIR POLLUTION	Emissions of pollutants ($PM_{2.5}$, PM_{10}, NOx, SOx, VOCs, NH_3) in kg	Increase in concentration of pollution	Respiratory disease, agricultural losses, reduced visability
GREENHOUSE GAS EMISIONS	Emissions of greenhouse gases (CO_2, N_2O, CH_4, CFC's etc) in kg	Climate change	Health impacts, economic losses, change in natural environment
LAND USE	Area of tropical forest, temperate forest, inland wetland etc in hectares	Reduced ecosystem services	Health impacts, economic losses, change in natural environment
WASTE	Hazardous and non-hazardous waste in kg	Climate change, disamenity and contamination	Reduced enjoyment of local environment, decontamination costs
WATER CONSUMPTION	Water consumption in m^3	Increasing water scarcity	Malnutrition and disease
WATER POLLUTION	Release of specific heavy metals, nutrients, toxic compounds in kg	Reduced water quality	Health impacts, eutrophication, economic losses

OUR IMPACTS

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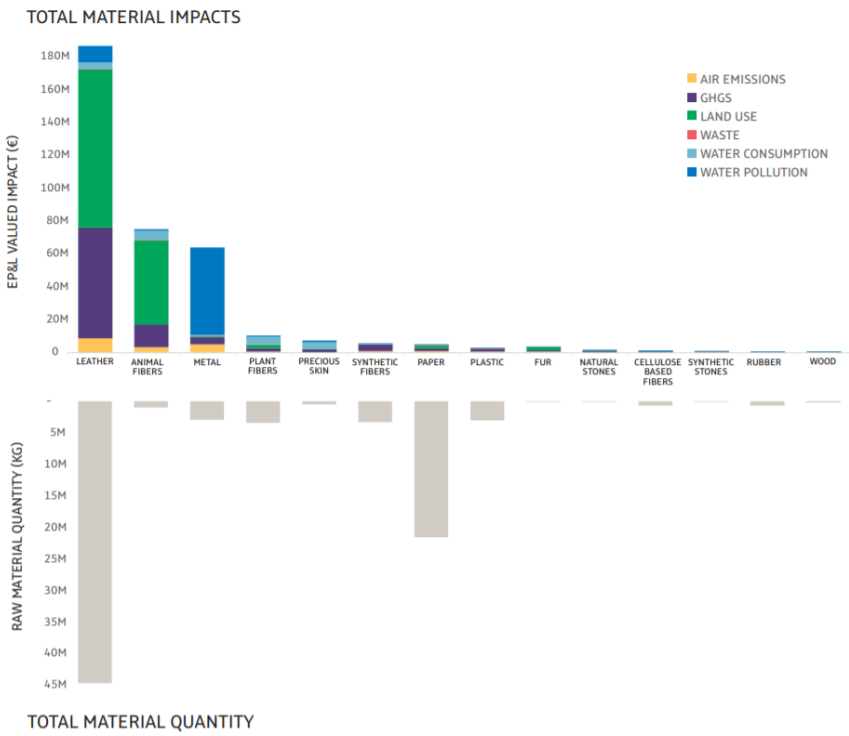
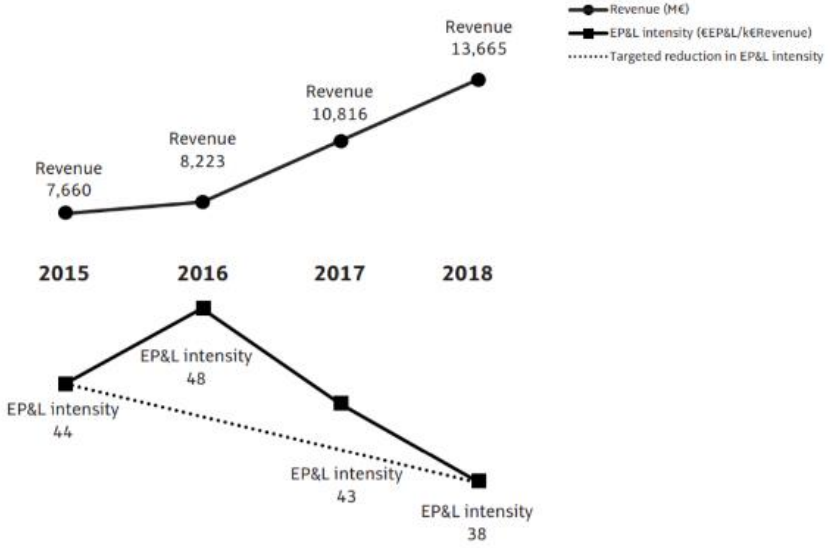


WHAT WE DO WITH THE EP&L?



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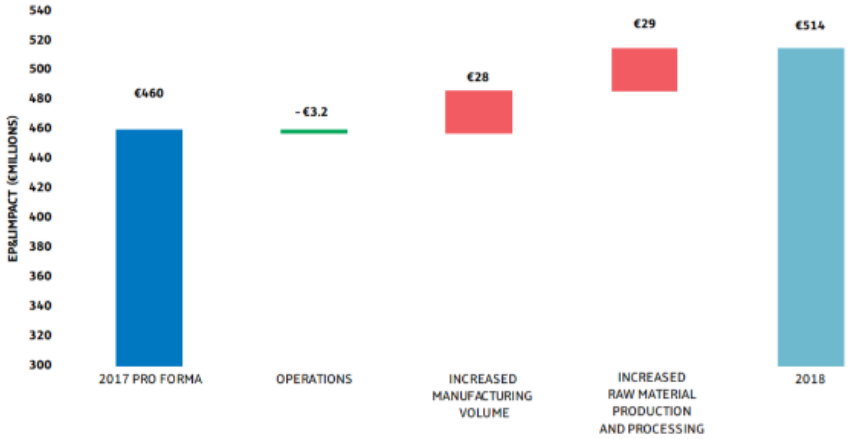

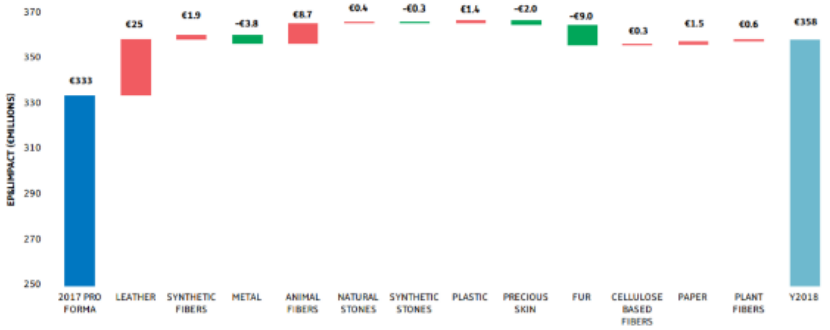

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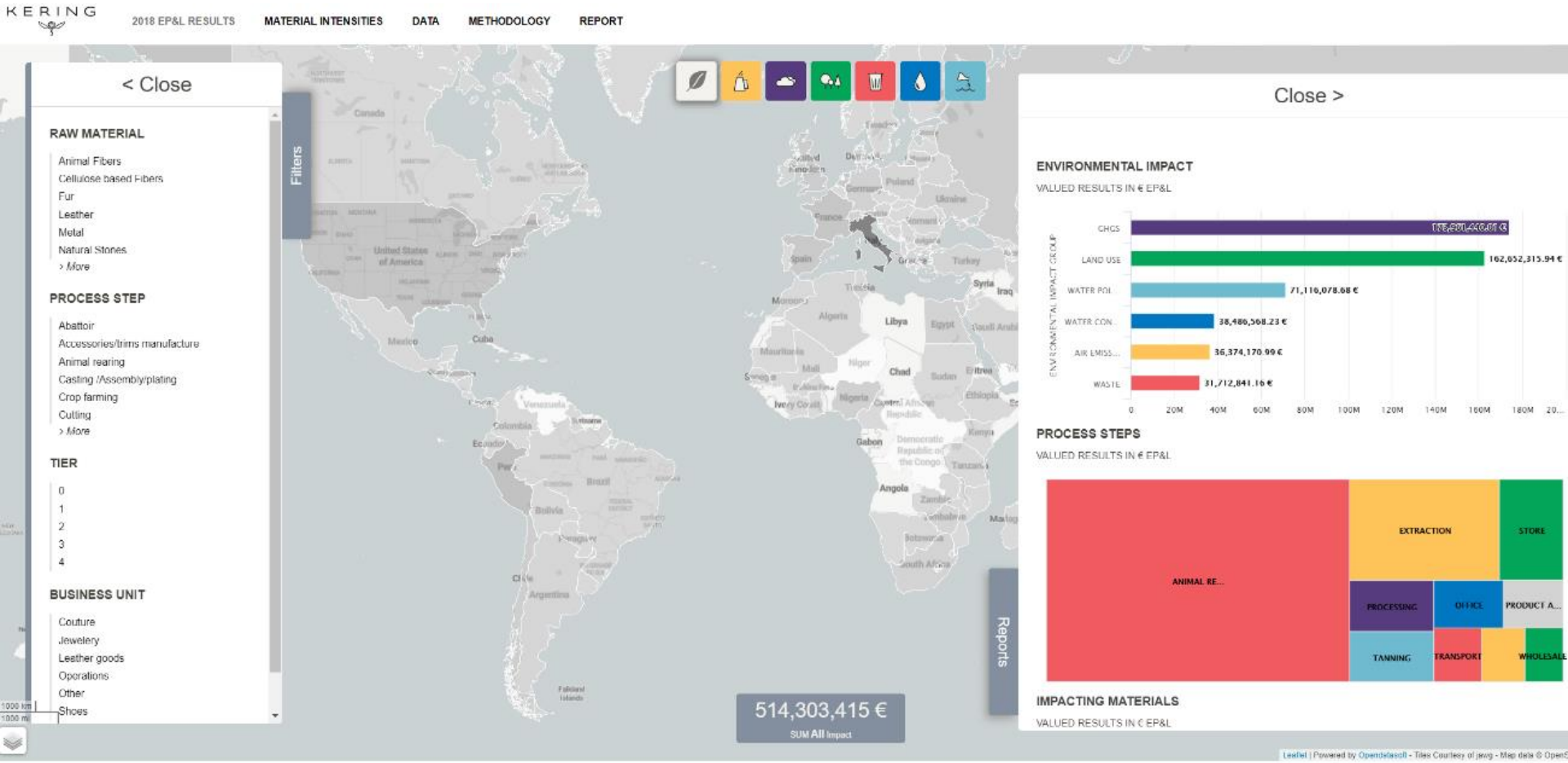


OPEN SOURCING OUR DATA

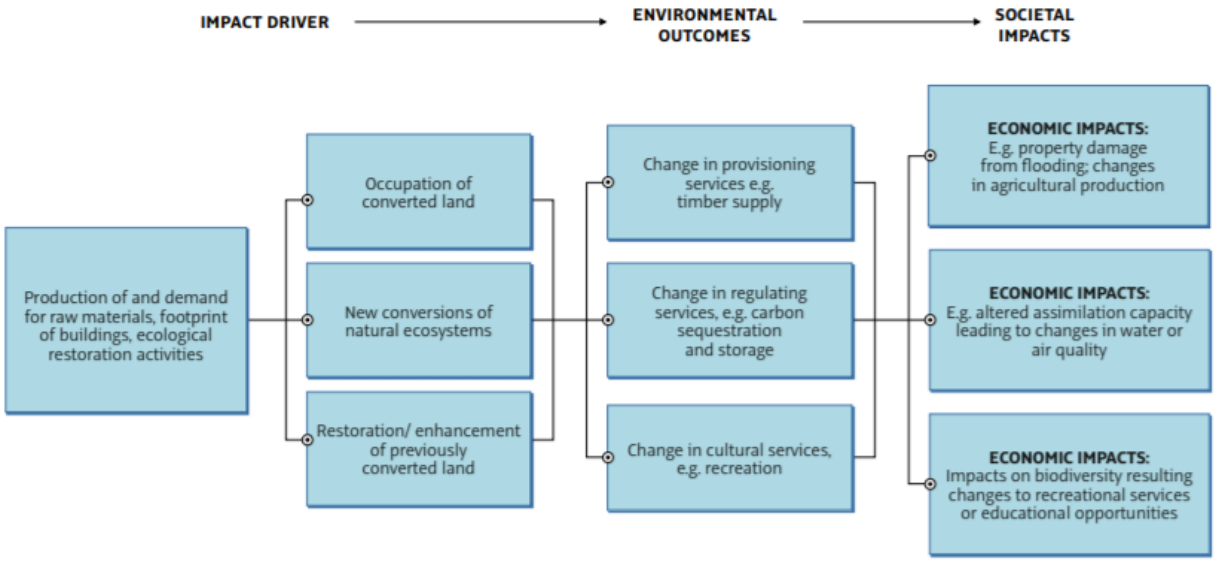
Kering
@KeringGroup

Suivre

This weekend, Kering organized its 1st hackathon for sustainable Luxury entitled #HackToAct in Paris.
Congrats to the 3 winning teams for their groundbreaking creativity addressing #sustainability challenges! loom.ly/AdH0iok
#KeringForSustainability

09:09 - 7 oct. 2019

Impact pathway for land use



Classification of final ecosystem services

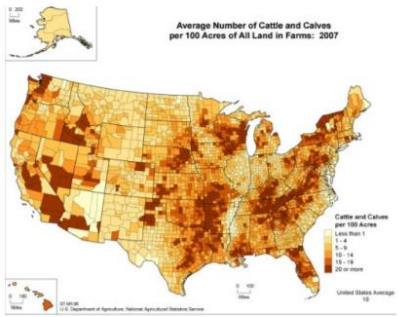
SERVICE CLASS	SPECIFIC ECOSYSTEM GOOD OR SERVICE	POTENTIAL RELEVANCE OF IMPACT TO PEOPLE
Provisioning services	Food from natural/semi-natural ecosystems	Local
	Fibre, other raw materials	Local
	Domestic and industrial water	Regional
	Bio-prospecting & medicinal plants	Global
	Ornamental products	Regional
	Air purification	Global
Cultural services	Recreation	Regional
	Spiritual and aesthetic	Regional
	Cognitive and learning opportunities	Regional
Regulating services	Stable climate	Global
	Pollution control and waste assimilation	Regional
	Erosion control	Regional
	Disease and pest control	Regional
	Flood control and protection from extreme events	Regional

The Economics of Ecosystems and Biodiversity (TEEB)

FOCUS ON LAND USE AND BIODIVERSITY

1. Calculate land area

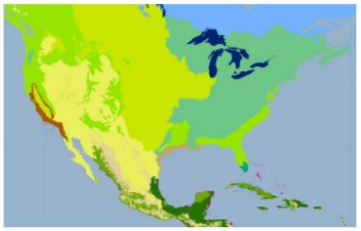
A. Regional yield data from surveyed suppliers, agricultural statistics or the FAO statistics database are used to quantify the amount of land occupied.
e.g Cattle density per ha in the US



2. Identify type of ecosystem

A. The type of ecosystem will affect the value of the ecosystem service change
B. GIS data sourced from the WWF Wildfinder is used to classify each location of land use into six categories:
- Tropical forest
- Temperate forest
- Grassland
- Desert
- In-land wetland
- Coastal wetland

e.g Distribution of different ecoregions in the US



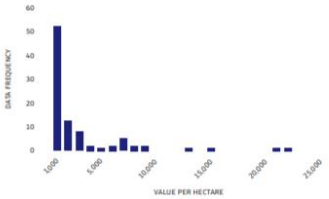
3. Estimate change in ecosystem service delivery

A. Where location specific data on the change in ecosystem service delivery is available, this is used to estimate the proportional change in service delivery. For example, the certification of Patagonia wool is supported by ecological surveys which can be used to consider how each ecosystem service is affected by the restoration activities.
B. Where the precise location is not known, or such detailed ecological data is not available, we use regional proxies to estimate the change in service delivery.
C. For example, change in carbon and biomass can provide proxies for change in climate and other regulating services, while species richness is relevant for bioprospecting, ornamental products, education and recreation services.

4. Value change in ecosystem services

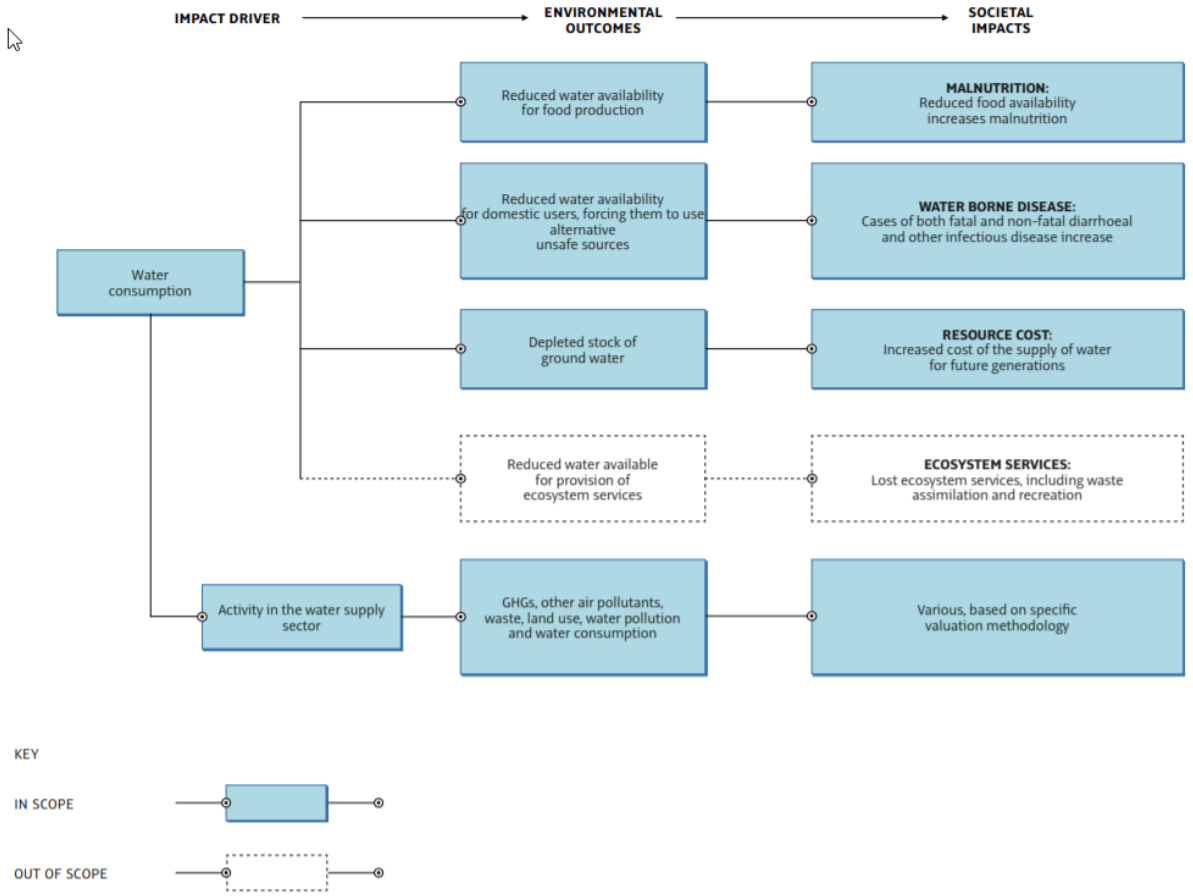
A. Medians are calculated for each ecosystem service within each eco-region, drawing on 1,500 estimates globally
B. Outliers more than 2 standard deviations from the mean are excluded

Food provision by Coastal Wetlands



C. Adjustments for country specific factors:
- Local services: income, population density
- Regional services: income, population density
- Global services: no adjustment

Impact pathway for water consumption

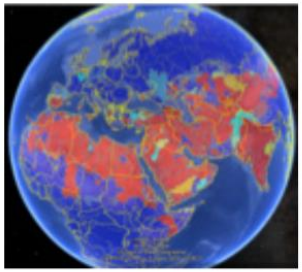


FOCUS ON WATER

Malnutrition

- Malnutrition DALYs associated with the reduction in available fresh water for agriculture is, at the watershed level.
- Takes into account the volume of corporate water consumption, the level of water stress in the specified watershed and the water requirements for agricultural productivity.
- DALYs are valued to estimate the welfare impacts per m^3 of water consumption.

Global WSI



0-no water stress (blue) to 1 – extreme water stress (red)

Resource costs

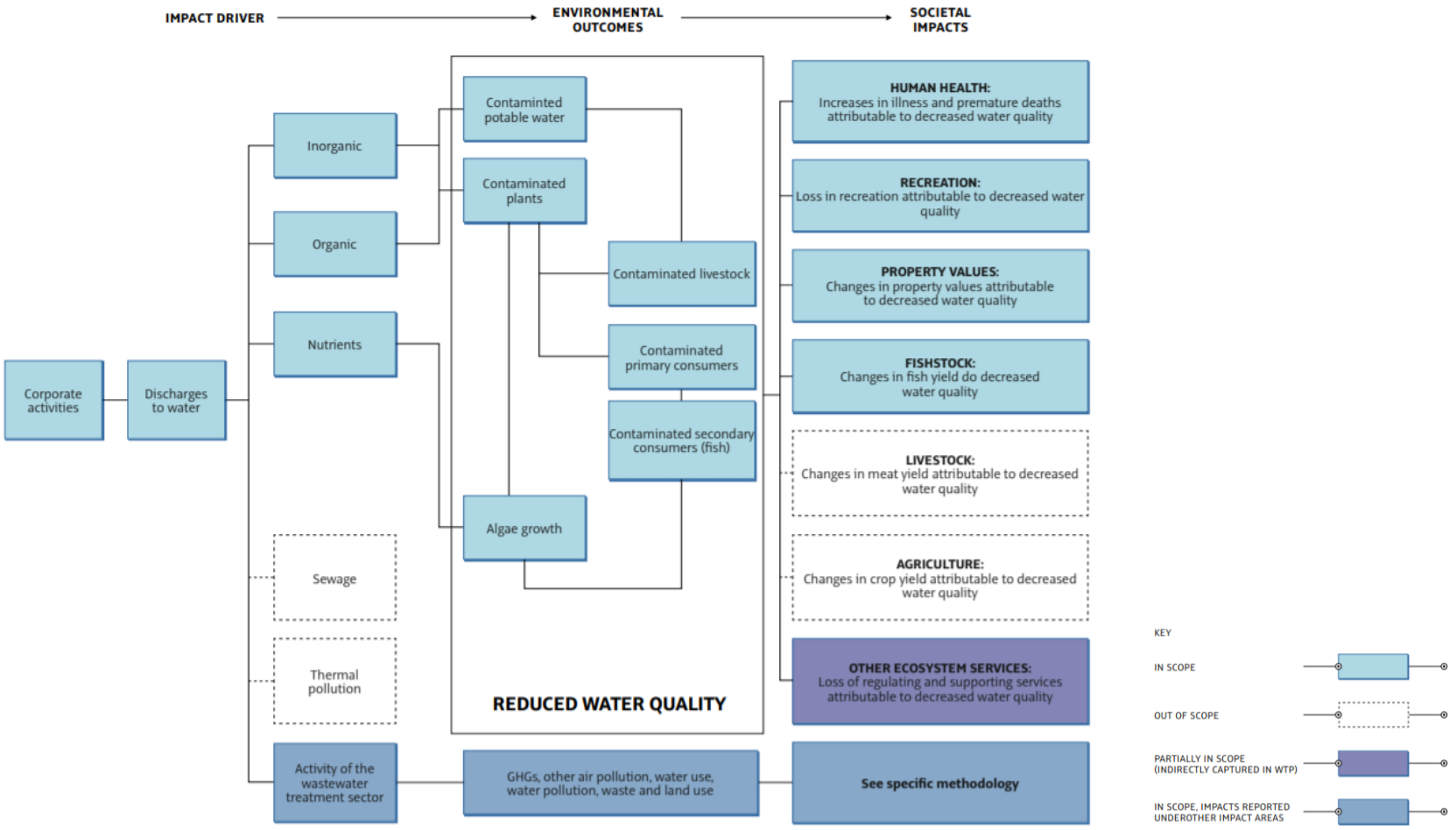
- Groundwater depletion rate is calculated and time to depletion estimated
- Contribution of current unsustainable groundwater extraction are calculated based on future replacement costs
- Desalinisation and transportation costs are used as a proxy for wellbeing values

Groundwater depletion of major aquifers[33]

Disease

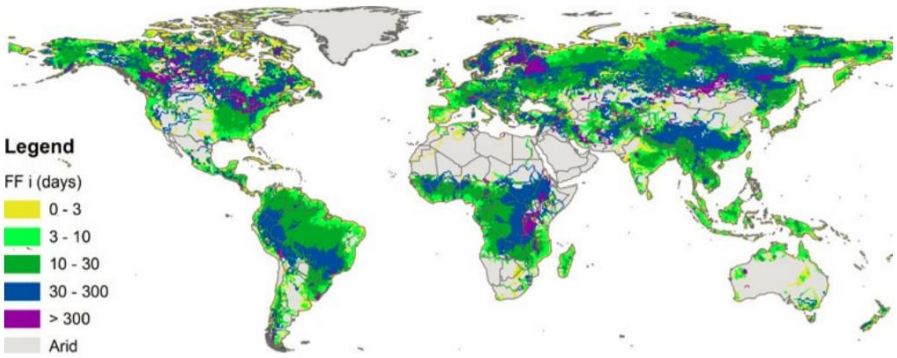
- An econometric approach is taken to assess the influence of corporate water consumption on the prevalence of water-related disease in different countries. Quantile regression analysis is used to explain the variation in the observed DALYs per capita rate associated with water-borne infectious diseases.
- Separate regression relationships are derived for three groups of countries based on the level of water-borne disease. This allows the results to better match the differing country conditions.
- Results of the regression are used to predict the reduction in disease if corporate water use was reallocated to domestic users.

Impact pathway for water pollution



FOCUS ON WATER

Helmes' fate factors describe the potential for Phosphorus releases to freshwater to contribute to eutrophication



EUTROPHICATION

- Excess nutrients in fresh (phosphorus) and sea (nitrates and phosphorus) water result in algae blooms, affecting ecosystems, fishing and recreation.
- The eutrophication potential is calculated using Helmes' fate factors taking into account regional parameters
- Estimates of the WTP for improved water quality are used to estimate wellbeing impacts
- Benefit transfer of WTP estimates adjusting for income and preference differences

TOXIC EFFECTS ON HEALTH

- USEtox model is used to estimate the effects of pollutant ingestion via contaminated drinking water and bioaccumulation in foodstuffs
- The EU approved model combines chemical fate and exposure modelling to first estimate the movement of each chemical emitted through water, soil and air, taking into consideration the persistence of the chemical in the environment.
- The output of the model is incidents of health outcomes measured in DALYs, which we value using the WTP estimates from the OECD.