



BHRRC
Covid-19 Tracker for Kering

Paris, 2 November 2020

➤ **Kering is committed to respecting human rights at all times, including during times of crises.**

Kering is committed to respecting human rights, not only for all our employees, but also for all those who work in our supply chains and contribute to our value creation. As stated in our Code of Ethics, we provide a working environment that respects human rights and labor laws and complies with laws and regulations on health and safety in all the countries in which we operate. During the Covid-19 crisis, Kering's CEO and Chairman reaffirmed this commitment (Q1 results).

Since 2013, Kering Code of Ethics has included the Suppliers' Charter, which sets out in detail specific expectations from its commercial partners in respect of social issues. The group requires its suppliers to commit formally to ensuring the preservation of human rights. The Charter reminds them of the need to promote human rights within their production units and among their subcontractors, and to advise Kering and/or its Houses of any serious difficulties in applying the Charter.

Kering does have a grievance mechanism that is accessible to all people working for the Group (employees and interns of the Group and external and temporary personnel working for external partners or service providers under contract with the Group and/or its Houses), to report any complaints or concerns with a strong non-retaliation commitment. This covers any local situation related to Covid-19 issues. The existing alert system is and has remained active throughout the Covid-19 crisis. Any complaint received - should it be from Kering's workers or suppliers' workers; no distinction being made between both - relating to an urgent situation related to Covid-19 (for instance) is treated with the appropriate level of urgency. Kering's non-retaliation policy applies.

➤ **Protection the health & safety of our people and with our suppliers**

The crisis management organization has been triggered at the very beginning of the Covid-19 situation, in January, and business continuity plans implemented. From the early stages, Kering has been strictly following all the governments' recommendations and monitoring the risks in terms of human rights and health and safety in particular. We took immediate action to ensure the safety and well-being of all our people and of our customers.

Measures have been implemented at all levels to ensure business continuity and plan progressive sites reopening wherever possible depending on recent developments at country level. As new lockdowns are currently being implemented in several countries where the Group operates, especially in Europe, Kering continues to follow strictly all the governments' announcements. Measures include safety protocols, remote working, disinfection, hygiene measures, protocols for contact cases, strictly following governments' recommendations. Kering. Since the end of the various lockdowns, our Houses and our suppliers have also been able to resume their production operations progressively with a strict application of health and safety measures to ensure the protection of the employees. Specific protocols have been defined allowing to progressively reintroduce business relationships in our own sites (welcoming protocols, distancing, masks and gel).

Additional questions pertaining to health and safety (social distancing, sanitary gels and masks) have been added to the questionnaire for suppliers' audits.

➤ **Supporting employment**

Our objective is to maintain jobs and, as much as possible, the salaries in all departments and activities. One of the priorities that has been very clearly set by the group is to ensure employment protection and safeguard the payment of fixed salaries of our employees even in the case of partial employment. For most regions where the variable is an important part of the remuneration, brands have also taken initiatives to cover most of their variable remuneration to protect overall remuneration levels as much as possible. In addition, the main initiatives taken across the brands encompass the following:

- For retail store staff, it has been recommended to use holidays and, given the length of the lock-down periods in the different countries, we have put in place partial unemployment when possible
- On HQ offices, brands are leveraging on smart working when possible and most of them work on reduced working hours/week (4 days week proposed in Italy and France to regulate holiday consumption)

In France, we have decided not to apply for government aid as regards all retail activities, headquarters of Kering and our French brands and most of our production entities. In some other countries (Italy, US, Switzerland, UK), brands have studied the possibility to apply or sometimes have applied to partial unemployment, notably for the production and logistics structures. It's a country by country, case by case assessment. As new lockdowns are currently being implemented in several countries where the Group operates, especially in Europe, Kering continues to closely monitor the situation, following all the governments' recommendations.

➤ **Purchasing practices**

We strictly respect all of the terms and conditions of our contracts with our suppliers. We see this as our duty as a responsible corporate citizen. Our suppliers and partners need our support during these challenging times. Also, some of our brands have also set up over the last couple of years a reverse factoring program for some suppliers to get payment made earlier.

➤ **Support to our suppliers**

The financial impact on our suppliers is constantly being monitored and the brands will keep following their supplier's financial situation. To support our suppliers, the Group is committed to paying them within the usual timeframe and we have even considered some anticipated payments to selected suppliers. Some of them have also been working on activating the support scheme from the Italian government. Kering's Houses have implemented several initiatives at local level. For instance, Gucci is engaging with Italian Authorities and with sectors' associations such as Camera della moda or Altgamma to call for collaborative actions and ensure that suppliers' workers' rights are taken into consideration in the emergency measures and going forward. Gucci has also engaged with suppliers to make sure that they were informed and made aware of government's aid by offering support and advices.

Another example (cf Q10) is Gucci's renewed collaboration with Intesa SanPaolo bank, announced in May. This collaboration aimed at providing companies in Gucci supply chain with quick access to a wide range of loans, at the best terms and conditions generally reserved to large corporate customers, and with faster disbursement of loans. With the "sviluppo filiere" programme, both actors join forces to help excellent small and medium-sized enterprises of production supply chains to survive the emergency caused by the Covid-19 pandemic and launch their recovery and growth plans.

➤ **Our contribution to the fight against Covid-19**

Since January, Kering and its Houses have carried out a growing number of initiatives to help in the fight against the Covid-19 pandemic, supporting medical staff and health institutions, along with those affected by the virus. Given the scale of the situation, the Group has been active in several regions, each time adapting its support to the local needs.

Despite the crisis, Houses have also strived to maintain where possible initiatives already in place to support suppliers and local communities and preserve strategic know how and skills. For instance, Gucci has continued supporting unprivileged women in India through the 'I was a Sari' partnership.