

Kering SA

TICKER:
EPA:KER

MARKET CAPITALIZATION:
US\$ 18 billion

HEADQUARTERS:
France

17 OUT OF 20
Company's Overall Ranking

27 OUT OF 100
Company's Overall Score

Kering SA (Kering) ranks 17th in the benchmark, with a below-average score of 27 out of 100. While Kering's sports brand Puma discloses a number of leading practices (for example, it is the only company that discloses the names and locations of its core first-, second- and third-tier suppliers), those practices mostly do not extend to Kering's luxury brands, which include Alexander McQueen, Brioni, Gucci, and Stella McCartney. That said, the company has a number of group-wide policies in place, such as a supplier code of conduct and a traceability process. Kering can improve its performance across all themes, for example in areas such as commitment and governance, traceability and risk assessment, and purchasing practices.

THEME LEVEL SCORE

Commitment and Governance	51 out of 100
Traceability and Risk Assessment	25 out of 100
Purchasing Practices	13 out of 100
Recruitment	8 out of 100
Worker Voice	15 out of 100
Monitoring	55 out of 100
Remedy	25 out of 100

LEADING PRACTICES

None.¹

NOTABLE FINDINGS

Commitment and governance

Kering's code of ethics states that the company fights against forced labor. Kering requires suppliers to adhere to its "Group Suppliers' Charter", which includes a prohibition on the use of forced labor as well as the use of products or services created by forced labor. Kering discloses that it has put in

¹ Note the benchmark did not identify any leading practices of policies, processes or practices which extend to all of Kering's brands. However, Kering discloses a number of leading practices which are limited to its sports brand Puma. For example, Puma discloses the names and locations of its core first-, second- and third-tier suppliers.



place a training program on its code of ethics (which addresses forced labor) for all group employees worldwide. The program was developed in 2013 and introduced throughout Kering in February 2014. Kering discloses that its Puma brand works with the Maquila Solidarity Network to "engage in constructive dialogue on working conditions in the textile sector in Mexico." Puma further works closely with the Fair Labor Association.

Monitoring

Kering discloses that, in order to conduct their audits, its luxury brands usually build on the SA 8000 standard—a global standard which takes into account companies' supply chains and includes provisions on forced labor. Kering discloses its brands currently undertake audits in different fashions, and that in 2015 it has launched a project to harmonize and combine resources. As part of this project, a team of internal auditors at group level was established, which will allow the integration of social audits for all luxury brands and the harmonization of standards used in these audits and in responses to non-compliance. Kering discloses that, for all its brands, audits can be unannounced and can include worker interviews. Further, all of its brands disclose information on whom conducted the audits and on audit findings. For example, Stella McCartney uses the Ethical Trading Initiative's principles as well as the SEDEX Members Ethical Trade Audit (SMETA) as reference frameworks for its supplier audits. Kering further discloses that in 2014 its brand Balenciaga's leather goods division undertook an external audit program covering social aspects of all its direct and indirect leather goods suppliers in Italy. Only some brands, such as Puma, disclose their audit results.

OPPORTUNITIES FOR IMPROVEMENT

Note: Depending on the structure and control of the company, the following recommendations may be applicable to the company itself and/or it may be the role of the company to require and ensure its brands implement those recommendations.

Commitment and governance

Kering is encouraged to put in place and disclose information on which individual, team, or committee has responsibility for the implementation of its supply chain policies and standards relevant to human trafficking and forced labor (e.g., the company's Ethics Committee). Further, the company is encouraged to conduct training and capacity building of its brands' suppliers on risks, policies, and standards related to human trafficking and forced labor. The company may further consider engaging with trade unions, local NGOs and/or policy makers in countries where suppliers are located. The company is further encouraged to actively participate in one or more multi-stakeholder or industry initiatives focused on forced labor and human trafficking, and disclose evidence of its brands' stakeholder engagement (as the company already does in the case of Puma – see notable findings).

Traceability and risk assessment

While Kering discloses that it traces its supply chain, following the example of its sports brand Puma (which discloses the names and locations of its core first-, second-, and third-tier suppliers), the company is encouraged to disclose at least the names and locations of its other brands' first-tier suppliers and some information on its suppliers beyond the first tier (e.g., sourcing countries of raw materials). Further, the company is encouraged to conduct forced labor risk assessments focused on specific commodities, regions, and/or groups and disclose the forced labor risks identified throughout its brands' supply chains.

Purchasing practices

While Kering discloses that it has a group-level responsible purchasing policy, the company is encouraged to disclose further details on how it ensures its brands take steps with the intention to mitigate the risk of human trafficking and forced labor caused by certain purchasing practices (such as short-term contracts, excessive downward pressure on pricing, and sudden changes of workload). Further, while Kering discloses that, before working for one of the group's brands, a supplier is usually



asked for a pre-screening to assess potential human rights risks, the company is encouraged to ensure that its brands integrate supply chain standards addressing forced labor and human trafficking into supplier contracts and to require its brands' suppliers to cascade its standards down the supply chain.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes.](#)