Sustainability Case Study: Kering

Background:
Kering is a publicly traded luxury goods organization with a vision “to be the world’s most influential luxury group in terms of creativity, innovation, sustainable development, and economic performance” [1]. It operates in the luxury industry, which is “characterized by high-quality products, creative and innovative designs, brand recognition, a high degree of consumer service, and a very sophisticated store ambiance” [2]. Kering offers luxury and couture fashion (clothing and footwear), jewelry, eyewear, and leather goods. Kering comprises Kering Corporate, Kering Asia-Pacific, and Kering Americas [see Appendix A]. This study will focus on Kering as a whole and Kering Corporate, under which the organization’s brands, referred to as Houses, are listed. Kering Asia-Pacific will be mentioned briefly. Kering’s fashion brands include Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, and Brioni, and its jewelry and eyewear brands are Boucheron, Pomellato, DoDo, Qeelin, and Kering Eyewear.

Modern Kering was founded between 2005 and 2013. In 1963, François Pinault founded timber trading company Établissements Pinault, which, after growing organically and through acquisitions, was listed on the Paris Stock Exchange in 1988 [3]. In the 1990s, the company started to expand into retail distribution, and it was only in the late ’90s that it ventured into the luxury industry. In 1999, Pinault-Printemps-Redoute (PPR), as the company was then known, acquired both a controlling stake in Gucci and the entirety of fashion House Yves Saint Laurent (rebranded as Saint Laurent in 2012) [3]. PPR continued to acquire luxury Houses over the next decade [3]. In 2005, François-Henri Pinault, son of founder François, became chairman and CEO of PPR. With the takeover, Pinault had the desire to do more than just manage the organization and wanted to transform it entirely and add to its value. The strategy of Pinault’s organization moving forward would be fourfold: the Group would have a portfolio of diversified brands that are complementary to each other, with a development model based on organic growth; brands would develop through their own retail operations; the role of the Group is to bring value to brands and support them; finally, the Group will be committed to sustainability [5].

With François-Henri Pinault’s takeover and new vision, PPR would begin to develop its sustainability ethic that would become a guiding element of the company. In 2007, a Sustainability Department, which would report to the CEO, was created at the Executive Committee level [6]. From 2010, performance and executive bonuses would be calculated with attaining sustainability targets as a criterion [6]. In 2011, the Group created a pilot environmental impact measurement tool, the Environmental Profit & Loss account (EP&L), which will be discussed further below [6]. A year later, in 2012, PPR publicly announced its sustainability targets for 2016 and created a Sustainability Committee within the Board of Directors [6]. In 2013, PPR changed its name to Kering and “adopted a new visual identity embodied in a new logo—an owl, a symbol of wisdom, protection, and foresight—and a signature that conveys its approach: Empowering Imagination” [3]. Also in 2013, Kering created the Materials Innovation Lab (MIL), a library of sustainable fabric and textile samples, and was also listed on the Dow Jones Sustainability Index (DJSI) World & Europe and the Carbon Disclosure Project (CDP) Climate Disclosure Leadership Index (CDLI) France [5].

Today, Kering is a global luxury leader with operations and employees worldwide. Kering’s staff numbers 42,800 employees worldwide [6]. In 2021, Kering’s total revenue was $17.8 billion, its earnings before interest, taxes, depreciation, and amortization (EBITDA) was $6.5 billion, with a recurring operating income of $5.3 billion and net debt of $169.4 million [7].
As of 2022, Kering directly operates 1,565 stores worldwide, largely concentrated in Western Europe with 331 stores, North America with 251 stores, Japan with 233 stores, and another 750 in other international markets [8].

Kering’s business model is based on a multi-brand strategy, “managing the development of a series of renowned Houses in fashion, leather goods, jewelry, and watches” [9]. Kering’s Houses maintain their own creative independence; however, they are held together by an “integrated business model,” which allows the Houses to take advantage of each other’s resources, reach economies of scale, and form dynamic relationships and synergies [1]. Kering has also started incorporating vertical integration into its business strategy [1]. Within this business model, Kering supports its Houses in ensuring they reach the Group’s corporate goals, such as their sustainability goals for 2025.

**Definition of Sustainability in Kering:**

It is fair to say that Kering is a sustainable company or tries its best to be. Sustainability is one of Kering’s main pillars, inherent in its decisions and approaches to its products, services, and operations. Kering focuses on sustainability both within the organization and in its supply chain. In addition to environmental factors, Kering emphasizes the importance of other sustainability elements, such as social, DEI, reporting, and safety aspects, which will be discussed further below. Three themes guide Kering’s 2025 Sustainability Strategy—**care** for the planet, **collaborate** with people, and **create** new business models—that allow the Group’s vision to manifest into reality [10]. To Kering, sustainability is “not an option, but is really key,” and that is why Kering’s definition of sustainability is holistic, going beyond standard elements to include aspects unique to the luxury and fashion industries [11].

‘**Care** for the planet’ is the environmental component of Kering’s 2025 Sustainability Strategy [10]. Environmental impact reduction is essential to Kering, prompting it to consider and measure its renewable energy use, scope 1, 2, and 3 greenhouse gas (GHG) emissions, air pollution, water usage and pollution, waste management, and land usage and restoration; measurement is key to addressing these issues [12]. Kering is exploring insetting as an additional approach to its offsetting efforts to reduce its net impact and ensure that its supply chain offers valuable and positive social and climate benefits. Kering’s environmental pillar also encompasses regenerative farming, biodiversity protection, hazardous chemical management, and animal welfare. Supply chain traceability is also essential to ensure that raw materials are sourced according to Kering’s high quality and sustainability standards, articulated in Kering’s own guidelines, like the Kering Standards For Raw Materials And Manufacturing Processes, which will be discussed below. Likewise, Kering’s published and mandated standards for suppliers, manufacturers, and supply chain partners will be covered further in the study. Sustainable product design is also an alternate method Kering is exploring to lower and minimize products’ environmental impacts throughout the manufacturing process.

‘**Collaborate** with people’ is the social pillar of Kering’s 2025 strategy, which takes guidance from the United Nations’ (UN) Sustainable Development Goals (SDGs) [10]. Kering seeks to empower not only the employees of its Group and the workers in its supply chain, but also their communities and beyond where social welfare, justice, equity, and human rights are concerned. Kering supports and creates global opportunities through regional, women, farmer, and craftsmanship empowerment programs [10]. Kering promotes employees’ work-life balance by offering flexible and generous maternity and parental leaves, the right and duty to disconnect (the right of all employees to disconnect from work during non-working hours, and their duty to
regulate their use of digital devices during working hours), psychological support, and a benefits policy [12]. Gender parity and diversity are also promoted at all levels within the organization [12]. Beyond the Group, Kering preserves traditional craftsmanship by supporting traditional communities and facilitating apprenticeships for young community members [10]; Kering also supports supply chain transformation to contribute to positive social impacts, achieve SGDs, ensure supplier compliance with its social standards through audits and its own supplier support platform, and by leveraging proactive and innovative, existing or potential, partnerships for sustainable solutions.

‘Create new business models’ is the component of Kering’s strategy that is dedicated to innovation, which to Kering is essential to achieve its social and environmental goals [10, 11]. To explore new approaches that will allow growth to continue independent from resource use, Kering is focusing on improving raw material sourcing and manufacturing processes; this will allow Kering to increase access to high-quality raw materials, reduce environmental and health implications in manufacturing, develop sustainable solutions for sourcing through, for example, biotech and circularity, and create value within its supply chain by insetting. Kering supports suppliers and incentivizes them to pursue sustainable solutions and partners with startups that aim to overhaul conventional processes in the industry. Finally, Kering has no issue with transparency and willingly publishes its reports, statements, tools, and data findings. Kering leverages its open-sourcing approach as both it and the industry, too, can benefit from sustainable innovators utilizing the Group’s publicized knowledge. For additional fresh perspectives that Kering can benefit from, the organization plans to create an advisory group made of millennials, the Young Leaders Advisory Group, for inspiration and ideas [10].

Beyond Kering’s 2025 strategy, the Group considers sustainability in service procurement, packaging and visual tools, and store operation and management [13]. Some examples include, but are not limited to, its contracts with casting agencies and services related to event design and realization, transport, maintenance, product cleaning and care, and catering [13].

Kering is also committed to DEI. Kering’s efforts towards gender parity have been significant and it even received an award for the most feminine board of directors in Europe [14]. In 2019, women constituted 55% of the Group’s managers, 63% of the workforce, 33% of Kering’s Executive Committee, and 60% of Kering’s Directors [12]. To further ensure that its gender parity results are effective, Kering participates in the Gender Equality European & International Standard (GEEIS) certification process [12]. On another note regarding diversity, Kering has an inclusive hiring policy and, in 2019, created the position of Chief Diversity, Inclusion, and Talent Officer [12]. As for its contributions beyond the organization, Kering offers women programs like mentoring sessions to aid them in accessing senior management positions and, as a part of talent development, worldwide “inter-brand and inter-business mentoring” [12]. Kering has also launched two women-focused foundations: in 2008, Pinault created the Kering Foundation to combat violence against women [3]; in 2016, in Hong Kong, Kering Asia-Pacific launched a women’s foundation to improve the well-being of local women and girls [12]. Internally, Kering’s Code of Ethics, which it says is “interlinked to sustainability,” aligns with major international reference texts, such as the UN Declaration of Human Rights, the European Convention on Human Rights, and the International Labor Organization conventions, to name a few [12].

As for reporting, Kering has made it clear that it is open to reporting and even encourages it. To report its environmental impacts, Kering created the Environmental Profit and Loss
(EP&L) tool to understand and financially measure its footprint. The EP&L “measures the environmental impact of all Kering’s activities and is a key enabler of Kering’s sustainable business model,” covers tiers 0 to 4, as well as products’ end-of-life, and encompasses 73 environmental key performance indicators (KPIs) across 6 environmental impacts group [12]. The EP&L was digitized and is available online for anyone to access [30]. Kering has also published various reports over the years, like EP&L reports, annual integrated activities reports, a Gender in Luxury Supply Chains report, a Clean by Design program report, a Business for Social Responsibility (BSR) report, and co-published a white paper on biodiversity with Cambridge Institute for Sustainability Leadership (CISL) [12]. As for compliance, Kering conducts supply chain audits year-round, has various internal systems like an ethics whistleblowing system to ensure compliance with France’s Sapin II law, published several standards for manufacturers and suppliers to follow, and developed and implemented a specific audit methodology to verify supplier’s compliance to the Manufacturing Restricted Substances List (MRSL) [12].

Kering’s sustainability efforts also expand to its customers and stakeholders on the demand-side. Demand-side stakeholders are informed of Kering’s sustainability activities, as the organization constantly publishes reports and progress updates. Stakeholders can easily access the Group’s data on its website if they desire to do so. The Group’s digitized EP&L, and its digestible data, are also available to consumers [30]. Kering also launched an international survey, Capturing the Impacts of Consumer Use and Product End of Life in Luxury, to better understand how products are used by consumers, as well as products’ end-of-life [15]. One of the survey’s findings is that approximately 65% of luxury products are given a “second life,” resold, donated, or given to a friend [15]. The effort to return manufactured goods for reuse is indirectly addressed in Kering’s Circularity Ambition, published in 2021 [15]. In March 2021, Kering invested in Vestiaire Collective, an online second-hand market for luxury items and certified B Corporation, as part of its circular strategy to ensure and maintain an ecosystem in which the Group’s Houses’ clothes, accessories, and footwear can continue being circulated [15]. Prior to this investment, in February 2021, Kering brand Alexander McQueen collaborated with Vestiaire Collective, inviting McQueen customers to sell their used pieces for store credit [15]. The sold pieces were tagged with a near-field communication (NFC) blockchain tag to confirm the product’s authenticity [15].

Safety is also included in Kering’s broad definition of sustainability. Kering’s Sustainability Principles document has a defined set of criteria suppliers must adhere to for workers’ safety [13]. Some examples include suppliers’ proactive prevention of potential accidents that could harm safety in the workplace, training workers on safety aspects and procedures, and utilizing personal protective equipment [13]. Kering is also involved in safety projects, such as one in India that supports 150 cotton farmers, providing education in their respective communities on safety and other topics like health [12].

**Leadership:**

Chairman and CEO François-Henri Pinault drives Kering’s robust sustainability ethic and vision. According to Pinault, “luxury and sustainability are one and the same” [12]; sustainability partially gives Kering the value it has since Pinault committed the Group to it. Notably, in 2007, a Sustainability Department was created to sit on the Executive Committee to report directly to Pinault [5]. In 2012, the Board established a Sustainability Committee to guide the Group’s sustainability strategy [5].
Pinault demonstrates his support for sustainability very clearly. Aside from essentially reincarnating the organization as sustainable, Pinault offers public and internal support to the Group’s sustainable initiatives. Publicly, Pinault is actively involved in addressing sustainability in press releases and publications; even those that do not cite or include him directly always reference Pinault as the driver of sustainability at Kering [4, 11, 27]. Externally, Pinault has publicly committed Kering to sustainability and frequently engages in speaking engagements and interviews in which his commitment to sustainability is discussed [4]. Internally, it is hard to assess what memorandums, email announcements, and newsletter updates look like. However, from descriptions of Pinault by other people in the organization, Pinault is supportive of Kering’s sustainable undertakings [4, 11, 27]. In an interview with the Business of Fashion, Chief Client & Digital Officer Grégory Boutté said that Pinault’s quick decision-making and “entrepreneurial spirit in a large company” allows Kering to seize opportunities without bureaucratic delay [4]. An example of such was the Group’s decision to invest in Vestiaire Collective, a “meaningful” and sustainable venture, which Pinault agreed to in a single investment pitch meeting [4].

Alongside Pinault at the executive level is Marie-Claire Daveu, a member of the Executive Committee who is also Kering’s Chief Sustainability and Institutional Affairs Officer and head of Kering’s Sustainability Department. Prior to joining Kering, Daveu was an environmental advisor to a former French prime minister’s cabinet and chief of staff for the minister of sustainable development [18]. When asked why she transitioned from the public sector to work at Kering, Daveu said that Pinault’s “clear vision of what sustainability means to the company” attracted her [4]. In her position as Chief Sustainability Officer, Daveu has at least 20 analysts and specialists that report directly to her to define Kering’s sustainability strategy and assist Kering’s Houses with implementing the strategy by “systematically looking for potential synergies” [19]. Depending on its size, each House has a range from at least one sustainability lead to entire sustainability teams. Between Kering and its Houses, the sustainability team has at least 90 people [19]. As for her hierarchical rank and authority, as an Executive Committee member with two top-level internal positions, Daveu is in a prime leadership position to strategically and sustainably guide Kering. As for how Daveu is perceived internally, it is difficult to obtain such information from online sources. However, based on interviews and public events that Daveu has participated in, she is approachable and open to new ideas [4, 11]. Daveu believes that innovation and partnerships, new and existing, are crucial for Kering to achieve its sustainability targets—the same targets she helped define [11]. Likewise, openness is beneficial, and that goes for sharing with, receiving from, and listening to others [11].

Another top-level sustainability leader in Kering is Jean-Pierre Denis in his position as Climate Change Lead on the Board of Directors. In April 2022, Denis, an existing Board member, was appointed to be the Board’s Climate Change Lead, a position recommended to be created by the Sustainability Committee [20]. In his position as Climate Change Lead, Denis must bring up climate issues at Board meetings at least twice a year and ensure that the Board identifies all climate change impacts on Kering, taking them into Kering’s account and strategy [21].

Moving down the corporate hierarchy, Baptiste Cassan-Barnel's roles as a Sustainability Analyst within Kering to a Sustainability Manager at Bottega Veneta, one of Kering’s brands, offers insight into what mid-level positions at Kering look like and encompass, and how brands apply sustainability. At Kering’s corporate office, Barnel primarily worked on defining the EP&L tool’s methodology and subsequent application in the Group’s Houses and was the sustainability point of contact between Kering and Puma, one of Kering’s smaller acquisitions
When working with brands, Barrel would monitor and assist with their sustainability roadmaps, projects, and achievements and work with them to define their priorities and strategies [22, 23]. Regarding work content, Barrel has said that Kering’s sustainability department offers employees a diverse range of topics, working with different projects and topics, brands, people, supply chains, and continents [22]. In 2017, Barrel transitioned to become the Sustainability Manager at Bottega Veneta. In this role, Barrel incorporates Kering’s 2025 Sustainability Strategy within the House and works with all departments, such as “Top Management, Material Research, Sourcing, Industrial Operations, Marketing, Merchandising, and Human Resources” [23]. Notably, Barrel, in his management position, has “defined a common internal language around sustainability together with an extensive 360° sustainability rating system for all materials, products, and suppliers” and incentivizes teams to define annual sustainability goals by including it as a bonus criterion [23]. However, this is not unusual for Kering, which in 2010 included sustainability target achievement as a criterion for performance measurements and bonus calculation [6].

Sustainability is also a significant component of Kering’s online presence. On Kering’s website, sustainability is the first tab option besides the Group’s name in the center [see Appendix B][16]. This tab contains all of Kering’s accessible information on sustainability, including press releases, strategies, reports, initiatives, targets, and online tools and platforms. In the Group tab of the website, which contains general information on Kering, sustainability is mentioned several times alongside the company’s mission statement, values, and commitments [17].

Strategy and Metrics:

Kering’s sustainability goals are wide-ranging and have KPIs, measurable targets, and timeline outcomes, if applicable, to track and measure progress. Aside from Kering’s 2025 Sustainability Strategy, which details its medium-term goals, Kering’s ultimate goal is to achieve net-zero emissions by 2050 [12]. Kering utilizes its EP&L account, which covers its operations and supply chain, to measure its environmental goals. The EP&L account also measures Kering’s GHG emissions, water consumption and pollution, waste production, air pollution, and land use in all tiers, in monetary values.

One of Kering’s environmental goals for 2025 is to reduce its GHG emissions by 50% in scopes 1 to 3, in line with a 1.5°C global warming Science Based Targets pathway [10]. Kering uses its EP&L to track and measure its performance. In its 2020 progress report, Kering announced that between 2015 and 2018, the Group’s GHG emissions were reduced by 77% in its operations, 36% across all scopes, and that it is on its way to achieving its 2025 target of a 50% reduction of GHG emissions [12]. Kering reduced its operation’s emissions by increasing its use of renewable energy; seven countries, Europe, and the overall Group used it for 100%, 78%, and 67% of their total energy use, respectively [12]. To achieve its 2050 goals, Kering has interim goals to reduce scope 1 and 2 emissions by 90% and scope 3 by 70%, by 2030 from 2015 levels [24]. Kering’s sophisticated EP&L measuring tool and its planning and implementation efforts seem to be successful, as the Group seems to be on track to meet its emission reduction target.

Kering’s next environmental goal for 2025 is to reduce its EP&L account—its total environmental impact—by at least 40% [12]. According to its 2020 progress report, Kering reduced its EP&L account by 14%, at an approximate rate of 4.7% annually, between 2015 and 2018 and “is on a positive trajectory to reach its 40% reduction target by 2025” [12]. To further reduce its environmental impacts, Kering created several standards to guide it, such as the Kering
Standards: Raw Materials & Manufacturing Processes, created in 2018 but most recently updated in 2022, and the Kering Standards: Standards & Guidance for Sustainable Production, created in 2022. Additionally, Kering created and published an Environmental Policy, Biodiversity Strategy, and its MRSL in 2020, and Circularity Ambition, Climate Strategy, Kering Sustainability Principles, and ProductRestricted Substances List (PRSL) in 2021 [25]. To achieve its 2025 goal, Kering needs to reduce its impacts by 26% in the 7 years between 2018 and 2025, at an approximate rate of 3.7% annually. Assuming no significant obstacles, if Kering was to continue its pre-2018 path and trajectory at an annual rate of 4.7%, it could have achieved its 2025 goals. However, because Kering has introduced several standards to lead its efforts even further, it seems as though its trajectory has become exponentially more positive.

Another concrete goal Kering has for 2025 is to ensure 100% traceability of key raw materials [10]. Kering had an interim goal to achieve 95% traceability by 2018; however, it reported only 88% traceability in 2020 [12]. The report also listed the traceability status for 3 key raw materials: leather traceability was at 90%, silk at 87%, and cotton at 76% [12]. Kering has cited that both it and the luxury and fashion industries face traceability issues, mainly due to indirect sourcing in supply chains stemming from “traditional business models, making it difficult to follow products traceability to verify best practices in the supply chain” [12]. To address cotton traceability, Kering partnered with textile group Albini, cotton NGO and licenser Supima, and scientific traceability company Orritain to create 100% traceable organic cotton using forensic science [12]. Kering is also utilizing its IFM–Kering Chair, which Kering launched with the Institut Français de la Mode (IFM), to research sustainability topics like traceability [12]. Additionally, Kering is testing out various traceability projects throughout its supply chain. It has already implemented a pilot project to trace leather, in line with Institute of Quality Certification for the Leather Sector (ICEC) regulations [12], and some of Kering’s Houses are exploring the use of blockchain for traceability [12]. As for Kering’s diamonds, they are Gemological Institute of America (GIA) traceable [12].

As for its suppliers, Kering aims for them to be 100% in compliance with its Standards for Raw Materials and Manufacturing Processes by 2025 [10]. In 2018, only 68% of Kering’s suppliers were in compliance with its standards [10]. In the same year, Kering open-sourced and published its Standards for Raw Materials and Manufacturing Processes. Kering’s guidelines and standards are embedded and incorporated into its code of conduct and supplier contracts to emphasize compliance. Kering stated that supplier alignment with the Kering Standards has risen since 2016 [10]. Additionally, Kering aims to create a Supplier Sustainability Index to ensure its raw material and process standards are followed [12].

Kering’s other sustainability goals are less concrete than the targets mentioned above, with no publicized deadlines or formal KPIs yet. To improve transparency and further knowledge sharing, Kering wants to develop an “open-source tool to assess products based on Kering’s standards” [12]. To reduce products’ environmental impact throughout its supply chain, Kering is promoting sustainable product design [10]. Kering also aims to establish another Materials Innovation Lab (MIL) for Watches and Jewelry, just as it has one for textiles [10]. To add social value and inherent environmental benefits to its supply chain, Kering will expand its offsetting efforts also to include insetting [10]. Finally, Kering aims to continue creating partnerships with other industries to innovate, develop, and collaborate on sustainable sourcing solutions, which Kering will ultimately open-source to enable sustainability within the industry further.

Kering’s sustainability goals are ultimately very important to the organization’s overall strategy. Not only was Kering essentially reincarnated as a sustainable company, but its public
commitments to sustainability also hold it accountable. Kering has publicly aligned itself with a Science-Based target in line with the 1.5°C global warming scenario [19]. Since 2017, Kering has been a member of the Task Force on Climate-Related Financial Disclosures (TCFD) and has incorporated sustainability into its budgets and climate-related financial risk into its analyses [19]. Kering is also a part of the Fashion Pact, a coalition of fashion brands that now represent over one-third of the textile industry’s production by volume that aims to address fashion’s environmental impacts, which Pinault was tasked to bring together by French President Macron [19]. Legally, Kering is subject to numerous French and European Union sustainability regulations like the Corporate Sustainability Due Diligence Directive. Importantly, Kering must achieve its goals to mitigate its climate risks. The longevity of Kering’s business, based on high-quality raw materials, will be compromised if its climate risks are not addressed; “extreme weather, soaring temperatures, and rising sea levels threaten raw material production, labor rights, and supply chain stability” in the fashion industry [26].

Importance of Sustainability:

Sustainability is an integral part of Kering, for many reasons. The most prominent reason is CEO and Chairman Pinault’s “deep conviction to sustainability,” and his placement of “sustainability at the core of Kering’s strategy” [27]. Sustainability is also “a good business opportunity that makes sense” as Kering is a luxury player that sets the trends in fashion, and Kering believes that luxury is intertwined with sustainability [27]. Furthermore, to distinguish Kering from other luxury brands, a genuine and organic focus on sustainability gives the Group its added value [4]. Sustainability is also important in ensuring the well-being and longevity of both Kering and the environment.

What contributed to Kering’s sustainability success is its long-established focus on sustainability and the Group’s openness and innovation. Aside from organizational and top-level support, Kering has been working on its sustainability for nearly two decades, and not without any obstacles; however, to overcome obstacles Kering has always opened itself to innovation and knowledge-sharing and looked for solutions from beyond its own organization. One of Kering’s most sophisticated and impressive innovative efforts is its EP&L tool to monitor environmental impacts in monetary values, which is “key for speaking to the financial community” [11]. Kering also open-sources its data, such as its EP&L tool and results, so innovators developing sustainable solutions can utilize Kering’s information, which Kering can also benefit from. What also adds to Kering’s success is that its strategies are based on short- and medium-term goals, which are easier to accomplish and more pressing to address, as opposed to distant long-term goals; the shorter-term goals also ultimately add to the long-term goal’s success. On another note, Kering’s organizational culture and ethic is very important. Kering’s sustainability team of experts, along with Pinault’s constant support, makes the organization successful in setting and achieving its targets, which would otherwise be unachievable without competent team members, encouraged by supportive managers, to execute the organization’s plan.

The Future of Sustainability in Kering:

Kering's sustainability performance is already impressive, but some further measures can enhance its position. However, Kering is already aware of what is hindering it and has started to address them. A recommendation for Kering is to improve traceability within its supply chain. Indeed, Kering has already identified supply chain traceability as one of the main obstacles to achieving its sustainability goals. To address this, as mentioned above, the Group is creating a
100% traceability mechanism for cotton, partnering with educational institutions to research traceability, and implementing innovative pilot projects in its supply chain, which can alleviate its traceability problem if implemented at scale. Saint Laurent's pilot projects are prime examples of innovative solutions to improve traceability; in South Africa, the brand uses blockchain to trace the footprint of the mohair it purchases, as well as laser technology to trace leather lamb skins of its finished goods, both all the way to their respective farm origins [12].

Kering must also find a way to ensure that suppliers act according to the Group's multiple standards. Audits are one way to ensure supplier compliance, and Kering already does this; between 2015 and 2019, Kering conducted over 13,000 supplier audits, and by 2021, 90% of Kering's suppliers were audited [12]. However, more than audits are needed to ensure compliance, prompting Kering to create an online vendor rating platform in 2020. Kering's vendor platform provides suppliers with access to training, essential documents, and three annual questionnaires on implementing Kering's Standards to assess their environmental and social performance and practices [19]; suppliers that meet all of Kering’s standards will be rated highly [19]. Kering will use the platform to achieve its 2025 goal of creating a Supplier Sustainability Index [10].

Given Kering's long-established commitment to sustainability, its internal organization's culture and processes seem supportive and robust for Kering to continue its journey to net-zero in 2050. The internal culture within Kering is very supportive of sustainability matters. Aside from sustainability departments, committees, and leads at top-level positions, the scope of mid-level roles is also expansive. Baptiste Cassan-Barnel's role as a House sustainability manager that works with most of the brand’s departments makes it evident that the function of sustainability within brands is not limited and is involved in many aspects of the brand. As for transparency, Kering willingly and preferably shares its data, progress, and reports, which are already meaningful and saturated with informative data. It also considers societal consequences in meaningful manners; aside from implementing empowerment programs globally in the communities of its supply chain, Kering focuses on sustaining traditional craftsmanship—the Group's “luxury heritage” [10]. In utilizing traditional craftsmanship techniques, Kering's Houses have flourished. To give back to these communities and ensure their longevity, Kering explored methods “to attract and motivate the next generation of these craftspeople, while leveraging training, technical support, and collaboration with schools that support them, and facilitating apprenticeships and tailored 'companion career tracks’” [10].

As such, Kering has a solid foundation to continue growing sustainably in its organization. As recommended above, Kering needs to work on a few areas, particularly its supply chain traceability and supplier compliance, but Kering is already aware of this. What distinguishes Kering as a luxury player and simply as an organization is its genuine commitment to sustainability, which is deeply embedded within its identity, and its determination to look for new, innovative solutions to overcome, rather than accept, the obstacles in its path; other organizations in the luxury industry can use Kering’s commitment and determination to become further sustainable in every facet of its organization and beyond as a model to become more sustainable.
Appendix A:

This organization chart represents Kering and its subsidiaries as of 31 December 2021: Kering Americas, Kering Corporate, and Kering Asia-Pacific. Kering Corporate houses all of Kering’s brands. The organization has changed since Kering sold its entire stake in Sowind and Ulysse Nardin in January 2022 [29].
Appendix B:

Screenshot of Kering’s homepage on 12 December 2022. Sustainability is one of the main tabs, right beside the organization’s name and logo.
References


