



*Empowering Imagination*

# *Reconciling development challenges...*

Sustainable sourcing &  
the role of business

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# About Kering

## LUXURY



GUCCI · BOTTEGA VENETA · SAINT LAURENT  
ALEXANDER McQUEEN · BALENCIAGA · BRIONI  
CHRISTOPHER KANE · MCQ · STELLA McCARTNEY  
TOMAS MAIER · SERGIO ROSSI  
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JEANRICHARD · POMELLATO · QEELIN

## SPORT & LIFESTYLE



PUMA · VOLCOM  
COBRA · ELECTRIC · TRETORN



# Biodiversity Conservation & Natural Capital

## *Embedded in a broader commitment to sustainable business*

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### ∞ WHY?

- “Sustainable business is smart business” Francois-Henri Pinault, CEO & Chairman
- Reducing our negative impact & exploring opportunities to create positive benefits “*not just less bad but more good*”

### ∞ WHAT?

- Targets around sourcing, resource efficiency & social standards
- Environment Profit & Loss

### ∞ HOW?

- Sustainable sourcing: identifying, defining and supporting sustainable sourcing of key raw materials
- Carbon Offsets through REDD+
- Efficiency and awareness in our supply chains and product design



## Definition

### *Natural Capital*

*Natural Capital as the stock of natural ecosystems on Earth including air, land, soil, biodiversity and geological resources*

*This stock underpins our economy and society by producing value for people both directly and indirectly*

*Goods and services provided to humans by sustainably managed natural capital include clean air & water, food, energy, places to live, materials for products, recreation and protection from hazards*



# Measuring & Monitoring our impact on *Natural Capital*

## *Environment Profit & Loss Account*

### Definition

An Environmental P&L account is a means of placing

a monetary value on the environmental impacts

along the entire supply chain of a given business



### Significance

#### 1. Strategic Tool

- more informed decisions

#### 2. Risk Management Tool

- Manage the bottom line by managing impacts

#### 3. Transparency Tool

- Know how business really runs



# Environment Profit & Loss

## *Impact & Valuation*

The valuation identifies how environmental changes affect people  
locally and value the loss in human well-being (cost)



<b>IMPACT</b> ↓ Change in well-being	Climate change	Increasing water scarcity	Reduced quality of water	Reduced ecosystem services	Increase in concentration of pollution	Climate change, disamenity and contamination
	Health impacts, economic losses, change in natural environment	Malnutrition and disease	Health impacts, eutrophication, economic losses	Health impacts, economic losses, change in natural environment	Respiratory disease, agricultural losses, reduced visibility	Reduced enjoyment of local environment, decontamination costs

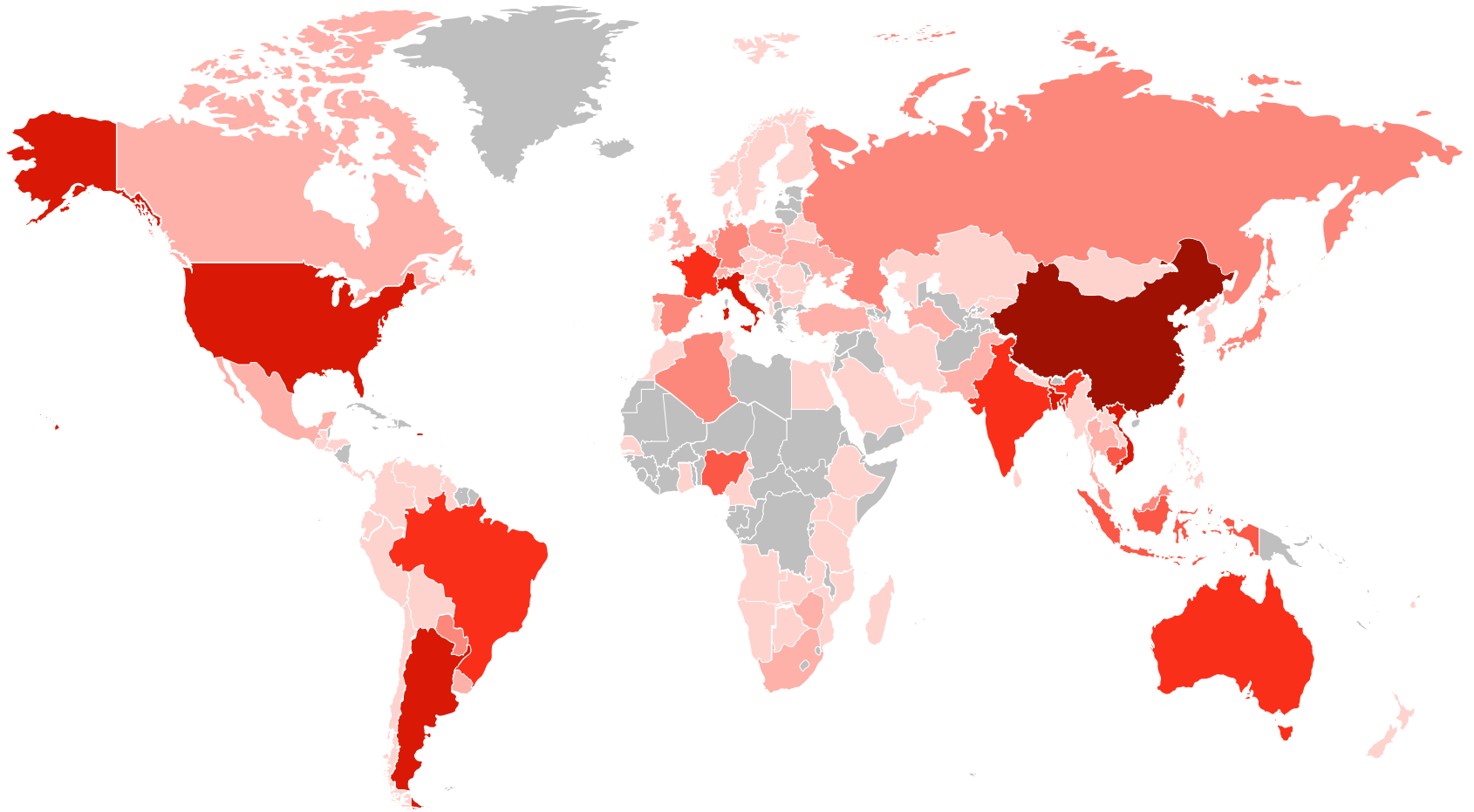
Impacts & cost evaluations based on different sources & studies e.g. OECD, FAO, WWF, peer-reviewed scientific studies, etc.



What an EP&L can show us

*Understanding the reach & impact of supply chains*

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# Puma EP&L Case Study

## *Distribution of impacts across the supply chains*

	Water use €million	GHGs €million	Land use €million	Other air pollution €million	Waste €million	TOTAL €million	% of total
	33%	32%	26%	7%	2%	100%	
TOTAL	47	47	37	11	3	145	100%
PUMA operations	.	●	.	.	.	8	6%
Tier 1	.	●	.	.	.	13	9%
Tier 2	●	●	.	.	.	14	10%
Tier 3	●	●	.	.	.	27	19%
Tier 4	●	●	●	.	.	83	57%



Reducing our EP&L

*Focusing on sustainable sourcing*

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- ∞ WOOL
- ∞ CASHMERE
- ∞ COTTON
- ∞ LEATHER (Beef & Sheep)
- ∞ SILK
- ∞ GOLD
- ∞ *etc...*



# Sustainable Sourcing

## *Production landscapes as part of broader sustainable landscapes*



∞ DEFINING: what does sustainable production look like?

- Integrating the enhancement, restoration & protection of “natural capital”
- Highlighting the role of protected areas as key to “sustainable landscapes”
- Linking to resilience & climate change

∞ VERIFYING:

- Certification
- Measurement & monitoring of “natural capital” impacts
- Information & data

∞ INVESTING & PROMOTING

- Opportunities for ‘impact investment’
- Diversifying “risk” for producers & buyers
- Articulating the “value” of ‘sustainable raw materials to companies
- Collaborating across sectors for land use planning



## Sustainable production of raw materials

### ***Fundamental to conserving & restoring Natural Capital***

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- ∞ The expansion of key agricultural commodities is a key driver of deforestation in the tropics accounting for **12% of global greenhouse gas emissions**
- ∞ Drivers linked to agriculture account for **70% of the projected loss of terrestrial biodiversity**
- ∞ Primary production & primary processing sectors are estimated to have *unpriced natural capital costs* totalling **\$7.3 trillion** which equals **13% of global economic output**.
- ∞ The global natural capital cost of land use by the primary production and primary processing sectors is estimated at **\$1.8 trillion annually**





# Corporate Natural Capital Accounting

## *Linking biodiversity conservation & natural capital to business*



# Empowering Imagination



*PPR will become Kering, subject to approval at the annual general meeting on 18 June 2013.*