



For some Kering brands like Bottega Veneta, using leather is a fundamental component of business success.

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Kering's unfair burden on leather

A report in which luxury group Kering assesses progress against its own sustainability targets carries mixed news. Some of the work the group has done is excellent, and its offer to share its findings with the rest of the industry is admirable, but however it places far too great a share of its carbon footprint on leather.

Luxury leathergoods group Kering issued a new report in May of this year detailing the progress it has made on the series of sustainability targets it set itself in 2012.

Then called PPR, the group, whose brands include Bottega Veneta, Gucci, Balenciaga, Puma, Yves Saint Laurent and Sergio Rossi, announced new guidelines as part of a wider sustainability programme at its 2012 annual general meeting.

Specific to leather, the group set itself the target of making sure 100% of the leather from domestic livestock (leather from cattle, sheep and goats, or non-exotic leather) in its brands' handbags and other products comes from "responsible and verified sources that do not result in converting sensitive ecosystems into grazing lands or agricultural lands for food production for livestock". In its new report, 'Beyond our Limits', the group states that by the end of 2015 it had gone 91% of the way towards meeting this target, but only for what it calls "luxury bovine leather". It says that its score was 69% for "luxury leather" and 64% for "group leather". Naturally, *World Leather* has asked Kering exactly what

it means by each of these three categories but has received no response either from contacts in the group's press office or from its sustainability team.

Ambitious plan

Back in 2012, the group made no mention of these distinctions in its ambitious and ground-breaking sustainability plan, but it did treat bovine leather and exotic leather separately. For exotics, less widely used but prevalent across Kering in products as diverse as the Gucci Dionysus python shoulder bag and the Olimpia Intreccio water snake shoulder bag from Bottega Veneta, it set itself an initial target of making sure 100% of its exotic skins come from verified captive breeding operations or from wild, sustainably managed populations. It said its suppliers of these leathers will have to employ "the utmost animal welfare and humane treatment practices in sourcing". 'Beyond our Limits' gives Kering a score of 91% in meeting this target where crocodile skins are concerned, although the score for other "precious skins" is only 41%.



'Beyond our Limits' states that Kering has devoted considerable time and effort over the last four years to increasing the traceability and sustainability of its leather supply chains. It goes on to give specific examples of work done by a number of its brands, including Puma, Gucci and Bottega Veneta. Another laudable aspect of this project is that Kering has said it will share details of the work it has done across the luxury industry in an effort "to catalyse industry improvement and greater awareness around environmental impacts".

From the boss's mouth

At the end of 2014, Kering chief executive, François-Henri Pinault gave a keynote speech at that year's *New York Times* International Luxury Conference. Mr Pinault said two of the group's brands, Gucci and Bottega Veneta, had been working for three years already on specific projects to improve tanning processes. Following collaborative development with suppliers in the tanning industry in Tuscany and with a university in Germany, he explained, Gucci has pioneered a method to remove all heavy metals from the tanning process, and at the same time Bottega Veneta has developed a chrome-free tanning process. "Both approaches have been made without compromising on [finished] product quality," Mr Pinault told the audience. "They also generate a significant reduction in water use, and energy consumption is also decreased because the new processes take less time to complete. We will be making this know-how available to everyone, including our competitors, as we want Kering to lead the way."

Afterwards, Mr Pinault confirmed in a conversation with fashion director and chief fashion critic of the *New York Times*, Vanessa Friedman, that Kering intends to share on an open-source platform the work its brands and their partners have done on developing these new tanning processes. "We are still implementing the new techniques in the Gucci production of leather," Mr Pinault added. "We have reached more than 20% of the total volume and, as soon as it's stabilised, we will give it to anyone who wants to use it."

He said that Kering began looking at ways of making tanning processes more sustainable at the start of this decade and consulted widely among tanners and leather chemical suppliers about the possibilities of keeping the qualities and appearance of leather the same without using heavy metals. "The answer was, 'it's impossible, it's never been done'," François-Henri Pinault said. "The reality was that no research into this had ever been carried out. We took up the challenge with Bottega Veneta and Gucci to work with the university in Germany and with our suppliers and we found exactly what we were looking for."

Praise for progress

To return to 2016, it's clear from 'Beyond Our Limits' that Gucci and Bottega Veneta have continued to make advances. It explains that Gucci's metal-free tanning uses "an organic tanning agent" and that both the finished leather and the wastewater generated are free from heavy metals. For its part, Bottega Veneta has incorporated chrome-free tanned leather into "a number of its collections", the report says. It offers the men's bags in its 2014 cruise collection as an example and says that, in 2015, the Vicenza-based brand extended its use of chrome-free leather to include all of its full nappa Cabat bags (it's unclear how widely Kering has shared to date information about the techniques used). Kering's chief sustainability officer, Marie-Claire Daveu, says another achievement has been an



Chief executive, François-Henri Pinault, has said Kering will be happy to share with the entire leather industry its research and production methods for metal-free leather.

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Kering sustainability director, Marie-Claire Daveu.

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increase in the transparency and traceability of her company's bovine leather supply chain.

The group has said it intends to set itself new targets and that it will communicate these at the end of this year or early in 2017. This is good news, but it would have been interesting to have had a fuller explanation of progress against the 2012 targets first.



Unfair to leather

Of more concern is a statement in the report, which also looks at Kering's performance in making use of gold, diamonds, fur, synthetics and other raw materials, that leather represents 24% of the group's overall environmental impact. Kering encompasses 20 different brands and distributes its products in 120 countries around the world. It employs 38,000 people around the globe, many of whom travel extensively, but claims almost a quarter of its carbon footprint is down to its use of leather.

There is an explanation of this in 'Beyond our Limits'. Kering has decided to consider leather as a co-product rather than a by-product of the meat industry. Attempts by *World Leather* to ascertain the reason for this decision have, again, gone unanswered. As a consequence, the 24% claim owes far more to cattle farms than it does to tanneries. "The focus of our target has been entirely upstream in the supply chain," the report states, "primarily on livestock production."

It acknowledges that there is "an ongoing debate" (see below) about how much of the environmental impact of cattle rearing can fairly be attributed to leather. It says: "Kering follows the principle that that, based on the market value of beef and its various co-products, one can attribute 8%-10% of the impacts of beef production to leather." This flies in the face of work that COTANCE, the leather industry's representative body in the European Union, has been diligently carrying out as part of a wider European Commission exercise to measure the environmental performance of consumer products. Kering cares about leather being made in the European Union; Marie-Claire Daveu has said specifically that having most of the group's bovine leather produced in the European Union had helped it achieve a

lower environmental impact overall.

But the question of how much of a cow's upstream carbon footprint can be fairly attributed to its hide after slaughter is proving difficult to answer. No exercise in the millennia-old history of the leather value chain has examined this point in more detail than the European Commission project that COTANCE has engaged in since 2013. After years of study, discussion and negotiating with representatives of other industries that have an interest in cattle and its by-products, the figure the European Commission project is working with is much lower than Kering's.

Complicated calculations

Partly, in spite of Kering's "market value" comment, this is because the physical as well as the economic relationship between a hide and a cow is important. This seems obvious but is a point that is often ignored in these discussions. The hide is a physical by-product of the cow, but farmers do not invest in and rear cows because the hide is useful. Their interest is in the determining product. This has prompted COTANCE and others in the leather industry to argue that the determining product, rather than the hide or any other by-product, should shoulder the upstream carbon footprint.

In addition, even those who disagree with the idea that the tanning industry's environmental impact should only begin when hides leave abattoirs must accept that not all of the hides in the bovine leather value chain come from beef cattle and a huge proportion of the environmental impact of dairy cattle, on average 88%, is the responsibility of the dairy rather than the meat industry. Calculations flow from there that consider the physical relationship up to the abattoir door and an economic relationship from that point on. It's a much more complex question that Kering appears to think.

The upshot of all of this is a figure, agreed by the European Commission, that if a hide happens to come from dairy cattle its share of the upstream carbon footprint should be just over 0.4%. For Kering to apply a figure of 8%-10% across the board is much too high. It places too high a burden on a material without which a number of its brands could not continue to be successful. In the recent past, a senior figure in the leather industry has described this sort of practice as "sawing through the branch you are sitting on".

Bamboo bag from Gucci in leather that is free from heavy metals.

CREDIT: GUCCI

