

METHODOLOGICAL NOTE

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SOCIAL REPORTING

2023

K E R I N G



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ORGANIZATION OF KERING SOCIAL REPORTING

Social reporting topics

Social reporting enables Kering to track a number of social indicators relating to eight main topics: workforce, working time, the Group's profile (age, seniority), employment, absenteeism, training, safety and working conditions, and industrial relations.

Social indicators related to the workforce (excluding disabled employees and the average monthly number of people on temporary contracts), working time, Group profile and employment are reported monthly. The frequency of reporting for the other social indicators is annual.

The list of indicators may change over time, since the relevance of each indicator is reviewed annually. New indicators may also be created depending on current events, new laws and in response to the needs of the various Houses.

Reporting tool

The Labor Report has been published since 2004, based on the use of a dedicated web-enabled platform designed to collect, validate and consolidate HR data from all Kering entities worldwide.

The tool's tree structure is defined, and annually updated, by each House based on its own organization and needs, in line with the Group's decentralized operational principle.

A three-tier control process

The social reporting process is formalized through various documents, which are updated and submitted every year to all those involved in the process.

The data collected through the reporting process is approved at various organizational levels of the Group:

At the level of each entity:

Social data is input by a "contributor" specifically identified for each entity. The contributor guarantees the consistency and reliability of data within their scope of responsibility.

Overall, nearly 190 contributors worldwide participate in the collection of social data.

After checking the data sent for their entity, each contributor forwards the data to their House's "validator".

At House level:

Each House has designated a "validator" responsible for double-checking all the data input by the House' "contributors".

When this second check, relating to the consistency of data among the various entities and trends versus the previous year, is complete, the "validator" signs off on the entire set of data for their House.

At Kering level:

The data originating from the various Houses is consolidated by the manager in charge of social reporting at Group level, followed by a final consistency check and justification of the data.

Social indicators are directly imported every year in the web-enabled platform from another human resources IT system dedicated to the collection of social, contractual and payroll information. Data can be collected on a monthly, quarterly or annual basis in this system.

SCOPE OF KERING'S SOCIAL REPORTING

Scope

The scope covered by the social reporting process corresponds to the scope of consolidation as defined and updated throughout the year by the financial consolidation team. It corresponds to all legal entities fully consolidated by the Kering Finance Department for the year in question.

Information related to changes in the scope of consolidation is provided to the Human Resources (HR) Department by the Finance Department.

The final scope is formalized by the Finance Department on December 31 through the "final financial scope" document.

Every month and at the end of each year, the HR IT and Finance teams coordinate in order to ensure that the financial and social scopes are fully consistent.

In 2023, entities recently acquired and sold were therefore included in the consolidated social and financial scope except UNT and Creed which, because they were acquired toward the end of the year, are only included in the financial scope for 2023 and will be integrated in the social scope from 2024.

The Middle East is grouped with Africa and Asia has been presented as a single geographic region since 2018.

Additional information:

Except for UNT and Creed, entities acquired in 2023, regardless of the date, are included in social reporting provided they are fully consolidated by the Group's Finance Department for the financial year.

Entities consolidated by the Finance Department after June 30 may be excluded from the reporting scope in the first year if the HR Department believes it is too early to produce reliable and consistent information based on Group definitions. This was the case for Ginori 1735 in 2023.

Scope coverage rate

For some indicators, data collection is not possible in all entities within the scope (due to cultural factors, legal factors or a lack of data traceability).

For each social reporting indicator, a "coverage rate" is therefore indicated, corresponding to the number of employees working for entities for which the indicator is available, divided by the Group's total registered workforce worldwide.

Example: The Group had 696 disabled workers on December 31, 2023.

The traceability of this indicator is legally prohibited in the USA and UK, therefore the coverage rate for this indicator represents 40,753 employees i.e., 85.16% of the registered workforce on December 31, 2023.

KERING SOCIAL REPORTING INDICATORS

Details on indicators relative to the workforce

The "**registered workforce**" corresponds to all employees on the last day of the period who have a direct employment contract with the company:

- People on permanent contracts and fixed-term contracts present at the end of the period on a full-time or part-time basis, working on site or remotely;
- Registered employees leaving at the end of the period (including people on fixed-term contracts);
- "Suspended" contracts: people on parental leave, unpaid leave, sabbatical leave, leave to start up a company, long-term absence, etc.;
- People on professional development contracts and apprentices.

The "**registered workforce**" excludes people on short-term contracts, temporary employees and student interns.

N.B. Expatriate employees (employees sent overseas by their employer without a secondment agreement) are reported by the entity in the host country (local entity).

In 2015, the way of counting employment contracts in China was standardized at the Group level:

- "Permanent contracts": contracts where there is an intention to employ the employee permanently, regardless of the type of contract, and if the company has a direct contract with the employee (no external agency involved).
- "Fixed-term contracts": contracts under which employees work for a certain period of time (e.g., covering for maternity leave/sick leave, working on a specific, with no external agency involved).

Managers

For employees recorded in the group's HR IT system, managers include any person who is responsible for at least one employee. For employees outside of the HR IT system, the same definition applies, except in cases where "manager" refers to a codified reference framework.

Number of workers with disabilities as of December 31

This indicator includes any employee whose ability to obtain or keep a job is effectively limited by an impairment or a reduction of their physical or mental capacity, but remains able to work: the notion is distinct from that of a worker declared unfit to work by a occupational health professional. The data reported corresponds to the number of workers with disabilities registered at the end of the reporting period.

In France, this includes employees who officially declared their disability to the relevant authorities and who fall within the employment obligation categories defined by the French act of February 11, 2005 on equal rights and opportunities, participation and civil rights for disabled people.

In other countries, the data covers any employee recognized as a worker with a disability by an authority accredited for this purpose by applicable national laws. The United States and United Kingdom are excluded from the scope of this indicator, since the traceability of this indicator is legally prohibited, which means it is not disclosed.

Temporary employees

This indicator counts all employees with a temporary contract via a specialist service provider that provides Kering with labor. These employees are recorded on a Full-Time Equivalent (FTE) basis, i.e., prorated in line with the length of their service between January 1 and December 31 according to the length of the contract, converted in accordance with the statutory workweek in the country in question. All temporary employees are counted the same way, whatever the purpose of the contract.

In countries when temporary employment agencies do not exist, this indicator counts any person hired to fill in on a temporary basis due to employees shortages.

Details on indicators relative to working time

Workweek

The average working time shown in the Universal Registration Document is calculated on the basis of a weighted average of the average weekly hours worked by registered employees in each entity in the reporting scope.

Example: The following weighted average was defined to calculate the average working time:

*((Average working time Entity A * Registered workforce Entity A) + ... + (Average working time Entity Z * Registered workforce Entity Z)) / Sum of registered workforce in the entities (entities A ... Z)*

Part-time work

All data on part-time employment published in the Universal Registration Document covers only registered employees on permanent contracts.

Theoretical number of working days

An entity's theoretical number of working days is the theoretical number of working days per year for one employee multiplied by the entity's average monthly headcount.

The theoretical number of working days per year for one employee is calculated as follows:

(52 weeks * 5 days) - number of days of paid leave during the year (working days) – number of RTT days (for France only) – number of public holidays not worked.

The average monthly headcount is calculated as follows:

Sum of registered employees in each month on an FTE basis / 12.

*Example: The average monthly headcount of my entity is 52.5 employees (FTE), and the theoretical number of working days per employee is 235. The theoretical number of working days for the entity is 52.5*235 = 12,337.5 days.*

In 2020 and 2021, the reduction in hours due to short-time working as a result of the pandemic was deducted from the theoretical workable days. Since 2022, no reduction in hours due to short-time working has been reported.

Hours worked

The number of hours worked in an entity refers to the number of hours worked by all employees during the reporting period, regardless of whether the employees are still present at the end of the period, including overtime and excluding absences and short-time working.

Overtime

All hours worked over and above the statutory workweek in an entity are regarded as overtime, regardless of the overtime surcharge. Additional hours worked by part-time employees are not included in the calculation of this indicator.

Absenteeism

The "Total absenteeism" indicator counts all absences except for paid leave, special leave (marriage, baptism, house moves, etc.), training leave, unpaid leave, parental leave and trade union duty leave. "Absenteeism for illness" includes all absences linked to illness, workplace and commuting accidents, and occupational illnesses.

Absenteeism is reported in working days from the first day lost.

Details on employment-related indicators

New hires

The following rules are used to calculate the new hires indicator:

For fixed-term contracts

If a fixed-term contract is renewed, the hire is only counted once. For two successive temporary contracts with a non-working period in between, two fixed-term contract hires are counted.

For two successive temporary contracts with a change of position, two fixed-term contract hires are counted.

In the case of an employee hired under a fixed-term contract that is converted subsequently into a permanent contract, one fixed-term contract hire plus one permanent contract hire are counted.

For permanent contracts

If an employee on a permanent contract is transferred to another entity, a permanent contract hire is counted in the new entity.

In the event of expatriation, a permanent contract hire is counted in the entity where the employee is expatriated.

Where a company joins Kering's scope of consolidation during the year, only hires after the integration date are counted. In 2015, the way employment contracts are counted in China was harmonized, and this led the entities concerned to recognize some contracts previously counted as fixed-term as new permanent contract hires.

Additional information on internal transfers

Where an employee transfers between two entities of the House or the Group, a permanent contract hire is counted in the new entity and a departure due to transfer is counted in the previous entity.

Departures

If a fixed-term contract is renewed, the departure of that employee will be counted at the end of the renewed contract.

For two successive temporary contracts with a non-working period in between, then two fixed-term contract departures are counted.

For two successive temporary contracts with a change of position, two fixed-term contract departures are counted.

Where an employee is hired under a fixed-term contract that is converted into a permanent contract, one fixed-term contract departure is counted. In the event of a transfer between two entities, a departure is counted in the entity that the employee left.

In the event of expatriation, one permanent contract departure is counted in the initial entity.

N.B. Departures initiated by employees include resignations and departures due to internal transfers to another entity; dismissals include departures initiated by the employer, except for redundancies for economic reasons.

Details on indicators relating to the Group's human resources profile

All data relative to the Group's human resources profile (average age, average seniority) concern employees on permanent contracts.

Seniority as expressed in the report means seniority within Kering. It takes into account the professional experience acquired by the employee within the various Kering Houses.

Where a fixed-term contract is converted into a permanent contract, seniority is counted in accordance with applicable laws in the relevant country.

Details on indicators relating to industrial relations

Employees covered by the European Works Council

The European Works Council (EWC) covers employees in the countries where the Group is established, members of the EU and the European Economic Area, and countries outside the EU where more than 1,000 employees work in at least two Houses, according to thresholds agreed with the EWC.

Industrial action

This indicator counts only collective work stoppages linked to collective demands.

Details on indicators relating to training

Training budget

This indicator accounts for all the sums spent on employees training in the relevant entities: educational costs, wages of employees during the training period, payments to training institutions, trainees' expenses, trainer's fees in the case of internal training.

Employees participating in training

The "employees participating in training" indicator is the number of employees who took part in at least one training session during the year even if they are no longer registered at the end of the year. The training sessions may have taken place in-house or externally and are all counted, whether they are attributable or not.

The concept of "employees participating in training" provided in the Universal Registration Document, where not specified, includes both employees participating in health and safety training and employees participating in training not related to health and safety.

Hours of training

This indicator includes all hours of training undertaken by employees during the year, whether in-house or externally, even if they are no longer registered at the end of the year and whether or not the training is attributable.

The number of hours of training is counted on the basis of training costs during the year in question.

Details on indicators relating to safety and working conditions

Workplace accidents

This indicator includes all accidents that occurred at the workplace or during business travel, leading both to an official report and at least one working day lost, regardless of the national legislation in force. Days lost because of commuting accidents and relapses are not counted in this indicator.

The number of days lost due to workplace accidents is reported in calendar days.

Safety training

This indicator takes into account all training sessions on occupational safety. An employee who attended several safety training sessions during the year is counted only once.

INDEPENDENT AUDIT OF DATA

The non-financial data published in the Universal Registration Document was verified by one of the statutory auditors, Deloitte & Associés.

Pursuant to Article L.225-102-1 of the French Commercial Code, Kering appointed one of its statutory auditors as an Independent Third Party responsible for the verification of the information published in the Non-Financial Information Statement (NFIS) in Chapter 4 of the 2023 Universal Registration Document. The report by the Independent Third Party can be found at the end of Chapter 4 of the Kering 2023 Universal Registration Document (see section 8) and concerns, among other things, the fairness of qualitative and quantitative environmental, social and societal information published.

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