



## ANNUAL GENERAL MEETING OF APRIL 25, 2024 ANSWERS TO WRITTEN QUESTIONS

### Questions received from the French Sustainable Investment Forum (*Forum pour l'Investissement Responsable - FIR*)

#### Environment

##### Question 1

**a) Can you recap your short-, medium- and long-term carbon reduction targets for your three scopes (in absolute terms and in terms of intensity)?**

Kering has made climate action a key part of its sustainability strategy. It is aiming for a Net Zero trajectory consistent with the ambitions of the Paris Agreement, through a dedicated climate strategy that includes climate change mitigation and adaptation measures and that aims to transform Kering's entire industry. Our short-, medium- and long-term carbon reduction targets for our three scopes (in absolute terms and in terms of intensity) are as follows:

- **Short term – by 2030: objectives verified in 2021 by the SBTi, in line with the objectives of the Paris Agreement:**
  - 90% reduction in absolute greenhouse gas (GHG) emissions from Kering's own operations (whole of GHG Protocol Scopes 1 and 2) relative to 2015 – ambition aligned with a 1.5°C trajectory;
  - 70% reduction in GHG emissions intensity (Scope 3 of the GHG Protocol)<sup>1</sup> relative to 2015;
- **Medium term – by 2035:** 40% absolute [reduction](#) in emissions across the Group (GHG Protocol Scopes 1, 2 and 3) relative to 2021;
- **Long term – by 2050:** commitment to contributing to carbon neutrality, in line with the Paris Agreement ambitions.

		Short-term carbon reduction targets	Medium-term carbon reduction targets	Long-term carbon reduction targets
Scope 1	Absolute value	10,063 tCO <sub>2</sub> (Scopes 1 and 2)	Scopes 1, 2 and 3: 1,514,022 tCO <sub>2</sub>	Our carbon reduction targets are currently being reviewed and will be resubmitted to the SBTi for validation in a few weeks' time. The targets will be aligned with the Net Zero Standard and with the SBTi FLAG guidance.
	Intensity	n/a	n/a	
Scope 2	Absolute value	10,063 tCO <sub>2</sub> (Scopes 1 and 2)	1,514,022 tCO <sub>2</sub> (Scopes 1, 2 and 3)	
	Intensity	n/a	n/a	
Scope 3	Absolute value	n/a	1,514,022 tCO <sub>2</sub> (Scopes 1, 2 and 3)	
	Intensity	87.8 tCO <sub>2</sub> /€ million of gross margin	n/a	

<sup>1</sup> The scope of this target covers the following Scope 3 categories: Purchased Goods and Services (Cat. 1 of the GHG Protocol), Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2 (Cat. 3), Upstream Transportation and Distribution (Cat. 4), Business Travel (Cat. 6) and Downstream Transportation and Distribution (Cat. 9), as validated by the SBTi in 2021 at the time of verification.

**For each target, state the main initiatives intended to achieve it (please specify each initiative's percentage contribution towards achieving the target).**

To achieve these objectives, the Group has made a commitment not only with regard to its own operations but also covering its value chain. A decarbonization roadmap has been drawn up at Group level, and adapted to each of the Houses to fit its activity and the main emission sources identified. It is based on major investment projects and initiatives covering all the Group's activities and main logistics sites, tanneries and stores, as well as its entire value chain. The Group has initiated measures concerning each of its main sources of emissions centered around three pillars: fair production, the scaling-up of pilot projects and best practices (sourcing, circularity, innovation, energy optimization) and the development of new business models.

**Group operations (Scopes 1 and 2, which account for 1% of the Group's footprint)**

- **energy-saving measures:** Given the energy issues that arose in winter 2022/23 and the French government's appeal to reduce consumption by 10% in France, the Group has reinforced its energy efficiency strategy with an energy-saving plan that is being implemented by all Houses and headquarters;
- **optimization of sites' energy efficiency:**
  - The Kering Standard for Stores defines expected performance levels on the basis of 11 priority themes, including energy management, lighting and renewables, including the use of LED technology for lighting, allowing for energy savings of up to 90%, and reaching almost 100% implementation in store selling areas;
  - environmental certification of sites renovated by Kering: LEED (Gold or Platinum level), HQE or BREEAM certification, which include criteria concerning optimum energy efficiency, along with WELL certification (based on user well-being in buildings, including thermal comfort);
  - centralized management of sites' energy performance, allowing for performance improvements by streamlining the energy procurement process through pooling and consolidating energy consumption, as well as increased use of renewable energy. The project – which covers Europe, the United States and Asia – has resulted in tangible energy savings and lower costs for the Houses and the Group.
- **energy supply strategy:**
  - on-site renewable energy generation with the installation of photovoltaic systems on roofs and car parks;
  - purchases of renewable energy: Kering favors signing power purchase agreements for locally produced renewable electricity in cases where the site pays its bills directly and where the local electricity market allows. For locations where this practice is not possible, Kering buys renewable energy certificates from solar or wind power systems, selecting only new or recent installations (less than 10 years old) in order to speed up energy transition in the countries in which it operates. Since 2022, Kering has achieved the target of 100% renewable electricity in accordance with RE100 guidelines;
  - signature of a Corporate Virtual Power Purchase Agreement (CVPPA): Kering has joined 12 brands, coordinated by the Fashion Pact, in their initiative to sign a transnational CVPPA. Under the agreement, representing a total of 160 GWh per year (including 43 GWh per year for Kering), a new solar farm is to be built in southern Spain. The agreement guarantees the developer of the solar farm with a stable sales value for energy generated over the first 10 years in operation, allowing it to secure financing for the project. Construction work began in 2023 and the farm will generate power as of 2025. The project will allow for 65,000 metric tons of CO<sub>2</sub>e to be avoided each year. The CVPPA will cover around one third of the Group's direct total energy consumption in Europe, also reducing the cost of energy and price fluctuations.

**Across the entire supply chain (Scope 3):** The Group has launched initiatives to reduce its main emission sources, in particular those relating to purchases of goods and services and goods transportation:

- **products eco-design and sustainable sourcing strategy:** adopt the Kering Standards for all raw materials and shift production processes toward options with reduced environmental impacts, particularly in terms of carbon emissions;
- **fair production:** capitalize on planification and the product offering to adjust production volumes as closely as possible to sales;
- **develop the use of renewables and energy efficiency programs with suppliers, in particular with the Clean by Design program,** which aims to reduce textile manufacturers' environmental impact by organizing audits reviewing 10 of the production site's key performance points (water, energy, waste);
- **transportation:** work with logistics platforms, the Houses and the Group's transportation companies to optimize goods transportation at the various stages of the supply chain through to stores, in particular:
  - streamlining itineraries, optimizing fill rates, using functional design and reverse logistics,
  - developing alternative means of transport, particularly for the last mile, and making increased use of maritime transport,
  - improving fleet performance: preference is given to the most efficient vehicles and aircraft, with very ambitious CO<sub>2</sub> emissions standards (maximum of 600g of CO<sub>2</sub> per metric ton-km for air freight, EURO 6 standard for road freight).

**What proportion of your strategy relates to negative emissions (capture and storage), avoided emissions and carbon credits (aside from your carbon reduction targets)?**

**To help you answer, a table is available for you to complete in Appendix 1.**

Reducing greenhouse gas emissions is the priority in the Group's climate strategy. In addition to the Group's reduction targets validated by the SBTi, Kering has since 2012 been investing in nature-based carbon offsetting projects, thereby helping to protect essential ecosystems and carbon sinks around the world. These projects help to mitigate climate change beyond the Group's value chains and to preserve and restore sensitive ecosystems (forests, wetlands and coastal areas). As part of its proactive strategy to offset its carbon emissions:

- in early 2023, Kering undertook to invest up to €100 million in the Climate Fund for Nature, a carbon fund managed by Natixis subsidiary Mirova. This commitment will be fulfilled gradually, mainly in the first eight years, through successive calls for funds driven by the funding needs of projects. The fund invests in carbon removal and avoidance projects involving nature-based solutions that generate carbon credits for Kering and other co-investors. Those carbon credits are transferred to its shareholders as and when they are delivered through a forward purchase agreement.
- **Credits and negative emissions:** In 2023, Kering offset 2,135,568 tCO<sub>2</sub>e, corresponding to Scope 1, 2 and 3 emissions in 2022, excluding use of products (Scope 3 – Category 12 of the GHG Protocol) and as calculated for 2022 reporting. Negative emissions break down as follows:
  - two thirds removal projects,
  - one third avoidance projects.

Through its Regenerative Fund for Nature, Kering also invests in projects that support regenerative agricultural practices among producers of key raw materials for the Group, contributing to the carbon sequestration in soil in its value chain and beyond. Kering has a target of regenerating 1 million hectares of land by 2025, and at the end of 2023 had already supported seven projects with a combined area of 840,000 hectares. The practices adopted – minimizing tillage, crop rotation, maintaining plant cover – improve the health of soil and its ability to capture carbon, although CO<sub>2</sub> storage capacity has not yet been precisely quantified.

**b) Can you specify the amount of expenditure needed for each initiative deployed across all three scopes? Please specify the timeframe of that expenditure.**

**The expected information here usually differs from the amount of Capex/Opex aligned with the European taxonomy, which only relates to expenditure on your sustainable activities and not expenditure on your carbon reduction plan as a whole.**

A decarbonization roadmap drawn up at Group level has been adapted to each of the Houses to fit its activity and the main emission sources identified, in order to break down the overall target into operational initiatives:

### **Short- and medium-term initiatives**

**Short-term operational expenditure** Every year, Kering devotes around **€70 million of operating expenses** to reducing its carbon footprint. This includes the various operational initiatives listed below:

- **Scopes 1 and 2:**
  - **Purchases of renewable electricity;**
  - Some **ongoing expenditure as part of programs to open, refurbish and certify buildings** at Group sites, with the requirement to include energy-efficiency measures in all programs (see below regarding capex);
- **Scope 3:**
  - **Sourcing of raw materials;**
  - **Support for suppliers** to adopt better production processes, particularly through the Clean by Design program;
  - Initiatives to promote biodiversity and soil regeneration, with carbon removal being one of the principles of regenerative agriculture. Kering's endowment for the [Regenerative Fund for Nature](#) amounts to €5 million over five years.

### **Medium- to long-term initiatives**

- **Scope 3: €100 million** invested by Kering in the [Climate Fund for Nature](#) **to support and put in place nature-based projects and solutions** (avoidance and/or removal projects – see above): this commitment will be fulfilled gradually, mainly in the first eight years, through successive calls for funds driven by the funding needs of projects.
- **Scope 2: Signature of a Corporate Virtual Power Purchase Agreement (CVPPA) (see previous answer)** including 43 GWh/year for Kering. The agreement guarantees the developer of the solar farm with a stable sales value for energy generated over the first 10 years in operation, allowing it to secure financing for the project. The project will allow for 65,000 metric tons of CO<sub>2e</sub> to be avoided each year. The CVPPA will cover around one third of the Group's direct total energy consumption in Europe, also reducing the cost of energy and price fluctuations.

**Capital expenditure (capex):** In addition to operational expenditure, Kering also carries out capital expenditure. In accordance with the European taxonomy regulation, information about the Group's capital expenditure was published in Section 5.6.1 of its [2023 Universal Registration Document](#) (pages 257 and following). Given the absence of eligible revenue, taxonomy-aligned capex represents 13% of Kering's Total Taxonomy Capex, or €593 million.

Kering also invested around €2 million in 2023 in water treatment, mainly at its tanneries, and is planning capital expenditure of around €3.5 million by 2025.

**c) On what reference scenarios is your carbon-reduction strategy based (across the three scopes)? Is it aligned with a 1.5°C scenario? Has it been validated by an independent third party (SBTi, ACT-ADEME, etc.)?**

**Please state the name of the scenario(s) and the reference organization(s) (e.g., IEA or IPCC).**

In 2016, Kering was the first luxury Group verified by the Science Based Targets initiative (SBTi) for its carbon reduction targets, and it has chosen to adopt a scientific approach aligned with the SBTi guidelines. As stated in the answer to question 1a) above, Kering's short-term targets (to be achieved by 2030) have been certified by the SBTi in line with the Paris Agreement targets. The Scope 1 and 2 target is aligned with the IPCC's 1.5°C scenario and the Scope 3 target is aligned with the IPCC's well below 2°C scenario. Our carbon reduction targets are currently being reviewed and will be resubmitted to the SBTi for validation in a few weeks' time. The targets will be aligned with the Net Zero Standard and with the SBTi FLAG guidance.

## **Question 2**

**Risks, impacts, dependencies and opportunities relating to biodiversity are still not being taken into account sufficiently in companies' activities (internal activities, supply chain, products, services provided to customers, etc.). However, progress is taking place in terms of the context, tools (TNFD, SBTN, GRI etc.) and practices.**

**Although this topic may not appear very material for certain sectors, we believe that it deserves to be analyzed by all companies.**

**a) Have you carried out work to assess, monitor and reduce your dependencies and risks and your footprint, but also your opportunities (investment in projects that have a net positive impact on nature, services that promote biodiversity, etc.) in connection with biodiversity and nature? Is that assessment up to date and does it cover all of your value chain (direct operations, upstream and downstream)? If it only covers part of your value chain, are you planning to extend the scope of your assessment? If not, why not?**

Yes, Kering has carried out this work, particularly through its EP&L (Environmental Profit & Loss), which allows it to calculate its footprint on nature (six dimensions including water resources and land use) and via its involvement in the pilot of the Science Based Targets for Nature guidelines.

Its assessment is up to date and covers all of the upstream and downstream value chain and the Group's direct operations, i.e., 100% of the Group's revenue. In particular, the Group's business activities mainly depend on natural raw materials of animal origin, such as leather, cashmere, wool and silk, and of plant origin, such as cotton. The availability and quality of these materials can be affected by environmental factors, which are particularly influenced by climate change and other pressures on biodiversity. Activities that depend on biodiversity, like leather goods, shoes and ready-to-wear, represented almost 80% of the Group's revenue in 2023.

The Group's 2023 EP&L results show that 34% of Kering's monetized environmental impacts associated with the life cycle of its products and their sale relate to biodiversity and land use, and that they mostly happen in Tier 4 (production of raw materials) of its supply chains – see [2023 Universal Registration Document](#), Chapter 4, Sections 5.3 and 5.4.1 for the breakdown of EP&L impacts (in € m) of Tier 3 and 4 by material (in millions of kg).

In particular, the "land use" dimension of the EP&L makes it possible, for example, to estimate how raw materials used by the Group affect the provision of ecosystem services and biodiversity. The methodology adopted for this indicator establishes an ecosystem service reference value for virgin biomes based on (1) species richness, (2) above-ground biomass and (3) soil organic carbon (SOC) as substitution parameters. These parameters are applied to the Group's activities, depending on the types of soil use and geographic regions.

In 2020, to reduce its dependencies and risks and to ensure that it has a positive impact on nature (opportunities), the Group devised its Biodiversity Strategy, which comprises four phases: avoidance, reduction, restoration/regeneration and transformation, based on the Science Based Targets Network's reference framework. Kering's strategy encourages the prevention of biodiversity loss and degradation (reducing dependencies and risks), the promotion of sustainable and regenerative agricultural practices

that support soil health (opportunities) and the protection of global ecosystems that are vital for carbon capture, the preservation of biodiversity and local communities. Support for the development of regenerative agriculture and the integration of alternatives to conventional materials are strategic opportunities for Kering, which we encourage in the Luxury sector as a whole.

By integrating this notion of dependency and our impact assessment, the conclusions we draw from the EP&L enable us to adjust our sourcing strategy accordingly, in order to limit risks relating to certain materials and identify alternatives, which may result from recycling, technological innovation or sustainable sources, for example by favoring regenerative agriculture. The Kering Standards for sustainable production are the operational realization of this approach, covering 98% of the raw materials used by the Group. The application of the Kering Standards is measured through the alignment rate of raw materials, which Kering publishes every year – see the [2023 Universal Registration Document](#), Chapter 4, Section 5.4.2 "Results of actions concerning the main raw materials".

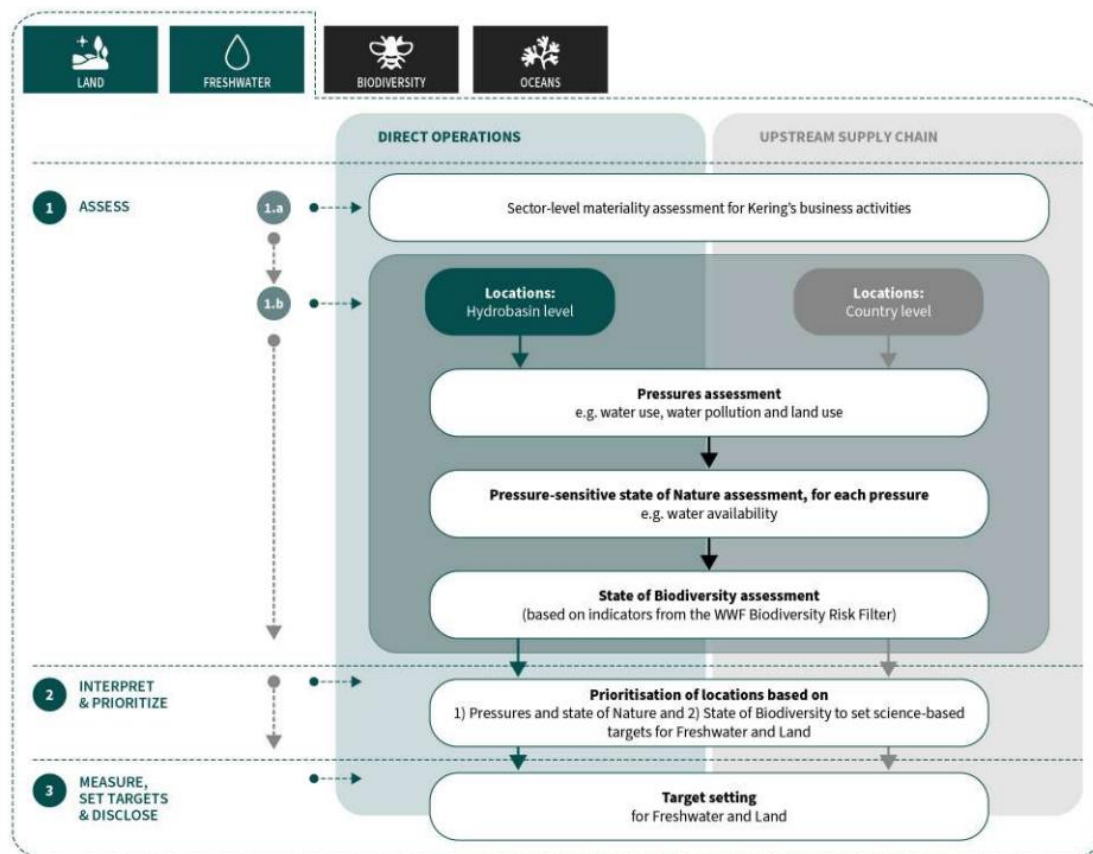
**b) Do you publish the results of this work? If not, are you planning to publish them? Please give reasons for your answer.**

Yes. As they are every year, the results of the EP&L for 2023 are published in the [2023 Universal Registration Document](#), in which the initial work done as part of the SBTN pilot project is also presented, as well as on a [dedicated EP&L Results website](#).

**Are you planning to use voluntary frameworks such as the TNFD, SBTN or GRI101 frameworks to take account of nature-related risks and opportunities?**

Yes. In 2023, Kering became one of the Taskforce for Nature-Related Financial Disclosures (TNFD) Early Adopters, undertaking to make disclosures aligned with the TNFD Recommendations in our corporate reporting.

Kering was also selected in 2023 as one of the first 17 companies in the world to fully implement the first version of the Science Based Targets Network's guidelines on defining science-based targets for nature, and to pilot the target validation process. Drawing on the best scientific data available, the initial phase of the SBTN will concentrate on assessing pressures and defining freshwater and land targets, while subsequent phases will emphasize biodiversity and oceans.



c) Do you publish or are you planning to publish quantitative indicators to take account of biodiversity-related risks and opportunities for your company (asset value, liabilities, revenues and expenditure regarded as vulnerable to nature-related risks, capex, financing or investment devoted to nature-related opportunities)? If so, what are those indicators and do you set targets for them? Please state why you have chosen the indicators concerned. If not, why not?

Yes. Kering's expenditure in favor of biodiversity amounted to almost €30 million in 2023. In particular, its biodiversity expenditure enables it to finance initiatives established under its action plan to achieve its target of **having a net positive impact on biodiversity by 2025**. That commitment was formalized in its Biodiversity Strategy, in line with target 15 of the Global Biodiversity Framework, as agreed at the COP15 biological diversity conference in Montreal in 2022. Kering is seeking to achieve two quantitative targets, backed up with indicators:

- Facilitate the **transition to regenerative agricultural practices across one million hectares** of land in landscapes where some of the main raw materials in Kering's supply chain are produced, such as leather, cotton, wool and cashmere. To achieve this, Kering has partnered with environmental NGO Conservation International to create the Regenerative Fund for Nature. The Fund supports projects to transform farming and rearing practices in areas that supply raw materials to the fashion industry; €5 million has been allocated to the Fund;

Protect **one million hectares of critical and irreplaceable habitats** outside of its supply chain, primarily through programs that deliver a positive impact for biodiversity protection, carbon sequestration and improved livelihoods for local communities.

These two million hectares represent more than six times the global footprint of Kering's direct and indirect (supply chain) operations, calculated by the EP&L as 350,000 hectares in 2020. Kering has therefore included a significant security margin in its efforts to have a net positive impact on biodiversity. The Group is also aligned with target 19 regarding increasing the level of financial resources for nature conservation and restoration, via the Climate Fund for Nature.



Kering has also committed to reducing its footprint on nature by adopting a target of reducing its EP&L intensity by 40% between 2015 and 2025. The target was achieved in 2021 and has been maintained.

In its [2023 Universal Registration Document](#), Kering publishes the following quantitative indicators:

- **EP&L results in 2023** (Chapter 4, Section 5.1.1.3): 58% reduction in EP&L intensity relative to the 2015 baseline year with an identical EP&L scope of calculation;
- **Proportion of raw materials used by Kering aligned with the Kering Standards:** 75%;
- **Regenerative agriculture practices:** seven projects selected in 2021 within the framework of the Regenerative Fund for Nature, covering a total of 840,000 hectares; project with the Olive Leaf Foundation in South Africa to support the introduction of regenerative practices on 215,000 hectares;
- **Protection of essential habitats:** 127,000 hectares protected via the Climate Fund for Nature\* and contribution to the protection and/or restoration of around 665,000 hectares via other voluntary carbon finance mechanisms.

\*The [Climate Fund for Nature](#) brings together ambitious financial commitments (€195.5 million of commitments at the end of 2023 out of a total target of €300 million, including €100 million from Kering) and relies on Mirova's expertise in managing funds focused on natural capital.

### **Question 3**

#### **a) How does the circular economy fit into your company's strategy?**

##### ***Criteria to be assessed:***

- ***Targets (quantitative, ambitious, scope)***
- ***Ambition and quality of the strategy***
- ***Links with other sustainability topics (particularly carbon reduction and biodiversity)***

As a business, Kering sees the circular economy as an opportunity to create an industry fit for purpose for future generations. The Group has formalized its ambition in a [dedicated strategy entitled Coming Full Circle](#), which has three key aspects that are strengthened by Group-level quantitative targets:

1. **Crafting luxury in a sustainable way:** Kering is committed to creating products that last and retain their value over time. This aspect is central to Kering's business model and its Houses' brand elevation strategies, bolstered by a Group-wide target of zero destruction of unsold products that has been in force since 2021.
2. **Regenerative sourcing and clean production:** Kering is working to convert a million hectares of agricultural land and pasture to regenerative agricultural practices that restore nature and mitigate climate change. This aspect reflects the interconnected nature of climate issues, biodiversity and circularity, and the complementary nature of Kering's environmental strategies.
3. **Making production processes more efficient:** Kering is committed to eliminating waste and pollution from its production processes.

Innovation and new technologies are some of the methods that we use to minimize our impact on the environment (AI for planning and optimizing production, blockchain technologies, etc.), in addition to developing new business models based on second-hand items and circularity (partnerships with external resale platforms, financial investments via Kering Ventures, Gucci Vault, etc.).

Kering has adopted several targets that address the interconnected nature of environmental issues in a holistic way, in connection with its carbon reduction and biodiversity strategies, including:

- 100% renewable energy by 2022 (target achieved according to the RE100 criteria, see [2023 Universal Registration Document](#), Chapter 4, Section 5.2.4.2),
- zero destruction of unsold products,
- zero single-use plastics by 2025,



- 100% of raw materials compliant with the Kering Standards by 2025 (reducing the environmental footprint of Kering's sourcing, including its carbon footprint and pressures on biodiversity, and encouraging alternatives arising from the circular economy and regenerative agriculture),
- zero microfiber discharge by 2030.

**b) What are the risks identified by the company in relation to resources, costs, capex and opex allocated to the circular economy?**

**Criteria to be assessed:**

- **Identification of upstream and downstream risks (increasing scarcity, sourcing, access difficulties, waste management, regulations, etc.)**
- **Associated financial costs**
- **Capex and opex (%)**

Each year, Kering carries out a detailed analysis of the risks that the Group may face and that may jeopardize its ability to maintain its overall performance. The approach as a whole and all aspects generally relating to risks are presented in Chapter 5 of the [2023 Universal Registration Document](#) – see in particular the "production" (increasing scarcity, sourcing, access difficulties) and "climate change" risk factors. Non-financial risks are therefore fully integrated into the overall process of identifying and managing the Group's risks, which takes into account the whole value chain, upstream and downstream, from the sourcing of raw materials and the consumption of resources to the use of products made by the Group's Houses. The risk map is based on work done as part of the materiality analysis and TCFD and SBTN-related work (see [2023 Universal Registration Document](#) – Chapter 4, Sections 1.3, 5.2.2 and 5.3.1). In accordance with the recommendation of the Task Force on Climate-Related Financial Disclosures (TCFD), Kering has conducted an initial assessment of the financial impact of certain specific risks and in its 2023 response to the CDP Climate, Forests and Water questionnaires it provided some estimates. On a short-term view, the analysis carried out so far does not show any material impact on the Group's financial statements.

<b>Examples of risks related to resources and circular economy issues</b>	<b>Timeframe</b>	<b>Estimated impact (in €)</b>
Reduction in direct operating costs by using renewable energy (in connection with the renewable energy target, the circularity ambition and the carbon reduction strategy)	Medium- to long-term	4,000,000 – 6,700,000
Increasing scarcity: Impact of heat stress on the availability of cowhide leather		29,150,000 – 30,250,000
Increasing scarcity: Impact of climate change on cotton availability and yields		9,900,000 – 11,400,000

**c) What are the key initiatives being taken by the company to make its business model more circular? What proportion of revenue do these initiatives represent?**

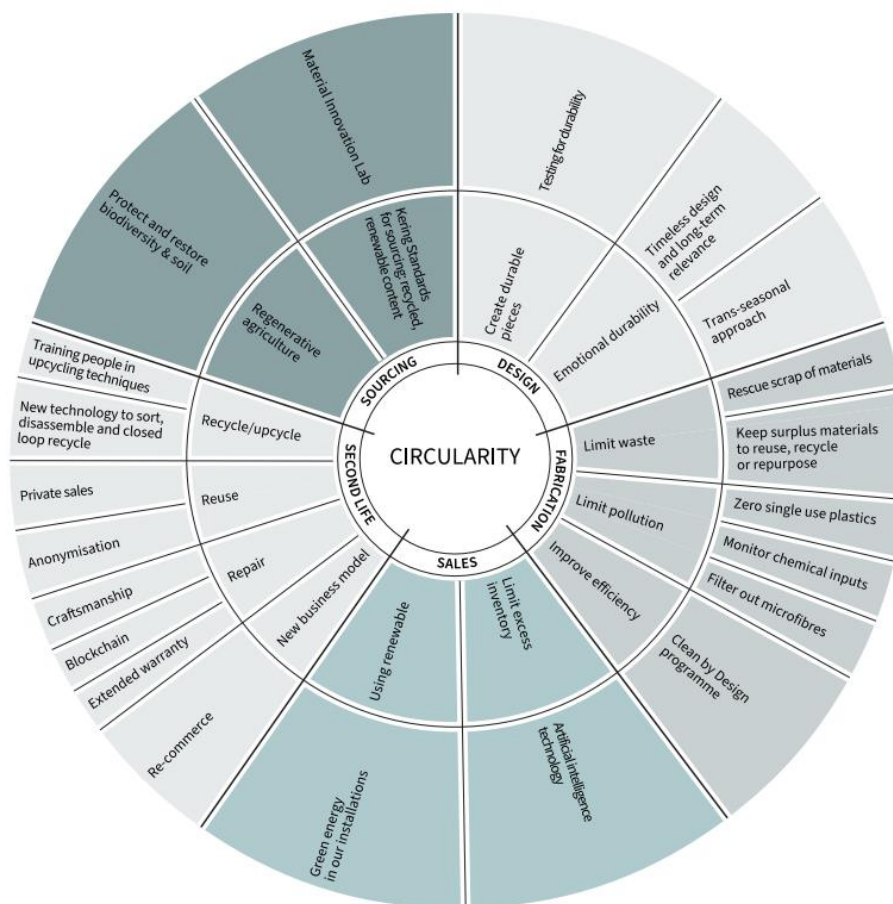
**Criteria to be assessed:**

- **Integration of various aspects of the circular economy (reduction in resource consumption/efficiency, eco-design, sustainable sourcing, reuse, industrial and territorial ecology, recycling, etc.)**
- **The scaling-up of circular economy initiatives and projects**
- **Proportion of revenue linked to circular economy offerings (or any other indicator relevant to the circular economy)**

The Group's luxury products form part of a circular fashion and luxury model that aims to create products that last and retain their value over time, and to produce the right number of products so as to avoid unsold products. Its products result from the combination of strategic know-how with excellent craftsmanship in processing, cutting and assembly. They are designed and created from unique materials, and are subject to rigorous quality controls to ensure their longevity and durability. These practices improve both products' intrinsic (physical) durability and their extrinsic durability, or their desirability and the emotional attachment they inspire.

Kering's [circularity ambition](#) sets out all of the Group's initiatives to make its business model more circular in all parts of the value chain (upstream, direct operations, downstream) and is summarized in the diagram below. It includes:

- The adoption of new circular business models such as the **second-hand** model. These initiatives were first launched as pilot projects, but are now being adopted more widely by Houses such as Gucci, Balenciaga and Alexander McQueen;
- Eco-design, **repair services** (all brands) and extended product warranties (e.g. Bottega Veneta's Certificate of Craft): the Houses offer their customers repair services to maintain the quality of their products and ensure that they stand the test of time, sometimes in addition to a statutory warranty. These services currently have an operational cost of more than €25 million per year but are not a significant source of revenue, since they are not always billed to customers of the Group's Houses.
- **Plans to stop using single-use plastics** across all product categories. These plans are already being implemented for B2C packaging and work is underway for B2B packaging.
- **Sustainable sourcing:** In 2023, 75% of the Group's raw materials were aligned with the requirements of the [Kering Standards](#) in terms of sustainable sourcing and clean, more efficient production, and the aim is to reach 100% by 2025. This is reducing the environmental footprint of Kering's sourcing, including its carbon footprint and pressures on biodiversity, and encourages alternatives arising from the circular economy and regenerative agriculture. It is also reducing the environmental footprint of its production processes (energy efficiency, reduced consumption of resources, industrial ecology, recycling). The Standards apply to 98% of raw materials, covering all of the Houses' collections and all of the Group's business activities that contribute to its revenue.



## **Workforce-related**

### **Question 4**

**a) In France, the Climate and Resilience Act of 22 August 2021 and the interprofessional national agreement on ecological transition and social dialogue of 11 April 2023 extended the environmental prerogatives of social and economic committees (CSEs) and strengthened the role of local representatives. In the last 12 months, which initiatives illustrate significant changes in the way these bodies operate within your Group as a result of these documents?**

Kering regularly discusses its environmental topics in in-house events in order to providing training and raise awareness among all of the Group's employees regarding its commitments. **Members of employee representative bodies, as Kering employees, benefit from a large number of initiatives aimed at introducing them to, and giving them in-depth knowledge of, sustainability matters. Accordingly:**

- **they take part in the annual training provided to employees about the principles of the Code of Ethics** and support the Group's commitments with respect to workforce-related, environmental and social responsibility. In 2023, mandatory training for all employees worldwide included, as regards sustainability, the Group's commitment to reducing its environmental impact, the supply chain and the responsible use of electricity in our workplaces.
- **they benefit from training opportunities such as the Global Learning Day**, which features sessions on sustainability (feedback sessions led by our internal experts, involvement in the Climate Frank, etc.).

**In 2023, members of Kering's Social and Economic Committee were also informed and consulted:**

- as part of information/consultation initiatives regarding 2024 strategic aims and regarding Kering's environmental issues, activities and targets, with the involvement of Kering's Sustainability Program Director to ensure a constructive dialogue;
- about the continuation of the sustainable mobility grant in 2024 following mandatory annual negotiations with unions for 2024.
- As far as possible, environmental impacts are specified for each consultation.

**Members of Kering's Social and Economic Committee also have access to environmental indicators:**

- included in the section of the BDESE (economic, social and environmental database) relating to environmental data; and
- as part of the presentation to elected representatives of a progress report on the use of sustainable mobility grants by employees.

**b) As part of these new prerogatives, training and expertise are crucial for labor representatives. Have you recently developed or are you planning in the near future any programs specifically intended for labor representatives in order to increase their expertise on environmental matters, over and above statutory requirements?**

Kering's European Works Council addresses all financial, economic, workforce-related and environmental issues in information and dialogue meetings several times a year. The same is true of Kering's French Works Council.

We have been working to increase engagement with members of the European Works Council regarding workforce-related, environmental and social responsibility for several years within the Group, and recently:

- by **engaging with the experts** of Kering's employee representative bodies to analyze the Group's environmental commitments and actions, particularly through meetings with our senior executives in the Sustainability Department;

- through the **recent joint decision to set up a CSR Committee as part of the European Works Council**, established by the agreement of June 7, 2023 on social dialogue and well-being at work, which met for the first time on December 7, 2023;
- through the **upcoming training session for all members of the European Works Council on the role of social dialogue in CSR** (scheduled for June 11, 2024, to be led by an independent expert);
- and other initiatives that will follow in the second half of 2024.

**c) A group's labor relations are improved by international framework agreements. Does your group have a framework agreement that extends beyond the European Union? If so, how have you included the theme of ecological transition and environmental matters more broadly in the agreement? If not, are you planning to adopt such an agreement? In any event, please list major initiatives in your five largest geographical markets outside France that have recently increased the involvement of labor representatives in the company's environmental policy.**

Employee representative partners act as a **bridge** between the company and employees and facilitate the dissemination of a culture that makes environmental issues **central to discussions and our social dialogue**.

Our two employee representative bodies cover France and Europe. We include all Group employees in our innovative workforce-related policies and in our closely monitored environmental commitments (EP&L).

We recently negotiated an **agreement on social dialogue and well-being at work**, which was signed with the European Works Council on June 7, 2023. We have sought to deploy that agreement at the global level by publishing it on our internal platform for all Group employees.

In the agreement, we:

- defined well-being at work and its four main aspects, in order to safeguard it more effectively within Kering. Two of the four aspects relate to social and environmental topics, and the environmental aspect includes our contribution to environmental protection.
- set up a CSR Committee as part of the European Works Council, which met for the first time on December 7, 2023.

## **Question 5**

**a) For each of your last five accounting periods, please state the number of shares you have bought back (as well as the number of shares held under liquidity agreements) and the number of shares you have created, along with the number of shares held in treasury at the start and end of each period. For each of those accounting periods, please state: the number of shares you have canceled; the number of shares allocated to performance share plans (along with the number of beneficiaries and the percentage of the group's total workforce they represent); the number of shares distributed as part of employee share ownership transactions (along with the number of eligible employees, the number of actual beneficiaries and the percentage of the group's total workforce they represent); and other uses of shares (providing details).**

**To help you answer, a table is available for you to complete in Appendix 2.**

In the last five years, 1,056,638 shares have been repurchased and 1,049,888 have been sold under the liquidity agreement.

During the same period and as regards shares repurchased with a view to canceling them or retaining them to cover various free performance share plans, 3,731,600 shares have been purchased and 2,961,406 have been canceled.

The number of performance shares awarded in the last five years is 236,844.

In 2022, the Group launched its first employee share ownership plan (KeringForYou), allowing employees to subscribe Kering shares via a capital increase on preferential terms. The initiative covered

a large number of countries (France, Italy, UK, US, Mainland China, Japan, South Korea and Hong Kong) and aimed to give staff members a greater interest in the Company's development.

In France, the Group has for many years had an Employee Savings Plan comprising a company mutual fund (FCPE) invested solely in Kering shares, allowing employees to become Kering shareholders indirectly.

In the last five years, figures relating to the number of shares held in treasury, canceled, created, awarded as performance shares and distributed through employee share ownership transactions are as follows:

	2023	2022	2021	2020	2019
Number of shares repurchased outside of liquidity agreements	0	1,950,000	854,211	95,000	832,389
Number of shares repurchased as part of liquidity agreements	404,970	191,105	115,344	104,728	240,491
Number of shares sold as part of liquidity agreements	-398,220	-191,105	-115,344	-104,728	-240,491
Number of shares held in treasury at the start of each year	1,850,408	624,211	95,000	1,261,406	429,017
Number of shares held in treasury at the end of each year	840,597	1,850,408	624,211	95,000	1,261,406
Number of shares canceled	650,000	725,000	325,000	1,261,406	0
Shares awarded as performance shares					
Number of shares awarded as performance shares	73,222	74,274	42,752	46,596	N/A
Number of beneficiaries and the percentage of the Group's total workforce they represent	610 or 1.3% of the Group's workforce	497 or 1.2% of the Group's workforce	375 or 1% of the Group's workforce	351 or 0.9% of the Group's workforce	N/A
Shares distributed through employee share ownership transactions					
Number of shares distributed through employee share ownership transactions	N/A	102,863	N/A	N/A	N/A
Number of eligible employees / percentage of the Group's total workforce they represent	N/A	30,004 employees in eight countries, representing 80% of Kering's total workforce	N/A	N/A	N/A
Number of beneficiaries / percentage of the Group's total workforce they represent	N/A	9,281 or 22% of the Group's workforce	N/A	N/A	N/A
Other uses	N/A	N/A	N/A	N/A	N/A

**b) As part of performance share plans, and where appropriate, how do you "neutralize" the effect of treasury shares or canceled shares when calculating the achievement of targets?**

This situation is not applicable in Kering's case because of the calculation methods used.

**c) What has been your capital expenditure (including R&D) in each of the last five accounting periods? How much have you spent on buying back and canceling shares in the same period? To help you answer, a table is available for you to complete in Appendix 3. As part of your overall approach to sharing value, do you allocate a budget for buying back shares in relation to the company's capital expenditure – particularly that related to ecological transition – which is vital for value creation and the long-term future of the company? If so, do you have any rules in this area? If not, please state why you do not consider investment when setting your budget for buying back shares.**

In the last five years, the amount of capital expenditure and the amounts spent on buying back and canceling shares have been as follows (in millions of euros):

	2023	2022	2021	2020	2019
Capex	2,611	1,071	934	787	956
Value of shares repurchased*	200	1,126	607	113	517
Value of shares canceled	333	382	209	571	0

\* including as part of the liquidity agreement

The main objectives of the Group's share buyback policy in the last five years have been as follows:

- ensuring the liquidity of Kering's shares through a liquidity agreement;
- canceling shares and reducing the capital in accordance with regulations in force;
- since 2020, covering the various plans, existing and forthcoming, to award performance shares free of charge.

Share buybacks are therefore a flexible tool for Kering, which it uses occasionally alongside the payment of dividends. This approach allows us to optimize shareholder returns without altering our dividend distribution policy. Each share buyback decision is subject to approval by the Board of Directors and results from a careful assessment based on the Group's financial position, investment needs and growth opportunities, through both organic growth and acquisitions.

Accordingly, given Kering's active investment policy and the acquisitions it made last year, Kering did not initiate any new share buyback plans in 2023. As a reminder, Kering's most recent share buyback program ran from August 2021 to December 2022, and involved the repurchase of 2% of the share capital in four successive tranches of 0.5%. Of the shares repurchased, around 65% were canceled, including 25% in 2023. The remaining shares were allotted to plans that award shares to certain staff members. Details of that share buyback program can be found on page 429 of the [2022 Universal Registration Document](#).

## **Question 6**

**A living wage can be defined as: “The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, healthcare, transportation, clothing, and other essential needs including provision for unexpected events.” (Global Living Wage Coalition definition). A living wage is also entirely distinct from the local statutory minimum wage.**

**a) Since last year, have you adopted a definition of the living wage such as that mentioned above or an equivalent? If so, what is it? Have you developed any policies or commitments relating to a living wage (public commitments, accreditation as a Living Wage Employer, etc.)?**



**Within Kering's own operations:** Respect for and protection of human rights are fundamental to the conduct of Kering's business activities. Accordingly, Kering has put in place a comprehensive policy for its employees in order to define and update Kering's standards as regards living wage levels. The Group has used the Fair Wage Network's database to develop its comprehensive living wage policy. The definition of a decent standard of living includes: food, water, housing, education, healthcare, transport, clothing and other essential needs, including setting aside money for unforeseen events.

Kering has made a public commitment to ensuring that all our employees receive a living wage that allows them to cover their basic needs and those of their dependents. That commitment is set out in the Universal Registration Document and is included in the agreement signed with the European Works Council on June 7, 2023 in relation to the social and environmental sphere, one of the four aspects of well-being at work.

**In its supply chains:** Kering's commitment to ensuring a living wage for its suppliers' employees has been formalized in several documents: in the [Human Rights Policy](#), (which adopts the definition of the Global Living Wage Coalition), the [Sustainability Principles for suppliers](#) and the [Kering Suppliers' Charter, included in its Code of Ethics](#). These last two documents are embedded in supplier contracts.

**Please note that for the remaining questions, we are specifically looking for information related to a living wage, which we regard as distinct from the local statutory minimum wage. If you have not made any commitment so far, please go to question 7.**

**b) Based on your definition of a living wage, have you started to calculate a living wage and what methodologies are you using? If so, in which region(s) and across which scope (employees but also freelancers, small farmers, etc. and/or the employees of your suppliers)? What information do you publish on this subject?**

**Within Kering's own operations:** Kering's policy regarding a living wage for its employees is effective in all countries in which the Group operates. A specific process of sharing information regarding living wage levels and the application of Kering's standards has been adopted. That policy is applied every year in all countries.

To ensure the reliability and legitimacy of these figures, the Group has used the methodology of the Fair Wage Network, which collects and analyzes existing information in different countries against a single benchmark. New research is systematically factored in as it becomes available in each country.

Each country's living wage level is defined according to the local context and criteria such as the size of the employee's household and the average number of people likely to be contributing to a household's income. Kering's standards ensuring a decent standard of living to all employees and their families are published in the Universal Registration Document.

**In Kering's supply chains:** Between 2021 and 2023, a series of living wage analyses and assessments were carried out across around 100 suppliers (covering the employees of production suppliers) in order to prepare a progress report and to consider the issues involved. In addition, in late 2023, an analysis of on-site contractors was launched across the Group and its Houses to assess areas for improvement in regard to social topics.

The Group's supply chain map shows the specific structure of its supply chain, with 92% of suppliers located in Europe and 83% in Italy, countries with strong workforce-related regulations and traditions of social dialogue.

Kering supplements its analysis by using Verisk Maplecroft's Global Risk Dashboard (GRiD) to carry out regular assessments of its gross human rights risks in all countries in which we source materials and in those that we are exploring. The GRiD provides a large number of indices made up of structural indicators, processes and results.

**Have you identified differences between the minimum wage and the living wage?**

Kering compares the level of the living wage adopted in each country with our wage practices. Kering's standards regarding the living wage apply to the fixed portion of employees' remuneration. They



significantly exceed statutory minimum wages governed by applicable local laws and collective industry agreements.

**c) Can you describe the action you have taken to introduce a living wage (e.g., developing an in-house management team dealing with the subject of the living wage supplemented by training, engaging with labor representatives and/or suppliers, improving sourcing practices, promoting the freedom of association and collective bargaining, etc.)?**

**Within Kering's own operations:** The Group carries out this annual assessment for all countries in order to take into account changes in the cost of living based on the Fair Wage Network database. Each House is informed of any shortfalls so that it can take the necessary action. In accordance with Kering's decentralized approach, each House makes adjustments accordingly. The network of Compensation and Benefits officers within human resources teams has been made aware of and has received training on the topic of the living wage, and ensures that a living wage is properly implemented.

In addition, as part of the agreement signed with the European Works Council, employee representative partners are involved in discussing and monitoring the Kering group's overall living wage policy.

**In Kering's supply chains:** through the Group Code of Ethics and Suppliers' Charter, Kering imposes the Group's ethical and sustainability principles, particularly in terms of compliance with statutory minimum wage levels but also the right to a living wage.

To ensure compliance with these principles within their facilities and sites, Kering requires its suppliers to commit to setting up effective management, monitoring and reporting systems.

**d) How do you measure the introduction of living wages for your employees and suppliers? Please give details of any external audits you use to monitor this.**

**Within Kering's own operations:** Living wage standards are monitored particularly closely by the Group's Human Resources department. The Houses' management teams are invited to check that these principles are applied, and the adoption of the standards is ensured through central monitoring and close collaboration with the Houses' Compensation and Benefits teams. The Houses are informed of thresholds every year, and any shortfalls that need to be made up. Central monitoring and regular reviews regarding the application of the living wage allow the Group to track and ensure compliance with thresholds.

Internal control teams monitor all policies, including the Group's human rights policy. This work includes the application of Kering's living wage standards. In addition, the application of the standards was reviewed as part of an assignment completed in 2023 by external consultancy SECAFI, appointed by the European Works Council.

**In Kering's supply chains:** As stated in the answer to question 6b, Kering intends to measure the adoption of living wages through studies. Between 2021 and 2023, a series of living wage analyses and assessments were carried out across around 100 production **suppliers** in order to prepare a progress report and consider the issues involved. A large proportion of those analyses were carried out by the Fair Wage Network. Additional analyses are also underway.

**e) Have you identified any obstacles that could prevent the payment of a living wage to your employees and those of your suppliers (e.g., in a country where rights and regulations regarding labels are less strict)? If so, what do you do to overcome those obstacles?**

Potential obstacles include:

- the absence of any internationally recognized methodology, and variations in results;
- inflation;
- the need for an approach based on jointly establishing and aligning practices among contractors.

To overcome these potential obstacles, Kering set up a Social Impact team within its Sustainability Department in 2021. This team works with various internal and external stakeholders to measure the social footprint of the Group's suppliers and provide input for action plans adopted by the Houses and the Group in this area:

- In 2023, Kering became a strategic partner of the Wage Indicator Foundation's initiative to make living wage estimates freely available to the public. One of the biggest obstacles identified in terms of engaging with suppliers on the topic of the living wage is the difficulty in accessing living wage estimates, which have so far required payment;
- Kering is an active member of the B4IG (Business for Inclusive Growth) coalition, which has merged with the WBCSD (World Business Council for Sustainable Development). Kering is particularly active in four working groups, i.e. (i) Living Wage, (ii) Human Rights, (iii) Social Accounting and Performance and (iv) Diversity & Inclusion.
- It is a founding member of the Fédération de la Haute Couture et de la Mode (FHCM) working group focusing on measuring and publishing social impact indicators, particularly regarding the living wage.
- Kering is a member of the Capitals Coalition, a global non-profit platform that supports the use of different types of capital (particularly human, natural and social) when companies make strategic decisions. Kering has also contributed to the development of courses regarding social and human capital, which have been freely accessible online since 2023;
- Kering is continuing its collaboration with the Fair Wage Network around the living wage in its supply chains.
- Kering continues to organize internal living wage workshops, bringing together various stakeholders of the Group and its Houses, aimed at driving collaborative efforts in supply chains.

These efforts are in the same vein as an earlier study conducted in Italy in 2020 by Kering, the Fair Wage Network and the CNMI (Camera Nazionale della Moda Italiana), alongside other companies, to evaluate salaries in the luxury industry (wage-setting mechanisms, wage levels and consideration of the overall wage framework in Italy).

**Within Kering's own operations:** The Kering Standards regarding a living wage for employees are part of a set of workforce-related policies such as the policy on human rights, the agreement of social dialogue and well-being at work, the Code of Ethics, the Health and Safety Policy, the Baby Leave policy and the global policy on domestic violence. A specific framework for applying living wage standards has also been developed and implemented, helping the Group to monitor its workforce-related standards. Where these policies and procedures set out more stringent standards than those established by local legislation, such standards must take precedence.

**Bonus question: Do you report the results of any studies and have you set up a whistleblowing system for your employees and suppliers?**

Each year, management provides an update to the European Works Council regarding changes in living wage thresholds, and on the ongoing assessment of the results of the living wage policy within the Group.

As regards living wage analyses and assessments, a large proportion of results have been shared with the suppliers concerned.

As regards a whistleblowing system: Kering has put in place a **whistleblowing system** open to:

- all employees and interns working within the Group and its Houses,
- people whose working relationship with the Group has ended and people who have applied for a job with the entity concerned (where the relevant information was obtained as part of the relationship or application procedure),
- shareholders and people involved in Kering's Annual General Meeting,
- external and temporary workers, particularly those working for external partners or service providers under contract with the Group or its Houses.

As a result, since 2018, the Group's whistleblowing system has been open to employees of suppliers and service providers with which Kering and its Houses have direct business relationships. The

suppliers and service providers concerned are regularly informed through communications sent to them and a dedicated website has been created.

In particular, the system enables people to report conduct or situations that could be contrary to the Group's Code of Ethics, Anti-Corruption Policy or Human Rights Policy, and so living wage issues are covered.

## **Question 7**

**a) France scope:** How many funds are offered to your employees, in your employee savings plans (not including employee share ownership funds)? How many funds labeled as responsible funds are offered to your employees (please state their names and the relevant labels)? Please state the assets under management of each labeled fund.

Please also state the total amount of assets under management and the amount of assets under management (not including employee share ownership funds) in non-labeled funds?

To help you answer, a table is available for you to complete in Appendix 4.

The employee and retirement savings arrangements of each Group House include a range of 10 funds, most of which are labeled (labels including ISR, CIES, Greenfin and Relance). We offer a wide choice of responsible investment funds, including money-market funds, European and international equity funds, and prudent diversified funds.

Assets under management in employee savings funds (not including funds invested in the company's shares) amounted to €100.2 million as of December 31, 2023, and the proportion of assets under management in each labeled fund offered in France (not including funds invested in the company's shares) is as follows:

<b>FRANCE</b>	<b>December 31, 2023</b>
<b>EMPLOYEE SAVINGS AND PENSION FUNDS</b>	Assets under management (%)
ISR & CIES	79%
Feeder fund (*) ISR & Towards Sustainability	9%
GREENFIN	2%
ISR & Relance	1%
OTHER	9%
<b>TOTAL</b>	<b>100%</b>

(\*) A feeder fund is a fund that is at least 90% invested in one other fund, which is referred to as the "master fund".

**On average, are the employer contributions offered to your employees in your labeled funds larger than those you offer for non-labeled funds (excluding employee share ownership funds)?**

The rules for employer contributions are specific and tailored to the operating environment of each House.

Within each House, employer contribution levels are defined independently of the choice of investment fund. Employees retain the right to choose the funds they invest in. Kering aims to offer a range of high-quality investments, most of which are labeled, within its employee savings arrangements, allowing all employees to select the type of investment that best suits their profile. However, Kering communicates with and informs employees about the choice of responsible investments open to them.

**b) If some funds are not labeled but incorporate ESG criteria, please explain how those criteria contribute to a robust and selective ESG approach (please state the proportion of funds invested according to ESG criteria and/or the theme of these funds).**

Among the non-labeled funds offered, Kering places great importance on their application of ESG criteria, which underscores Kering's selective approach, such as the use of sustainability criteria in their investment processes, and on funds that qualify as Article 8 funds under the European Union's SFDR (Sustainable Finance Disclosure Regulation), or that apply a negative screening policy to avoid climate and other risks.

**Have you made arrangements with labor representatives to provide more labeled funds in the next three years?**

Kering is aware of the stricter rules of the ISR label that will apply to existing funds in 2025, although the current range of funds already consists of labeled funds (labels including ISR, CIES, Greenfin and Relance). Kering aims to offer a diversified range of high-quality investments, allowing all employees to select the type of investment that best suits their profile.

**c) How do you involve your labor representatives in choosing responsible funds (e.g., through training, the appointment of an expert who helps employees learn about responsible investing, time allocated for labor representatives to challenge the selection of responsible funds)? How do you involve your labor representatives in checking funds' commitments to responsibility (training of supervisory board members over and above the three days required by regulations, creation of an employee savings committee, etc.)?**

Kering regularly involves its employee representative partners in reviewing and monitoring responsible funds in dedicated meetings with fund managers and retirement savings service providers. Kering also regularly communicates and informs all employees about its savings and pension programs. In France, more than 10 dedicated webinars are held every year.

These webinars, led by employee savings experts, aim to present existing arrangements, the range of funds and the choice of responsible investments available to employees, so that they can make informed decisions.

Through the supervisory boards of dedicated funds, employees representing employee unitholders are fully involved in overseeing the management and validation of future changes in these funds.

## **Governance**

### **Question 8**

**To ensure that a company's approach to its tax responsibility is in line with its social responsibility, the company's Board of Directors must fully exercise its oversight function to maintain high tax morale (aligned with principles such as those of the B Team initiative). The FIR expects companies to produce a tax responsibility report that is publicly available, reviewed and signed by the Board of Directors, and aligned with GRI 207, including country-by-country reporting details.**

**a) Do you publish a detailed charter setting out your commitments to tax responsibility (tax practices you regard as unacceptable, tax havens, etc.)? How frequently is it reviewed and approved by the Board? How does the Board ensure that the charter is applied?**

We publish a Tax Policy, which is available on the Group's website, and in which Kering describes its commitment to tax responsibility.

The Group does not have any aggressive tax positions and in its Tax Policy reiterates that it does not use "tax havens" to avoid tax for which it may be liable with respect to activities taking place in another territory. Group entities domiciled in low-tax jurisdictions are located there solely for commercial reasons.

The Kering group's Tax Policy has been reviewed and approved by the Board's Audit Committee. The policy is available [here](#).

To ensure that the Tax Policy is properly applied, Kering has a team of tax specialists in each of its regions and at its headquarter. They are highly skilled and receive regular training to keep their knowledge up to date.

**b) Do you make public your country-by-country tax reporting for all countries in which you operate, going beyond the requirements of the EU directive, which is limited to reporting for EU member states and countries on the list of non-cooperative jurisdictions? If not, please explain why. Is the breakdown of tax by country discussed by the Board of Directors?**

Kering shows transparency regarding tax matters through its financial and non-financial publications, and by publishing its Tax Policy, which details its commitments in this area.

Country-by-country tax reporting, as envisaged by OECD BEPS Action 13 and by the European Union directive, uses markers that are limited and only partly relevant to our industry. It is based on aggregated data, and in our view this does not allow a proper understanding of our tax footprint.

In addition, it should be noted that under current rules, country-by-country tax reporting must be submitted by the ultimate parent entity. Since Kering does not meet that definition, country-by-country tax reporting will be submitted by its ultimate parent entity.

Group entities pay the taxes they are liable to pay in the countries in which they operate. As stated in our Tax Policy, the breakdown of tax by country is based on value creation and recurring commercial activities. The Group does not adopt aggressive or artificial tax positions in order to reduce its tax bill.

**c) Can you explain your effective tax rate for 2023? To what extent is it consistent with your commitments to tax responsibility?**

**Particular attention will be paid to companies with a tax rate that is particularly low (less than or equal to 20%) or particularly high (around 30%)?**

Kering's effective tax rate (ETR) for 2023 was 27.5%, in line with the footprint of the Group's recurring commercial activities during the year.

That rate is fully in line with the commitments described in the Tax Policy, taking into account the OECD principles regarding transfer pricing.

The tax department pays the same amount of attention to all jurisdictions, whatever their effective tax rates, and ensures through its tax compliance policy that it protects its tax base in the states in which the Group operates.

## **Question 9**

**Since it is compulsory for your company to be registered on the European Union's transparency register and the French High Authority for Transparency in Public Life's register of lobbyists, FIR has access to your declarations (human and financial resources, centers of interest).**

**In your answers to this question, we would like you to focus more on your lobbying activities (via your head office, subsidiaries, trade bodies or consultancies) in the ESG field. We would like to understand how your lobbying activities are aligned with your sustainability targets and how they are integrated into your group's CSR strategy.**

**a) What are the main lobbying activities (e.g., the top three) that you prioritize in connection with your material ESG issues? Please state all jurisdictions in which you carry out those lobbying activities.**

Materiality is at the core of Kering's sustainability approach. Since 2013, this approach has allowed the Group to identify the key challenges relating to its vision and its activities (based on their economic, environmental and social impacts) as well as governance issues, and key stakeholders' assessment of them. In 2020/21 we carried out a broad international consultation to inform our three-step materiality assessment, which drew on various existing guidelines for stakeholder engagement (GRI, AA1000 and ISO 26000). In 2023, Kering began work relating to the entry into force of the Corporate Sustainability Reporting Directive (CSRD), involving all internal stakeholders and functional departments concerned (Sustainability, Risk Management, Finance, HR, Legal and Compliance Departments, representatives of the houses, etc.). That work included changing the Group's approach to materiality analysis by adopting a double materiality analysis approach, the methodology of which was determined with the help of an independent consultancy in line with the European Sustainability Reporting Standards (particularly ESRS 1 and 2).

The results of the assessment confirm that the key aspects of Kering's strategy defined in its 2025 Sustainability Strategy and its business model, as well as the commitments made since 2020, are consistent with the expectations of external stakeholders. Four future issues were identified: biodiversity, sustainable sourcing and responsible supplier relationships, employee well-being, and cybersecurity.

In line with our collaborative approach, we do not address these issues through lobbying that we carry out ourselves, but we seek to ensure that they are addressed by the industry associations and structures in which we play an active role. For example, Kering:

- addresses matters relating to circularity, environmental labeling and product durability as part of work done under the auspices of the Fédération de la Haute Couture et de la Mode (FHCM);
- contributes to the development of a responsible fashion industry, including the promotion of social responsibility, as part of the Camera Nazionale della Moda Italiana;
- addresses topics related to the climate, oceans and biodiversity as part of the Fashion Pact, which was launched as a mission given to Kering Chairman and CEO François-Henri Pinault by French President Emmanuel Macron on the occasion of the G7 Summit in Biarritz in 2019.

The professional and sector-specific associations through which Kering carries out lobbying operate mainly in France, the UK and Italy.

**b) How do you ensure alignment between your ESG targets and the positions of trade bodies? How do you manage potential differences? (For example, attempts to realign the positions of trade bodies with your own ESG targets or discussions about leaving a trade body that is clearly not aligned with your ESG strategy.) What information do you publish about alignment and/or differences in this area?**

Kering limits the number of trade bodies of which it is a member. By being a member of these bodies, Kering aims to ensure that it is fully informed about changes in legislation and regulations (through Afep, Medef, Confidustria, etc.) and to keep up with the main issues in the Luxury industry (Comité Colbert, Altagamma, Walpole, etc.). Kering's contribution to those bodies is intended to encourage the sustainable growth of the Luxury industry and is aligned with the Group's sustainability approach.

The Group grants itself the option not to renew its membership each year, based on its own priorities or if the positions taken by the entities diverge from our commitments, values, or ESG objectives. Such divergence has not yet been found to have occurred as part of the monitoring done by Kering's employees and their participation in these bodies.

If the Group were to find a material misalignment between the positions of a body of which it is part and its own ESG objectives, it would seek to work with the body concerned to achieve realignment, but if that were unsuccessful, the Group would question whether to continue its participation in the body.

**c) What is the role of your Board of Directors in applying your lobbying policy (e.g., activities, budget, meetings)?**

The Group does not have an active policy of carrying out lobbying on its own. Occasional lobbying under regulations in force are disclosed to France's High Authority for Transparency in Public Life (HATVP).

In general, the Board of Directors ensures the Group's compliance with rules in this area, partly by ensuring that the Group has an appropriate system in place.

**d) Do you provide responsible lobbying training to in-house or external people (e.g., consultancies)? If so, what criteria do you apply in selecting the consultancies that support you?**

In line with the commitments formally set out in its Code of Ethics, Kering does not carry out direct lobbying. Most of our lobbying activity takes place as part of the trade and sector bodies of which we are a part. Given the very limited circumstances in which we engage in lobbying, we do not provide specific training. However, Group employees who take part in the work done by trade and sector and bodies and organizations receive in-house training in our objectives and priorities regarding sustainability and ESG.

#### **Question 10**

**a) How many members of the Board of Directors have CSR expertise? Who are they and how did they acquire that expertise (studies, training, professional experience)? Is that expertise specific to your sector's issues (biodiversity, energy transition, workforce and the value chain, financial impact of climate issues, etc.)?**

**Do you publish a schedule of the specific expertise of each Board member?**

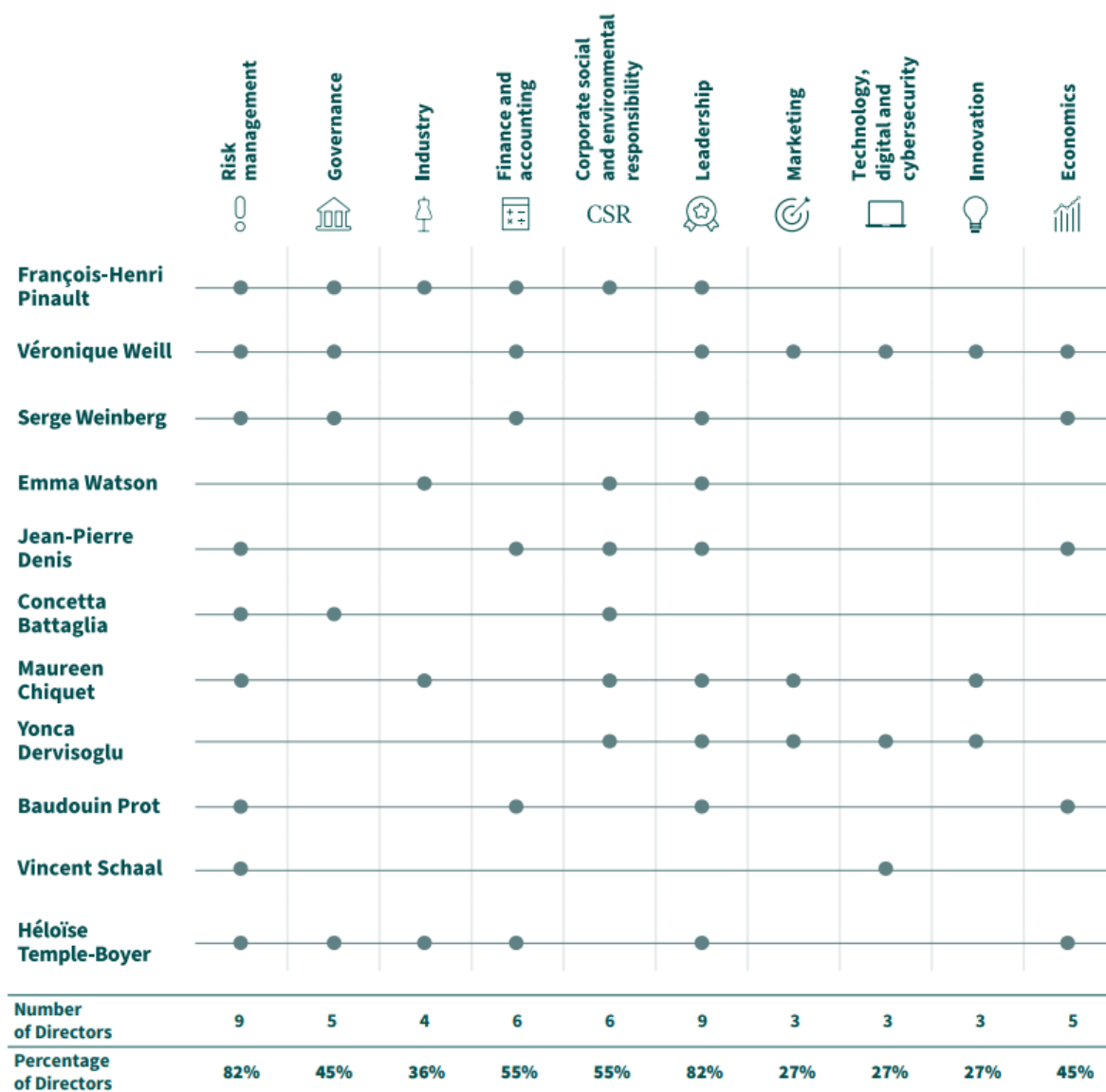
Kering's Board of Directors works to ensure that the Group has the most effective skills and expertise for addressing the Group's strategic priorities and challenges.

The Board of Directors seeks expertise in ten areas, described in the [2023 Universal Registration Document](#), including corporate social and environmental responsibility (CSR).

Each Director's areas of expertise are published in the Board of Directors skills matrix, set out on page 125 of the [2023 Universal Registration Document](#) and reproduced below, along with the number and percentage of Directors who have expertise in each of the ten main areas sought by the Group.



## Skills matrix for members of the Board of Directors



The matrix drawn up as of February 28, 2024, the date of the report on corporate governance for 2023, shows that six Directors had CSR expertise (including expertise in sustainability or human resources):

- **François-Henri Pinault, Chairman and Chief Executive Officer of Kering.** As CEO, François-Henri Pinault drives the Group's sustainability strategy within the Board of Directors and ensures that it is implemented with the support of the Sustainability and Institutional Affairs Department, which reports directly to him. Since he was appointed CEO in 2005, François-Henri Pinault has gradually transformed Kering into a global Luxury group, one that has a pioneering approach to sustainability and a deep commitment to the advancement of women, two causes that are particularly close to his heart. In 2016, under his leadership, Kering was the first luxury goods group verified by the Science Based Targets initiative (SBTi) for its carbon footprint reduction targets. He also co-founded the Fashion Pact, a global coalition of luxury and textiles companies, suppliers and distributors, which have made a commitment to a common set of major environmental targets focused on three themes: combating global warming, restoring biodiversity and protecting the oceans. François-Henri Pinault is also Chair of the Kering Foundation, which is dedicated to combating violence against women, and whose commitments were extended in 2023 to include combating violence against children. Kering's CEO has also been a member of the Board's Sustainability Committee since it was created in 2012.

- **Emma Watson, Chair of the Sustainability Committee** Emma Watson is a high-profile public figure who is committed to addressing issues relating to sustainability, and particularly sustainable fashion. She has been an ambassador for Good on You, a mobile app that allows consumers to check the sustainability credentials of clothing brands, and has guest-edited an edition of Vogue Australia on sustainability and responsible consumption. Emma Watson is particularly committed to defending women's rights: she has been a UN Women Global Goodwill Ambassador, launched the HeForShe initiative aimed at involving men in the promotion of gender equality, and was a member of the G7's Gender Equality Council at the invitation of French President Emmanuel Macron.
- **Jean-Pierre Denis, Climate Change Lead and a member of the Audit Committee, the Remuneration Committee and the Sustainability Committee.** Jean-Pierre Denis was Chairman of Dalkia, a French group specializing in renewable energy, between 1999 and 2003, and a member of Veolia Environnement's Executive Board between 2000 and 2003. Mr. Denis has been Vice-Chair of the Paprec group, a leading French provider of waste management and recycling services, since 2021, and since May 2023 has been Chair of the *Confédération des Métiers de l'Environnement*.
- **Concetta Battaglia, Director representing employees, member of the Remuneration Committee and the Sustainability Committee.** Concetta Battaglia is Head of Operations at Kering UK Services. Among other responsibilities, she oversees the development and implementation of health and safety policies and procedures within Kering and its Houses in the United Kingdom, as well as the application of the Group's ESG policies within her area of responsibility. As part of her work within the European Works Council, she has since 2016 championed and implemented robust measures to protect employees from workplace hazards.
- **Maureen Chiquet, Director since 1 September 2023 (cooption subject to the approval of the Annual General Meeting to be held on April 25, 2024) and member of the Sustainability Committee.** Maureen Chiquet chairs the Board of Directors of Golden Goose and its Diversity & Inclusion Committee. She is also a director of Credo, the specialist clean beauty network. After leaving Chanel in 2016, she wrote "*Beyond The Label: Women, Leadership and Success on Our Own Terms*", a book that retraces her career and her unique perspective on feminine leadership.
- **Yonca Dervisoglu, member of the Appointments and Governance Committee and the Sustainability Committee.** Yonca Dervisoglu is Google's Vice President of Marketing for Europe, the Middle East and Africa. She co-founded Grow with Google, an initiative that has trained over a hundred million people worldwide in digital skills, and Google Arts & Culture, an application giving everyone access to works of art and virtual tours of cultural venues via the internet. She sits on the Board of EQL:Her of the Founders Forum, a solution-based organization dedicated to helping advance women in tech.

In the April 25, 2024 AGM, Kering's Board of Directors is proposing that shareholders approve the appointment of Giovanna Melandri as a Director. She is an expert in ESG finance, sustainability and international relations. She is the Chair and founder of Human Foundation, a research institution that promotes impact economy and finance together with social, cultural and environmental innovation. She is also founder and global ambassador to the GSG (Global Steering Group for Impact Investment). Giovanna Melandri represented Italy in the G8 Task Force on Impact Investment (2013-2014). She founded *Madre Provetta*, a research group on artificial reproduction and women's rights, and co-founded *Emily in Italy* to empower women in institutions and business. From 1988 to 1994, she was the international officer of Legambiente, an environmental organization, and also chaired its scientific committee. In that capacity, she took part in the Bergen Conference on Sustainable Development in 1990 and followed the Intergovernmental Panel for Climate Change (IPCC) proceedings. She chaired the Italian non-governmental delegation to the UN Rio Earth Summit in 1992.

Giovanna Melandri is the author of several publications, including the first Italian report on climate change ("Rapporto Ambiente Italia, Mondadori"), published in 1989. More recently, she has published a short essay on the impact economy and is a frequent contributor to various news outlets, including La Repubblica – Affari e Finanza.

**b) How do you ensure that Board members' CSR knowledge is up to date (in-house or external training, talks by experts, updates on regulatory developments and key themes, etc.)? How often do you do this?**

After an internal assessment carried out in late 2022 of the way the Board of Directors operates, a training seminar on the climate was held on May 4, 2023 by Kering's Sustainability Department, under the supervision of the Climate Change Lead. The goal of the seminar was, firstly, to give the Directors basic climate-related knowledge and, secondly, to present forthcoming regulatory changes in the area. Internal and external experts gave presentations to the Directors. In the course of these presentations, they outlined the scientific and regulatory background, as well as the Group's climate strategy and the projects deployed under the strategy. These presentations on a variety of complementary issues gave the Directors a complete overview of the global, industry and Group-related challenges.

In addition, in meetings of the Board of Directors and of its Committees, Directors are kept informed of regulatory matters relating to CSR that may affect the Group.

Throughout the year, Directors also receive a daily press review featuring articles about Kering and its competitive environment, and particularly on current developments regarding CSR in connection with its business sector.

In accordance with the Board of Directors' internal rules, Directors may receive training tailored to their specific needs within the Board, should they deem it necessary, throughout their terms of office. These internal and external training sessions are arranged and paid for solely by the Company.

**c) How do you assess directors' CSR expertise? What criteria do you use? How often do you do this? Is the assessment individual or collective?**

The Directors' skills are assessed as part of their recruitment process based on factors such as their academic qualifications, careers (roles held, matters dealt with in those roles, business sectors in which the roles were held, etc.) and professional achievements.

As regards corporate social and environmental responsibility skills more specifically, the criteria taken into account include career experience in managing environmental or social challenges, or the existence of a major public commitment in these areas.

For all intents and purposes, the experience and qualifications sought in each of ten key areas of expertise sought by the Board of Directors are published on page 124 of the Company's [2023 Universal Registration Document](#).

**d) Do you include a CSR component in the process for appointing new directors?**

The Board of Directors pays particular attention to selecting its members with a view to ensuring at all times that its composition best meets its requirements regarding skills and experience and alignment with the Group's diversity policy. New Directors are therefore selected according to a number of criteria, foremost among which is their expertise.

As regards the needs identified by the Board, CSR expertise may be taken into account in the selection process for new Directors, and may be one of the main selection criteria.

As an illustration, in 2023 the Board of Directors wanted to strengthen its sustainability expertise, in line with the Group's commitments and ambitions in this area. The Group therefore began the process of selecting a new Director with solid sustainability expertise, and this has resulted in the proposal that will be put to shareholders in the April 25, 2024 AGM to approve the appointment of Giovanna Melandri as a Director.

*Level of materiality:*

*As regards your request relating to the level of materiality of the topics covered by your questions, the Group wishes to avoid early publication of information relating to its ongoing work with respect to double materiality within the meaning of the CSRD, which will be presented in its sustainability report to be published in 2025. However, Kering would reiterate that, as regards sustainability issues, it has been carrying out detailed materiality analyses for several years, the results of which are published in the NFIS, including with respect to 2023.*

\*\*\*\*\*