

K E R I N G



Environmental Policy
2024-2025



As a global Luxury Group, Kering recognizes its responsibility to address the challenges we face as a society and its capacity to tackle these alongside governments, non-profits, and industry players. Kering is more committed than ever to the protection of the environment and its regeneration as part of its business strategy and long-term goals. Kering applies a precautionary approach to environmental protection as a fundament of its operating principles as noted in its Code of Ethics and ensures compliance with international environmental laws and regulations.

Kering's ambition is to be the world's most influential Luxury Group in terms of creativity, sustainability and long-term economic performance. We aim to drive change by sharing knowledge using an open source and transparency approach. In line with this ambition and guided by the Group's belief in a collaborative environmental approach, Kering co-founded The Fashion Pact, a coalition of fashion and textile players with the aim of setting practical objectives for reducing the environmental impact of their industry on three pillars: climate, biodiversity and oceans. In 2022, in partnership with Cartier, Kering officially launched the Watch & Jewellery Initiative 2030 to bring together watch and jewellery companies on the basis of a shared set of key sustainability targets while also focusing on three main priorities: building climate resilience, preserving resources and fostering inclusiveness.

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1. Policies and targets

Kering's 2025 Sustainability Strategy is based on three pillars: Care (for the planet), Collaborate (with people) and Create (new business models). Through each pillar, Kering is playing its part in achieving the Sustainable Development Goals (SDGs) of the United Nations and addressing key global concerns such as climate change and biodiversity loss.

In line with the Care pillar, Kering's Environmental Policy is structured around three key pillars: Climate, Nature and Circularity, defining the goals set by the Group to continuously improving its environmental footprint throughout its value chain, supported by quantified targets and objectives, and identifies the main levers of improvement, namely sourcing and design. In addition, Kering's Environmental Policy relies on a set of guidelines and tools to support its implementation on a daily basis. Kering's Environmental Policy covers the Group's entire supply chain and all its business activities.

STRATEGIES & POLICIES	2025 STRATEGY			
	Environmental Policy			
	Climate Strategy	Biodiversity Strategy	Circularity Ambition	Water Strategy
GUIDELINES & TOOLS	Kering Standards	EP&L	Sustainability Principles	MRSL and PRSL
	<ul style="list-style-type: none"> Raw materials Manufacturing processes Stores, logistics Management of products' end of life Animal welfare Packaging and visual tools Sustainability claims Innovation and circularity Store Planning Store O&M 			<ul style="list-style-type: none"> Green fashion show Smart sustainable office Etc.
Main quantified targets				
SBTi 1.5°C and Net Zero targets ¹	100% alignment to Kering Standards ²	100% traceability of raw materials ³	1 million ha regenerated ⁴	
100% renewable electricity ⁵	Zero product destruction	Elimination of single use plastic packaging ⁶	-21% of water withdrawals at sites operated by the Group in the Arno basin by 2030	

¹ After announcing in 2023 that it was targeting a 40% absolute reduction in its GHG emissions in 2035 compared to 2021, the Group updated its climate trajectory in 2024, aligned with the Net-Zero Standard of the Science Based Targets initiative (SBTi). That trajectory was validated by the SBTi on October 31, 2024. The Group has thus set targets for 2033 and 2050 to reduce its absolute emissions of scopes 1, 2 and 3. The Group also validated specific FLAG targets (see below for more details on the targets).

² By 2025, achieve 100% compliance with the Kering Standards: Standards and guidance for sustainable production. In addition, Kering is committed to further increase the use of recycled materials (to achieve 40% in ready-to-wear by 2035) and the share of materials coming from regenerative agricultural practices to reach 19% by 2035.

³ By 2025, ensure 100% traceability of the Group's raw materials at least back to the country of origin, based on the Kering Standards.

⁴ By 2025, regenerate one million hectares of farms and rangelands in Kering's supply chain landscapes and protect one million hectares of critical, 'irreplaceable' habitat outside of Kering's supply chain.

⁵ By 2022, use 100% renewable electricity, objective achieved in 2022 and maintained since, in accordance with the RE100 guidelines.

⁶ By 2025, eliminate single-use plastics in the Group's business to consumer (B2C) packaging and by 2030, eliminate single-use plastics in the Group's business to business (B2B) packaging. Kering has pledged to both targets as part of the Fashion Pact.



1.1. Climate Strategy

Kering firmly believes that companies can play a decisive role in the fight against climate change and has thus made climate action a key part of its sustainability strategy, aiming for a Net Zero trajectory consistent with the ambitions of the Paris Agreement. As the first company in the luxury sector to be certified by the Science Based Targets initiative (SBTi) in 2016 for its carbon footprint reduction targets. Kering is committed to mitigate climate change by reducing its greenhouse gas (GHG) emissions, making its business activities more resilient to the effects of climate change, but also by making a positive contribution to climate change mitigation outside of its value chain. After announcing in 2023 that it was targeting a 40% absolute reduction in its GHG emissions in 2035 compared to 2021, the Group updated its climate trajectory in 2024, aligned with the Net-Zero Standard of the Science Based Targets initiative (SBTi). That trajectory was validated by the SBTi on October 31, 2024.

Scopes 1 and 2:

These scopes cover direct emissions from Kering's operations and indirect emissions related to the energy consumed by Kering's operations:

- 2033 – 54.6% reduction in scopes 1 and 2 GHG emissions compared to 2022;
- 2050 – 90% reduction in scopes 1 and 2 GHG emissions compared to 2022.

Scope 3 - Energy and industry excluding FLAG emissions:

This scope includes indirect emissions from activities upstream and downstream from Kering's operations, except for identified FLAG emissions. Scope 3 emissions mainly come from industrial processes, transportation and the use of energy:

- 2033 – 54.6% reduction in scope 3 energy and industry GHG emissions compared to 2022;
- 2050 – 90% reduction in scope 3 energy and industry GHG emissions compared to 2022.

Note that because category 11 of the GHG Protocol (use of sold products) is regarded as optional, it is not taken into account in the above target.

Scope 3 – FLAG:

This scope concerns indirect emissions identified as FLAG:

- 2033 – 39.4% reduction in scope 3 FLAG GHG emissions compared to 2022;
- 2050 – 72% reduction in scope 3 FLAG GHG emissions compared to 2022.

The Group is setting up prioritization and action plans in its own operations as well as in its supply chain to achieve its targets, building on programs and initiatives already implemented throughout the years:

- In its operations: energy efficiency, energy supply strategy, LED technology etc.
- In its value chain: eco-design and low-carbon products, renewable energy, sourcing strategy, optimizing production volumes and inventory levels, optimization of transports, new business models based on circularity and pre-owned items etc.

As part of its energy-savings measures, Kering has set the target to reduce by 30% its energy intensity (kWh/m²) in stores between 2015 and 2025.

In addition, Kering has developed an adaptation plan based on three pillars: (i) protecting its most strategic assets from the risk of damage and destruction, (ii) securing its supply chains for raw materials and energy and (iii) ensuring the resilience of its critical operations (particularly its production sites, warehouses, stores and logistics hubs).

Kering works continuously to implement its mitigation and adaptation plan. In particular, the Group is reviewing and realigning its climate transition plan with its most recent targets and updated climate risk and scenario analysis whilst continuously identifying, assessing, and mitigating climate change related risks and opportunities on the short, medium and long term.

In addition to the Group's reduction targets validated by the SBTi, Kering has been investing since 2012 in nature-based solutions, 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).

Through the development and implementation of this strategy, Kering aims to lead the Luxury sector's



response to climate change.

1.2. Biodiversity Strategy

Kering has launched a number of initiatives for the protection and regeneration of natural ecosystems, from which the Group sources key raw materials such as leather, wool, cashmere or cotton. In 2020, the Group took this commitment a step further by unveiling a Biodiversity strategy comprising four stages: avoid, reduce, restore & regenerate, and transform, drawing upon the framework offered up by the Science Based Targets Network. The strategy encourages the prevention of biodiversity loss and degradation, the promotion of sustainable and regenerative farming practices favoring soil health, and the protection of global ecosystems that are vital for carbon sequestration, for biodiversity preservation and for local communities.

In 2023, Kering is releasing a strengthened commitment on avoiding deforestation and conversion of natural ecosystems. This Deforestation and Conversion Free (DCF) commitment aims at ensuring no loss of forests or other natural ecosystems associated with Kering's activities and sourcing of raw materials by 2025.

In 2023 and 2024, Kering has been one of the 17 corporate participants in the Initial Target Validation Group set up by the Science-Based Targets Network (SBTN), to pilot the validation process for the first public version of Science Based targets for Nature methods. In 2024, Kering was the first company in the world to have science-based targets validated by the SBTN for freshwater and land.

1.3. Circularity Ambition

In an effort to relieve the pressure of its activities on natural resources, Kering and its Houses are developing a circular economy approach. To guarantee sustainable growth, it is imperative to drive positive change in industry practices and transform traditional models by taking action throughout the product life cycle. Kering unveiled its Circularity ambition in 2021, focusing on four priorities: promoting luxury that lasts, adopting a holistic approach, making production processes more efficient and collaborating with the entire industry.

To limit the environmental impact of its packaging⁷, Kering committed to reduce its total packaging weight by 30% by 2025 (on a 2021 baseline).

In addition, Kering and its Houses make every effort to opt for the most sustainable solutions available made from recycled or certified biobased materials. The Kering Standards for packaging revolve around four aspects of eco-design: reduction (of weight and volume), reuse, recycling and incorporation of sustainable materials. In particular, the standard aims to eliminate single-use plastics and problematic plastics like PVC.

Kering and its Houses have also adopted initiatives aimed at reducing the use of packaging while guaranteeing an optimal level of protection for the goods manufactured and allocated resources to research sustainable packaging and alternative solutions.

As the environmental benefits of composting plastics have not yet been demonstrated, Kering advises against using the "compostable" claim as it is not in line with Kering's ambition for product durability. In addition, this claim is prohibited by regulation in some countries (e.g. France).

1.4. Water Strategy

Kering is committed to use the natural resources conscientiously and to monitor its water consumption in its own operations and its whole value chain. The Groups works to improve its water management, protect water sources, reduce water consumption and maintain water quality. Kering drew up its Water Strategy, which covers the entire value chain including all stakeholders and local communities. Kering built its Water Strategy following the mitigation hierarchy: "avoid, reduce,

⁷ The company is not using glass packaging while metal packaging represents less than 0.5% of the total packaging used by the Group



restore/ regenerate and transform". The strategy addresses the Group's dependencies and impacts on water, water-related risks, and the opportunities for becoming Net Water Positive. This refers to Kering's intention to avoid and reduce its impacts on water (quality, quantity, availability), and to regenerate the ecosystems' functions key to having a positive impact on water (i.e. improvement in the condition compared to the period before intervention).

The Water strategy is centered around 3 key programmes:

- **Water-Positive Stewardship Programme:** Elevating water stewardship and collaborating with strategic suppliers to promote water efficiency and improve quality and quantity of water;
- **Water-Positive raw materials:** Centering the raw materials sourced by Kering on materials which alleviate pressures on nature and water (recycled, innovation, etc.) and from regenerative agriculture leading to reducing pollution and replenishing water sheds in a quantifiable way;
- **Water Resilience Labs:** Developing healthy freshwater ecosystems with local stakeholders in water-stressed hotspots and quantifying the regeneration and replenishment within each of these 10 priority water basins.

The participation of Kering to the SBTN pilot resulted in the validation by SBTN of science-based freshwater targets, making Kering one of the first three companies in the world to commit to targets validated by SBTN, and the first company to have validated freshwater and land targets. Indeed, the Group is committed to:

Reducing freshwater withdrawals in its direct operations at the Arno basin (Tuscany, Italy) to 200 million liters per year by 2030 (reduction of 21% compared to average consumption in the basin between 2018 and 2022);

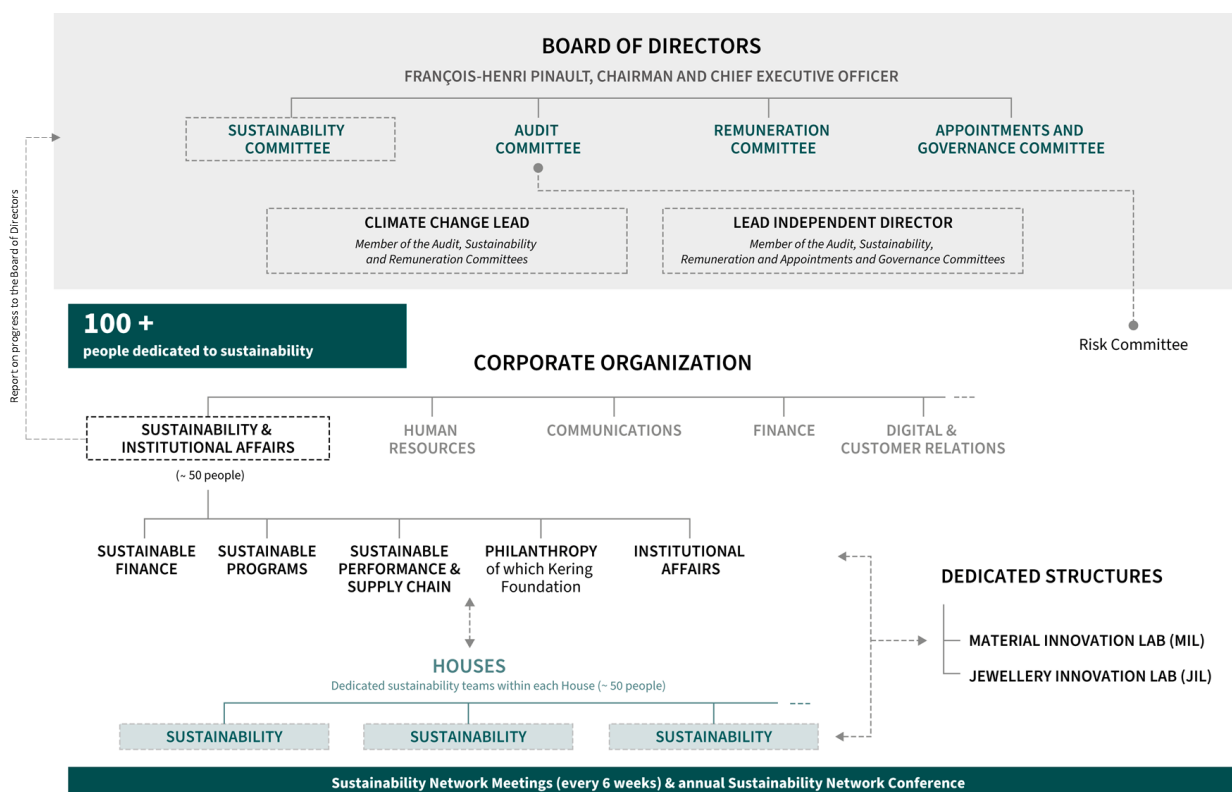
Reducing upstream surface water withdrawals for its supply chain at the Arno basin (Tuscany, Italy) to 471 million liters per year by 2030 (reduction of 21% compared to average consumption in the basin between 2018 and 2022).

In addition, the Group has set the target of reducing water consumption at its directly owned tanneries by 35% between 2022 and 2035. The main levers identified of achieving this relate to more efficient use of water, focusing on industrial processes and their needs, and setting up on-site recycling systems to reduce the quantity of freshwater needed.

Kering has established rigorous sustainability standards and guidelines that address water stewardship in its supply chain. The company actively engages with its suppliers to promote responsible water practices, encouraging them to adopt efficient irrigation systems, implement water recycling and treatment systems, and reduce water-intensive processes. As part of the Kering Standards, the Group encourages suppliers to use water-efficient equipment, automate water flows, increase liquor ratios in dyeing and finishing processes, encourage the use of waterless dyes and efficient dyeing technologies, such as cold pad batch dyeing.

In addition, the Group has established requirements in line with WASH (Water, Sanitation and Hygiene) standards as part of its Sustainability Principles, included in the contracts with Group suppliers.

2. Governance and internal organization for environmental issues



Built on the Group's core values and anchored into its business model, Kering's Sustainability Strategy leverages an ambitious governance structure, supported and validated by Marie-Claire Daveu, Kering's Chief Sustainability and Institutional Affairs Officer, member of the Group's Executive Committee and directly reporting to Kering's Chairman and CEO. Part of the remuneration of Kering's Chief Sustainability and Institutional Affairs Officer is related to the achievement of sustainability targets and progress of the Group's sustainability strategy, including the implementation of the decarbonization roadmap of the Group. A number of training and awareness-raising initiatives on sustainable development issues were deployed in the Group, at the instigation of the Chairman and Chief Executive Officer and the Group Managing Director (e.g. "Climate Fresk", "2tonnes" workshops).

Kering's Sustainability Strategy is defined by the Board of Directors with the support of the Sustainability Committee whose members include Kering's Chairman and CEO, François-Henri Pinault. The Board of Directors determines the Group's overall strategic direction, taking into account social and environmental issues in its business activities. It oversees the effective implementation of the strategy by the Executive Management. There is a Lead Independent Director on the Board of Directors representing, in coordination with the Chairman of the Board, the Board in its dealings with investors concerning environmental, social and governance matters and reports investors' concerns and observations in this area to the Board. In line with the Group's commitments in terms of climate action, the Board of Directors appointed in 2022 a member of the Board as Climate Change Lead. In coordination with the Chair of the Sustainability Committee and the Lead Independent Director, the Climate Change Lead notably ensures that climate issues are considered by the Board as part of a long-term approach.

The Kering Sustainability Department comprises around 50 specialists tasked with planning the operational roll-out of the Group's Environmental Policy and helping the Houses implement action plans for achieving its objectives. In 2022, a Sustainable Finance Department was set up with a remit of overseeing non-financial performance (social and environmental), which helps with financial planning relating to energy transition and the decarbonization of the Group's business and of making sure the Group complies with the current and future regulatory framework on non-financial reporting. In 2023, the Sustainable Supply Chain team was



integrated into the broader Corporate Sustainability Department. Its main activities include the monitoring of supply chain activities, the engagement with suppliers, sustainability-related suppliers' programs and other key other external stakeholders on sustainability industrial projects.

Kering develops systems such as the environmental reporting system, or EP&L, along with standards guidelines and tools to help the Houses manage their environmental impact. Coordination between the Group and the Houses is ensured through a network of managers dedicated to sustainability. Each House has at least one Sustainability Lead to spearhead the drive towards sustainability. This means that around 100 employees in total are focused on sustainability within the Group and its Houses. In addition to these dedicated positions, working groups are formed regularly to bring in other key business functions to engage in the roll-out and application of sustainability projects. These cross-functional project teams encompass functions including finance, real estate, merchandising, sales, design, production and HR, meeting regularly at corporate level and/or brand level. Environmental reporting is also backed up by a substantial global network of more than 300 contributors working in the Group's Houses. It guarantees optimum data precision and enables the Group to monitor its environmental impact and performance very closely.

2.1. Coverage

Kering is committed to manage and minimize its environmental impact throughout its supply chain and operations. Therefore, this Environmental Policy covers all its Houses' operations including all entities joining the Group in the year following the entity's acquisition. It also applies to Kering's suppliers, service providers and contractors. Where relevant and necessary, the policy also includes key business partners, in both Kering's managed operations, including joint venture or outsourcing partners, and non-managed operations.

Kering and its Houses are responsible for the implementation of environmental management systems and for collaborating with their suppliers to ensure that the Kering Standards: Standards and guidance for sustainable production are met. Moreover, as per Kering Sustainability Principles, all suppliers and sub-suppliers are contractually bound to complying with directly applicable environmental legislation. In addition, Kering's Product Restricted Substances List (PRSL) and Manufacturing Restricted Substances List (MRSL) are also appendices to all suppliers' contacts and included in the Kering Standards.

2.1.1. Production operations, business facilities and stores

In addition to the Kering Standards: Standards and guidance for sustainable production, Kering has been working with the Houses since 2017 to develop a Standard for Stores (Store Planning and Construction and Store Operation and Management) that sets out expected performance levels in energy management, lighting, renewable energy, water use and waste treatment. The Standards cover all phases in a building's lifecycle, namely site selection and relations with the lessor, design, construction or renovation, and operation.

2.1.2. Products and services

Ensuring the quality of goods and compliance with stringent safety standards are among the Group's main priorities. To protect the Group's reputation, the products sold by its Houses must offer distinctive appeal and flawless quality, while also guaranteeing absolute safety for customers. In order to bring high quality products to market that are compliant with these standards, the Group implements quality control processes covering all of the stages in the product lifecycle, from design to marketing. Products are classified using quality and safety standards, while suppliers are referenced on the basis of technical audits and adherence to the Group Suppliers' Charter. Product quality and safety controls are carried out at all stages of the production process by quality engineers and accredited laboratories.

Kering also developed an innovative tool for measuring and quantifying the environmental impact of its activities. The EP&L measures carbon emissions, water consumption, air pollution, water pollution, land use change and waste production along the entire supply chain. Kering uses the EP&L to guide its sustainability strategy and to make strategic decisions at corporate and brand levels to mitigate the environmental impact of its products and services and guide strategic planning of the Group's operations and budget.



With its Circularity ambition, Kering will increase the longevity of its products by supporting new business models designed to keep clothes in circulation for the longest possible time; design its products and materials so that they are durable and can be made again.

2.1.3. **Distribution and logistics**

Kering is committed to working closely with its logistics platforms, its Houses and its carriers to reduce the distances covered during supply and delivery, to optimize logistics flows and to develop alternative means of transportation aimed at reducing the Group's CO2 footprint.

2.1.4. **Waste management**

Concerning waste management in all industrial operations, Kering is committed to minimize, recycle and reuse non-hazardous waste as well as apply international best practices for the disposal of hazardous material. Kering has set the target to achieve 10% reduction of its total waste consumption by 2025 (on a 2021 baseline).

Kering has set the target of eliminating all hazardous chemicals from all Houses' products and production processes. These requirements also apply to all suppliers, which have to implement a chemicals management system. The Group also set the target to reach level 2 of the ZDHC Supplier to Zero program for 100% of strategic suppliers using wet processes by 2025.

In terms of chemical management, Kering has adopted a Manufacturing Restricted Substances List (MRSL) and a Product Restricted Substances List (PRSL).

3. **Transparency and reporting**

Transparency of reporting on our impacts is a fundamental commitment and is crucial to any meaningful successes. To do so, we rely on a series of sustainability-related publications (such as the 2024 Universal Registration Document or the 2023 Sustainability Progress Report), all available on Kering's website and easily accessible through our Sustainability Library. More specifically, Kering has been reporting on its environmental footprint since 2008 and is in adherence with the European Corporate Sustainability Reporting Directive.

4. **Awareness raising and training**

Kering aims to raise awareness of sustainability issues and has developed dedicated internal and external awareness raising programs and training sessions, accelerating efforts to achieve critical mass adoption within its supply chain, at sector level and beyond (training on Kering Standards, MOOC on Sustainability, Sustainability Academy etc.). To do so, we take part in international partnerships and collaborate with prestigious business and design schools worldwide, with a view to raising awareness among designers and future fashion industry leaders on the major social and environmental challenges in store.

This Policy will be updated on a regular basis in keeping with the best available scientific knowledge and advancement of best practices

July 2025

A handwritten signature in black ink, which appears to read "F. Pinault".

Francois-Henri Pinault
Chairman and Chief Executive Officer, Kering