KERING

2023 Universal Registration Document

Annual Financial Report - Integrated Report

2023 UNIVERSAL REGISTRATION DOCUMENT

This Universal Registration Document has been filed on March 19, 2024 with the *Autorité des marchés financiers* (AMF), as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to article 9 of said regulation.

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This document is a free translation into English of the Universal Registration Document of the Company issued in French and is provided solely for information purposes.

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CHAPTER 1

Presentation of the Group and Integrated Report

1 - MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

François-Henri Pinault
Chairman and Chief Executive Officer

Kering is a global Luxury group that manages the development of a series of renowned Houses in Fashion, Leather goods and Jewelry. By placing creativity at the heart of its strategy, Kering enables its Houses to push back the limits in terms of their creative expression, while crafting tomorrow's Luxury in a sustainable and responsible way.

We capture these beliefs in our signature:

Empowering Imagination

> "In a trying year for the group, we strengthened our organization and took significant steps to further enhance the visibility and exclusivity of our Houses. We are focused on revitalizing Gucci, leveraging the unique blend of craftsmanship, Italian heritage, and modernity that characterizes this iconic House. The launch of Kering Beauté and the acquisition of Creed, a storied maker of high-end fragrances, will enable us to capture our share of the steadily growing beauty market. In a market environment that remains uncertain in early 2024, our continuing investments in our Houses will put pressure on our results in the short-term. Thanks to the experience gained across the group through a decade of outstanding expansion, we are confident in achieving our long-term ambitions."

2 - GROUP PROFILE

The Group has continuously transformed itself since its inception in 1963, guided by an entrepreneurial spirit and a commitment to constantly seek out growth and create value.

Founded by François Pinault as a timber and building materials business, the Group repositioned itself on the retail market in the 1990s and soon became one of the leading European players in the sector. The acquisition of a controlling stake in Gucci Group in 1999 marked a new stage in the Group's development, in which it has established a coherent ensemble of complementary Houses. Since 2018, Kering has been a pure player in Luxury.

2.1 Group history

Origins

1963

François Pinault **establishes** the Pinault group, specializing in timber trading.

1988

Listing of Pinault SA on the Paris Stock Exchange.

Development of a leading distributor

1990

Acquisition of Cfao, a group specializing in trading with Africa and in electrical equipment distribution (renamed Rexel in 1993).

1991

Entry into the retail market with the acquisition of a controlling stake in Conforama.

1992

Takeover of Au Printemps SA, a department store chain which also held a majority interest in mail order clothing brand La Redoute.

1994

Merger of La Redoute with Pinault-Printemps, which is renamed Pinault-Printemps-Redoute.
Takeover of Fnac, a retailer of books, music, films and consumer electronics.

Entry into the Luxury and Sport & Lifestyle industries

1999

Acquisition of a 42% stake in Gucci Group NV, marking the Group's entry into the luxury industry.

2000

Acquisition by Gucci Group of high jewelry House Boucheron.

2001

Gucci Group **acquires** Italian leather goods brand Bottega Veneta and Balenciaga, and signs partnership agreements with Alexander McQueen and Stella McCartney.
The Group **raises** its stake in Gucci Group to 53.2%.

2003

Sale of Pinault Bois & Matériaux.
The Group **raises** its stake in Gucci Group to 67.6% (after raising it to 54.4% in 2002).

2004

The Group **raises** its stake in Gucci Group to 99.4% through a tender offer.
Sale of Rexel.

2005

Pinault-Printemps-Redoute becomes PPR.
François-Henri Pinault becomes Chairman and Chief Executive Officer of PPR.

2006

Sale of a 51% controlling stake in Printemps.

2007

Sale of the remaining 49% stake in Printemps.
Acquisition of a 27.1% controlling stake in PUMA, subsequently increased to 62.1% through a tender offer.

2008

Sale of YSL Beauté to L'Oréal.
Acquisition of a 23% stake in watchmaker Girard-Perregaux.

2009

IPO of Cfao, involving the sale of a controlling 58% stake.
Creation of the Kering Foundation to combat violence against women.

2011

Sale of Conforama.
Acquisition of Volcom.
The Group **raises** its stake in Sowind Group (Girard-Perregaux) to 50.1%.

2012

Acquisition of Italian men's tailor Brioni.
Sale of the remaining 42% stake in Cfao.

An integrated and reinforced group

2013

Acquisition of a majority stake in Chinese fine jewelry brand Qeelin.
Acquisition of a majority stake in France Croco, now named Tannerie de Périers.
Listing of Groupe Fnac on the Paris Stock Exchange.
Change of corporate name: PPR becomes Kering.
Acquisition of a majority stake in Italian jewelry group Pomellato.
Admission to the Dow Jones Sustainability World and Europe Indices (DJSI).

2014

Sale of La Redoute.
Acquisition of watchmaker Ulysse Nardin.

2015

Launch of Kering Eyewear.
Sale of Italian shoemaker Sergio Rossi.
Publication of the first Environmental Profit and Loss Account (EP&L) at Group level.

2016

Sale of Electric by Volcom.
Kering relocates its headquarters to the former Laennec Hospital, in the heart of Paris' Left Bank.
Announcement of the Group's 2025 sustainability strategy.

2017

Strategic partnership signed between Kering Eyewear and Maison Cartier to develop, manufacture and distribute the Cartier eyewear collections, with Richemont acquiring a minority stake in Kering Eyewear.

Kering, a pure play in the Luxury industry

2018

Distribution in kind of PUMA shares to Kering shareholders, while maintaining a 15.85% stake in the company to be sold gradually.
Kering announces its withdrawal from businesses including Stella McCartney and Volcom.
New developments in Kering's digital strategy, aimed at enhancing the Group's omnichannel capabilities and its Houses' digital activities.

2019

Sale of Volcom.
The Fashion Pact: François-Henri Pinault mobilizes participants in the fashion and textile industries with the aim of reducing their environmental impact.
Extension of the **parental leave policy,** with 14 weeks of paid parental leave for all Group employees.

2020

Public health crisis arising from the **COVID-19** pandemic.
Kering publishes a dedicated biodiversity protection strategy with a series of new targets to achieve a "net positive impact"[1] on biodiversity by 2025.

2021

Purchase of a stake of around 5% in Vestiaire Collective.
Inauguration of the Group's new logistics platform in Trecate (Italy).
Acquisition of Danish luxury eyewear brand Lindberg.
Publication of the **Climate Strategy,** aligned with a 1.5 °C SBT trajectory.

2022

Acquisition of American eyewear brand Maui Jim.
Disposal of Girard-Perregaux and Ulysse-Nardin.
Launch of KeringForYou, the **Group's first employee share ownership transaction.**
Launch of the **Climate Fund for Nature.**

(1) A business that has a "net positive" impact on biodiversity is one whose negative impacts on biodiversity are outweighed by its positive impacts. This is generally achieved by applying the following mitigation hierarchy: 1. Avoid; 2. Reduce; 3. Restore/Regenerate; 4. Transform (Conservation hierarchy).

2.2 Kering today, a global Luxury group

Kering is continuing its growth story, unlocking the potential of its Houses and pursuing its ambition to be the world's most influential Luxury group in terms of creativity, sustainability and long-term economic performance.

Our Houses

GUCCI

SAINT LAURENT

BOTTEGA VENETA

BALENCIAGA

McQUEEN

Brioni

BOUCHERON
PARIS DEPUIS 1858

Pomellato

DoDo

qeelin

GINORI
1735
ITALIA

KERING
EYEWEAR

KERING
BEAUTÉ

Kering in 2023

Revenue
€19,566 million

-4%
as reported versus 2022
-2%
on a comparable basis[1] versus 2022

Recurring operating income
€4,746 million

-15%
versus 2022
24.3%
recurring operating margin

Net income attributable to the Group
€2,983 million

Dividend per share
€14[2]

Free cash flow from operations[3]
€1,983 million

Free cash flow from operations
excluding strategic real estate acquisition and disposal
€3,321 million

48,964
employees
as of December 31, 2023[4]

-58%
in the Group's environmental footprint
(EP&L intensity 2015-2023)

57%
women managers

CDP Triple A List
Climate - Water - Forests

(1) Comparable revenue is defined on page 88.
(2) Subject to the approval of the Annual General Meeting to be held on April 25, 2024.
(3) Free cash flow from operations is defined on page 89.
(4) Average 46,014 FTE in 2023.

Key consolidated figures

(in € millions)	2023	2022	Change (reported)
Revenue	**19,566**	**20,351**	**-4%**
EBITDA	**6,569**	**7,255**	**-9%**
EBITDA margin (% of revenue)	*33.6%*	*35.6%*	*-2.0 pts*
Recurring operating income	**4,746**	**5,589**	**-15%**
Recurring operating margin (% of revenue)	*24.3%*	*27.5%*	*-3.2 pts*
Net income attributable to the Group	**2,983**	**3,614**	**-17%**
o/w continuing operations excluding non-recurring items	**3,061**	**3,747**	**-18%**
Gross operating investments[1]	**2,611**	**1,071**	**+144%**
Free cash flow from operations[2]	**1,983**	**3,208**	**-38%**
Net debt[3]	**8,504**	**2,306**	**N/A**

(1) Purchases of property, plant and equipment and intangible assets.
(2) Free cash flow from operations is defined on page 89.
(3) Net debt is defined on page 89.

Per share data

(in €)	2023	2022	Change (reported)
Net income attributable to the Group	24.38	29.34	-17%
o/w continuing operations excluding non-recurring items	25.02	30.42	-18%
Dividend per share	14.00 [1]	14.00	–

(1) Subject to the approval of the Annual General Meeting to be held on April 25, 2024.

Revenue

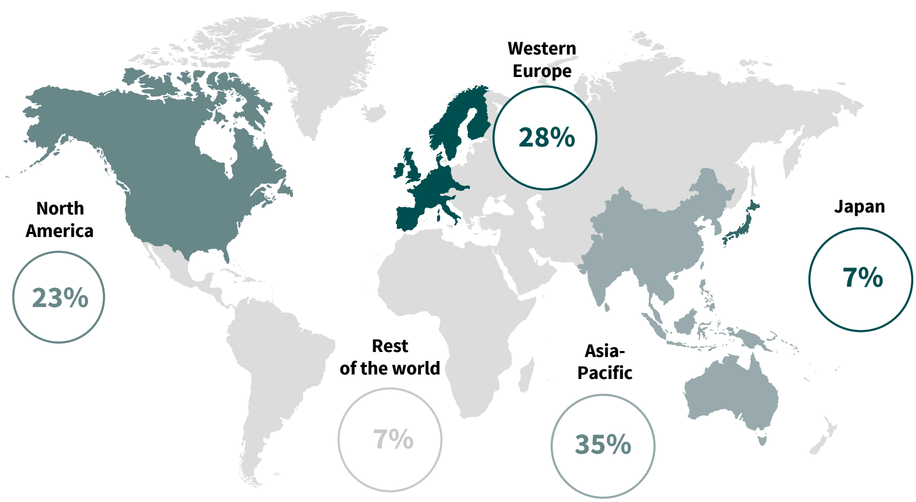
Breakdown by segment

(in € millions)	2023	2022	Reported change	Comparable change[1]
Gucci	9,873	10,487	-6%	-2%
Yves Saint Laurent	3,179	3,300	-4%	-1%
Bottega Veneta	1,645	1,740	-5%	-2%
Other Houses	3,514	3,874	-9%	-8%
Kering Eyewear and Corporate	1,568	1,139	+38%	+11%
Eliminations	*(213)*	*(189)*	*N/A*	*N/A*
Revenue	**19,566**	**20,351**	**-4%**	**-2%**

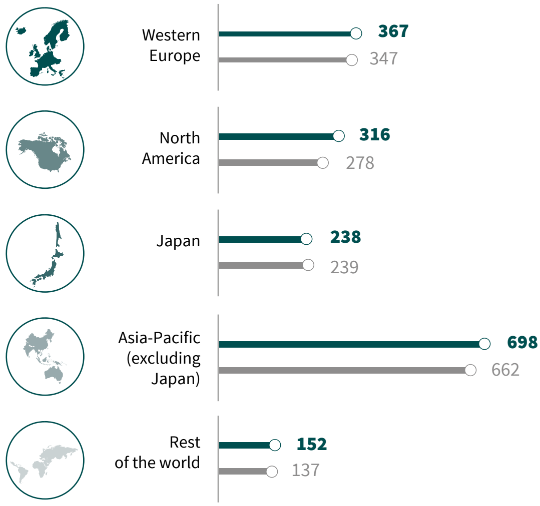
(1) On a comparable scope and exchange rate basis. Comparable growth is defined on page 88.

Breakdown by region

(as a % of consolidated revenue)



Number of directly operated stores by region



1,771
Total as of Dec. 31, 2023

1,663
Total as of Dec. 31, 2022

Recurring operating income

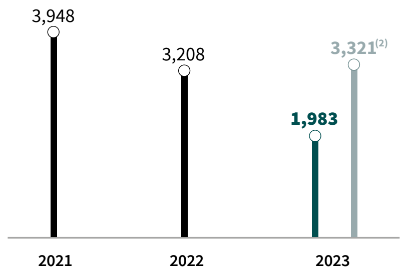
Breakdown of recurring operating income by segment

(in € millions)	2023	2022	Change
Gucci	3,264	3,732	-13%
Yves Saint Laurent	969	1,019	-5%
Bottega Veneta	312	366	-15%
Other Houses	212	558	-62%
Kering Eyewear and Corporate	(7)	(88)	+92%
Eliminations	*(4)*	*2*	*N/A*
GROUP	**4,746**	**5,589**	**-15%**
Recurring operating margin (% of revenue)	*24.3%*	*27.5%*	*-3.2 pts*

Other financial indicators

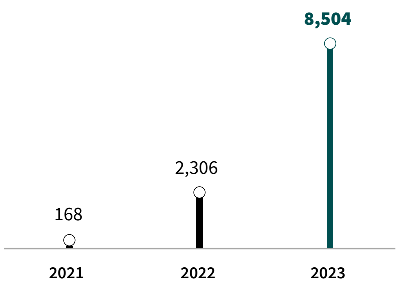
Net income attributable to the Group
(in € millions)

Free cash flow from operations[1]
(in € millions)



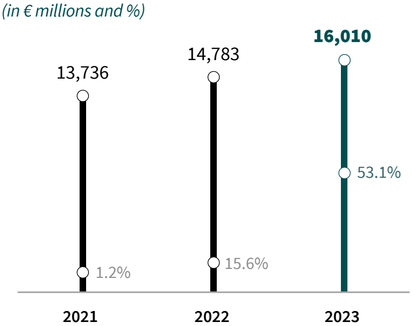
(1) Free cash flow from operation is defined on page 89.
(2) Excluding strategic real estate acquisition and disposal.

Net debt[3]
(in € millions)



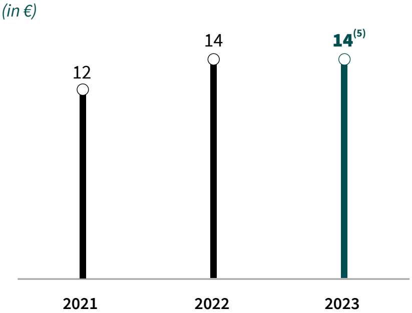
(3) Net debt is defined on page 89.

Equity and net debt-to-equity ratio[4]
(in € millions and %)



(4) Net debt is defined on page 89.

Dividend per share
(in €)



(5) Subject to the approval of the Annual General Meeting to be held on April 25, 2024.

Key highlights 2023

Strategy, activities and finance

Kering acquired a 30% shareholding in Italian couture House Valentino for €1.7 billion as part of a strategic partnership with investment company Mayhoola. The agreement comprises an option for Kering to acquire 100% of Valentino's share capital no later than 2028.

Further integration of Kering's supply chain
Kering Eyewear acquired UNT, Usinage & Nouvelles Technologies, based in the Jura region of France, which plays a key role in the production of luxury eyewear components.
Boucheron, meanwhile, strengthened its production capabilities by acquiring a High Jewelry workshop near Place Vendôme in Paris.

Kering strengthened its governance and organization with a series of top appointments aimed at enhancing the stewardship of its Houses, further elevating its operational expertise and strengthening its organization (Cf. section 2 of chapter 2 of this document).

Appointment of Raffaella Cornaggia as Chief Executive Officer of Kering Beauté and as a Group Executive Committee member. Supported by a team of seasoned professionals, her role is **to develop the expertise of Bottega Veneta, Balenciaga, Alexander McQueen, Pomellato and Qeelin in the Beauty category, while also unlocking the full potential of luxury fragrance House Creed, which was acquired in 2023.** This acquisition has given Kering Beauté a platform to support the future development of other fragrances.

Environment, social and governance (ESG)

Publication of the second edition of the Kering biodiversity strategy. Kering has adjusted its trajectory and is now aiming to have a positive impact on biodiversity by 2025, by regenerating and protecting an area representing around six times the Group's total environmental footprint. This new chapter in the Group's strategy focuses on combating deforestation and the conversion of ecosystems.

Selection by the new Science Based Targets for Nature program. Kering is one of the first pilot companies involved in this program, which aims to give companies advice based on scientific criteria to help them meet biodiversity challenges.

Kering plots a new course in terms of sustainability with a Group-wide target for reducing absolute emissions by 40% between 2021 and 2035. This target, which covers Scopes 1, 2 and 3 of the Greenhouse Gas Protocol (GHG Protocol), represents a necessary step to accelerate the implementation of the Group's vision of modern and responsible Luxury.

Extension of Kering Foundation's commitment to combat violence against women to include addressing violence against children, in particular incestuous sexual violence. In addition, **Kering has converted its corporate foundation into an endowment fund.** The purpose of this is to step up its commitments and make it easier for the Foundation to work with Kering's Houses, other companies and other foundations, but also to raise funds.

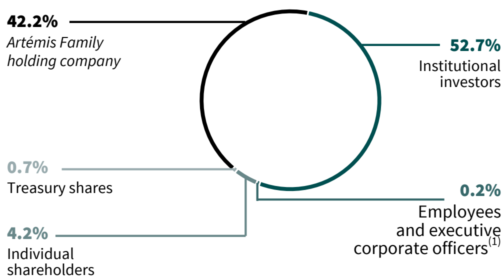
Level 1 Universal Fair Pay certification awarded, with all the Houses also recognized. The Group has analyzed gender pay gaps in greater depth by examining the various factors influencing salaries. Its study found a 1.6% pay gap in favor of men. Priority actions have been formulated to achieve parity.

3 - OUR GOVERNANCE MODEL

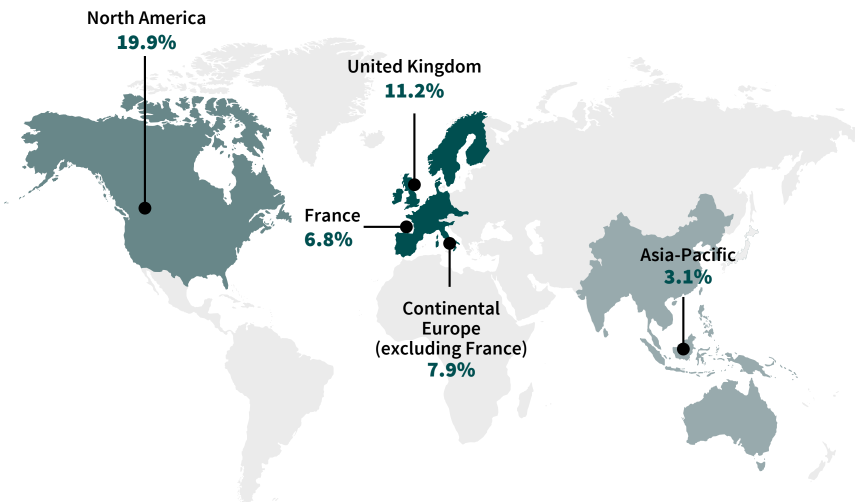
3.1 Stable ownership structure

Breakdown of share capital as of December 31, 2023

Kering is the result of one family's entrepreneurial journey. It is 42.2%-owned by the Artémis holding company, which is controlled by the Group's founding Pinault family. Alongside this solid core shareholder, the Group's ownership structure has become increasingly international over a period of more than 10 years, reflecting the Group's worldwide growth and transformation. Institutional investors own 52.7% of the Group's capital.



Percentage of shares held by institutional investors by main region[2]



(1) Including Kering's employee investment fund.
(2) Excluding other regions and unaffiliated investors: 3.8%.
% of capital held (source: shareholders' identification as of December 31, 2023).

3.2 A Board of Directors with a long-term vision for the Group

Our governance structure is aligned with best practice. As well as ensuring that strategic decisions are taken and implemented effectively, it is based on a genuine balance of powers.

Unified governance, well suited to Kering's specific features

Kering has opted to combine the roles of Chairman of the Board of Directors and Chief Executive Officer, taking the view that this governance arrangement is the one that best suits the Group's specific features, in which each of its Houses have autonomy. The arrangement takes into account François-Henri Pinault's special position as controlling shareholder and his active involvement in conducting the Group's business affairs, of which he has long-standing, in-depth operational knowledge.

The Lead Independent Director: ensuring the balance of powers within the governance structure and the smooth running of the Board

With a view to achieving a genuine balance of power on its Board, the Group takes steps to ensure that its membership is balanced, diverse and mostly independent.

In addition, given that the roles of Chairman of the Board and Chief Executive Officer are combined and to provide additional assurance with regard to the Board's smooth running, in 2019 the Board of Directors created the role of Lead Independent Director.

The Lead Independent Director is consulted on the schedule of Board meetings and may propose additional agenda items to the Chairman. He/she liaises between the independent directors, other Board members and Executive Management, and helps prevent conflicts of interest from occurring. He/she monitors compliance with the Board's internal rules and takes part in the process of assessing the Board of Directors. In coordination with the Chairman of the Board, the Lead Independent Director also represents the Board in its dealings with investors concerning environmental, social and governance matters.

The duties of the Lead Independent Director are detailed in section 1.4 of chapter 3 of this Document.

The Climate Change Lead: ensuring that climate issues are taken into account by the Board

In line with the Group's commitments in terms of climate action, the role of Climate Change Lead was created within the Board of Directors in 2022.

In coordination with the Chair of the Sustainability Committee and the Lead Independent Director, the Climate Change Lead's role includes ensuring that climate issues are considered by the Board as part of a long-term approach.

The duties of the Climate Change Lead are detailed in section 1.5 of chapter 3 of this Document.

Members of the Board of Directors as of February 28, 2024[1]

Véronique Weill
Lead Independent Director and Chair of the Remuneration Committee

Serge Weinberg
Chair of the Appointments and Governance Committee

Emma Watson
Chair of the Sustainability Committee

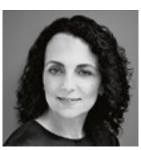
Maureen Chiquet

Yonca Dervisoglu

5
Independent Directors

François-Henri Pinault
Chairman and CEO

2
Directors representing employees



Concetta Battaglia

Vincent Schaal

3
Non-independent Directors

Jean-Pierre Denis
Climate Change Lead and Chair of the Audit Committee[2]

Financière Pinault
represented by Héloïse Temple-Boyer

Baudouin Prot

(1) The Annual General Meeting of April 25, 2024 will be asked to approve the appointment of three new Directors, the cooption of Maureen Chiquet as well as Jean-Pierre Denis' reappointment as Directors (for further information, see chapter 3, section 2.2 "Changes in the composition of the Board of Directors to be proposed at the April 25, 2025 Annual General Meeting").
(2) Following the resignation of Tidjane Thiam on January 9, 2024, Jean-Pierre Denis has been the interim chair of the Audit Committee since its meeting on February 5, 2024.

Board of Directors: key figures as of February 28, 2024

56% Independent Directors[(1)]	**56%** Women[(1)]	**58 years** Average age
5 Nationalities	**88%** Average attendance rate[(2)]	**8.4 years** Average length of service

Committees of the Board of Directors as of February 28, 2024

BOARD OF DIRECTORS

Audit Committee

4 members
Proportion of independent members: 50%[(3)]
Average attendance rate: 89%[(2)]

Remuneration Committee

5 members
Proportion of independent members: 50%[(1)(3)]
Average attendance rate: 92%[(2)]

Appointments and Governance Committee

6 members
Proportion of independent members: 60%[(1)]
Average attendance rate: 100%[(2)]

Sustainability Committee

7 members
Proportion of independent members: 67%[(1)]
Average attendance rate: 93%[(2)]

(1) Excluding the Directors representing employees in accordance with article L. 225-27 of the French Commercial Code and the AFEP-MEDEF Code.
(2) Directors' average attendance rate for 2023.
(3) Independence rate at 60% as of December 31, 2023. Following Tidjane Thiam's departure on January 9, 2024, the independence rate of the Committee is 50%.

3.3 Remuneration aligned with value creation and stakeholder interests

The remuneration of the executive corporate officers includes a fixed portion and a variable portion. The Board of Directors establishes the rules for determining remuneration each year based on the recommendations of the Remuneration Committee and in accordance with the recommendations of the AFEP-MEDEF Code, and they are submitted to shareholders for approval in the Annual General Meeting.

The remuneration structure and the criteria on which variable remuneration is based are defined and modified over time to ensure that the amounts paid are closely aligned with the extent to which the Group's strategic financial and non-financial objectives have been met.

Of the Chairman and Chief Executive Officer's remuneration, 84% is subject to performance conditions, reflecting his obligation to create medium- and long-term value.

The variable portion of the Chairman and Chief Executive Officer's remuneration is subject to performance conditions relating to financial criteria as well as corporate, social and environmental responsibility, reflecting the Group's ambitious objectives in these areas, and encouraging him to base his decisions and actions on ensuring long-term profitability.

Components of the Chairman and Chief Executive Officer's remuneration

ANNUAL FIXED REMUNERATION
(cash)

- Consideration of the level and complexity of responsibilities and experience
- Alignment with market practices

ANNUAL VARIABLE REMUNERATION
(cash)
Performance criteria

30% NON-FINANCIAL CRITERIA

- Climate **10%**
- Organization and talent management **10%**
- Protection of the Group's intangible assets **10%**

70% FINANCIAL CRITERIA

- Consolidated recurring operating income **35%**
- Consolidated free cash flow from operations **35%**

LONG-TERM VARIABLE REMUNERATION
(performance shares)
Performance criteria *(3 years)*

20% NON-FINANCIAL CRITERIA

- Proportion of women in executive management roles **10%**
- Biodiversity **5%**
- Climate **5%**

80% FINANCIAL CRITERIA

- Consolidated recurring operating income **40%**
- Consolidated free cash flow from operations **40%**

Kering share price performance: +/-50% impact

3.4 Group management

Group management consists of the Executive Committee headed by François-Henri Pinault, Chairman and Chief Executive Officer.

The Executive Committee has 11 members, comprising the managers of the Group's activities and of the main Houses, along with Kering's main operating officers.

The Executive Committee is the Group's key operational body and, through its composition and the scope of its remit, reflects Kering's transformation into an integrated group and the increasingly international nature of its activities. Kering's Executive Management and the Chief Executive Officers of the major Houses hold regular meetings to assess business developments. In those meetings, discussions are based on operational and financial metrics.

Executive Committee members at March 11, 2024

François-Henri Pinault

Chairman and Chief Executive Officer

Francesca Bellettini

Deputy Chief Executive Officer, Brand Development
President and Chief Executive Officer, Yves Saint Laurent

Jean-Marc Duplaix

Deputy Chief Executive Officer, Operations and Finance

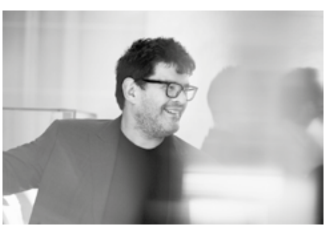
Gregory Boutté
Chief Client and Digital Officer

Cédric Charbit
President and Chief Executive Officer, Balenciaga

Raffaella Cornaggia
Chief Executive Officer, Kering Beauté

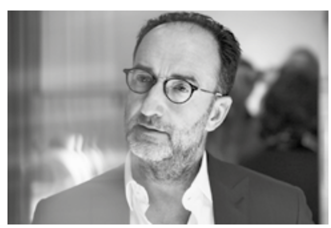
Marie-Claire Daveu
Chief Sustainability and Institutional Affairs Officer

Béatrice Lazat
Chief People Officer



Jean-François Palus
President and Chief Executive Officer, Gucci

Bartolomeo Rongone
Chief Executive Officer, Bottega Veneta



Roberto Vedovotto
President and Chief Executive Officer, Kering Eyewear

3.5 Simplified Group structure as of December 31, 2023[1]

KERING

- Gucci
- Yves Saint Laurent
- Bottega Veneta

- Balenciaga
- Alexander McQueen
- Brioni
- Ginori 1735
- Boucheron
- Pomellato & Dodo
- Qeelin

- CORPORATE
  Headquarters & Regions
- Kering Eyewear
- Kering Beauté

(1) Chapter 6 contains a list of entities consolidated by Kering (Note 34 to the consolidated financial statements).

4 - OUR VALUE CREATION MODEL

Leveraging RESOURCES of exceptional quality optimized by KERING...

HUMAN CAPITAL

- 48,964 employees with unique know-how and creativity
- A network of several thousand suppliers located mainly in Europe (92%) and particularly in Italy (83%)

FINANCIAL CAPITAL

- €1,983 million of free cash flow from operations (€3,321 million excluding strategic real estate acquisition and disposal)
- €2,611 million of gross operating investments to support the growth of the group's Houses, and in particular to develop their retail network comprising of 1,771 stores as well as a global online presence
- A stable and increasingly international shareholder base, along with committed governance to support the Group's long-term development

INDUSTRIAL CAPITAL

- Design and manufacturing work being brought increasingly in-house through French and Italian production and excellence centers making precision components for Kering Eyewear; High Jewelery pieces for Boucheron and Leather Goods for Saint Laurent
- Greater logistics capabilities with the construction of new logistics platforms and centers, which feature cutting-edge technology and meet demanding criteria in terms of environmental performance

NATURAL CAPITAL

- Responsible use of natural resources and raw materials, on which the Group's business depends, guided by our 2025 sustainability targets
- Numerous initiatives to preserve and protect ecosystems, including the decision to stop using animal fur across all Houses

INTELLECTUAL CAPITAL

- Innovations in terms of production (materials and processes), products and client experiences, which are key distinguishing features and help the Group anticipate new consumption trends

SOCIAL CAPITAL

- A great sense of ethical responsibility, both within the Group and its Houses and when working with suppliers and other business partners, combined with strong values that inspire the Group's actions and business practices
- The Kering Foundation, whose mission is to combat violence against women and which recently extended its remit to include fighting violence against children

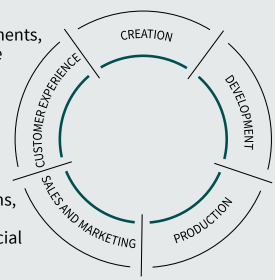
...the Group is helping to CRAFT tomorrow's Luxury...

A VISION
Embracing creativity for a vision of Luxury that combines heritage with boldness

A MULTI-BRAND MODEL
built on a long-term approach and on the creactivity of our Houses
- Agility
- Balance
- Responsibility

A STRATEGY
to harness the full growth potential of the Luxury market
- Promoting organic growth
- Enhancing synergies and developing growth platforms
- Forging strategic partnerships

A VALUE CHAIN
that brings key advantages
- Increasing integration of the value chain's most strategic components, combined with flexible production capacity
- Cross-business expertise, e.g., Kering Eyewear and Kering Beauté
- Shared support functions and platforms, framed by the highest environmental and social standards



FINANCIAL PRIORITIES
that are clearly established
- Sustained investments to enhance the desirability and exclusivity of our Houses
- Solid profitability
- Strong cash flow generation
- Balanced allocation of capital and resources

TO SUPPORT OUR AMBITION
To be the world's most influential Luxury group in terms of creativity, sustainability and long-term economic performance

...and CREATES VALUE...

by prioritizing organic growth and the development of adjacent segments

Revenue from **Luxury activities**[1] **x 3** **2013 :** €6,470 M **2023 :** €19,566 M	**Revenue** in **Jewelry** **x 4** **2013-2023**	**Adjacent segments**[2] **+ €1.6 billion** in revenue **2013-2023**

by enhancing the exclusivity and desirability of its Houses

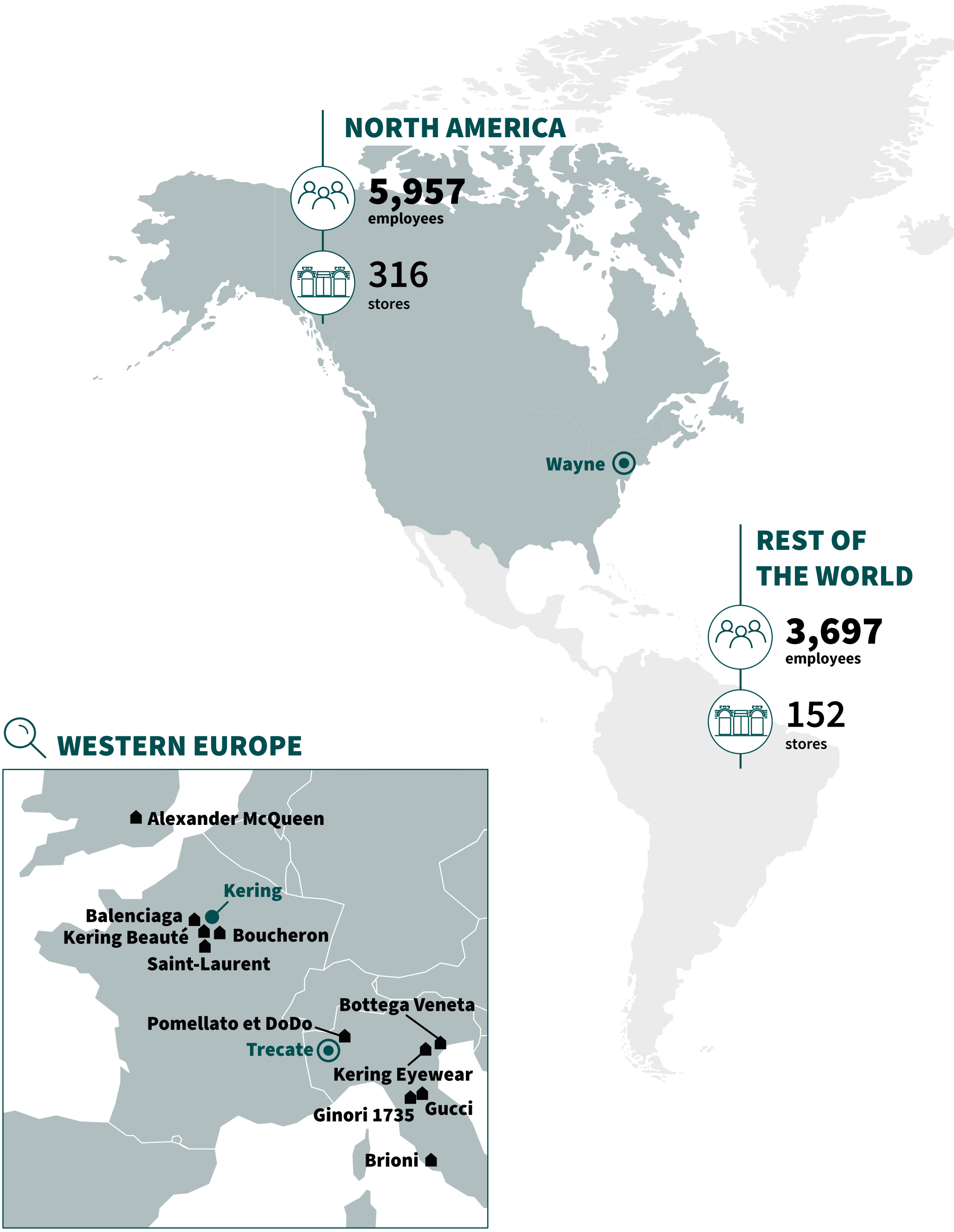
+ 10 pts increase of the **retail stores in the revenue mix** **2013-2023**	**€8 billion** cumulative **gross operating investments**[3] **2013-2023**	**Advertising & promotional spend** **x 4** **2013-2023**

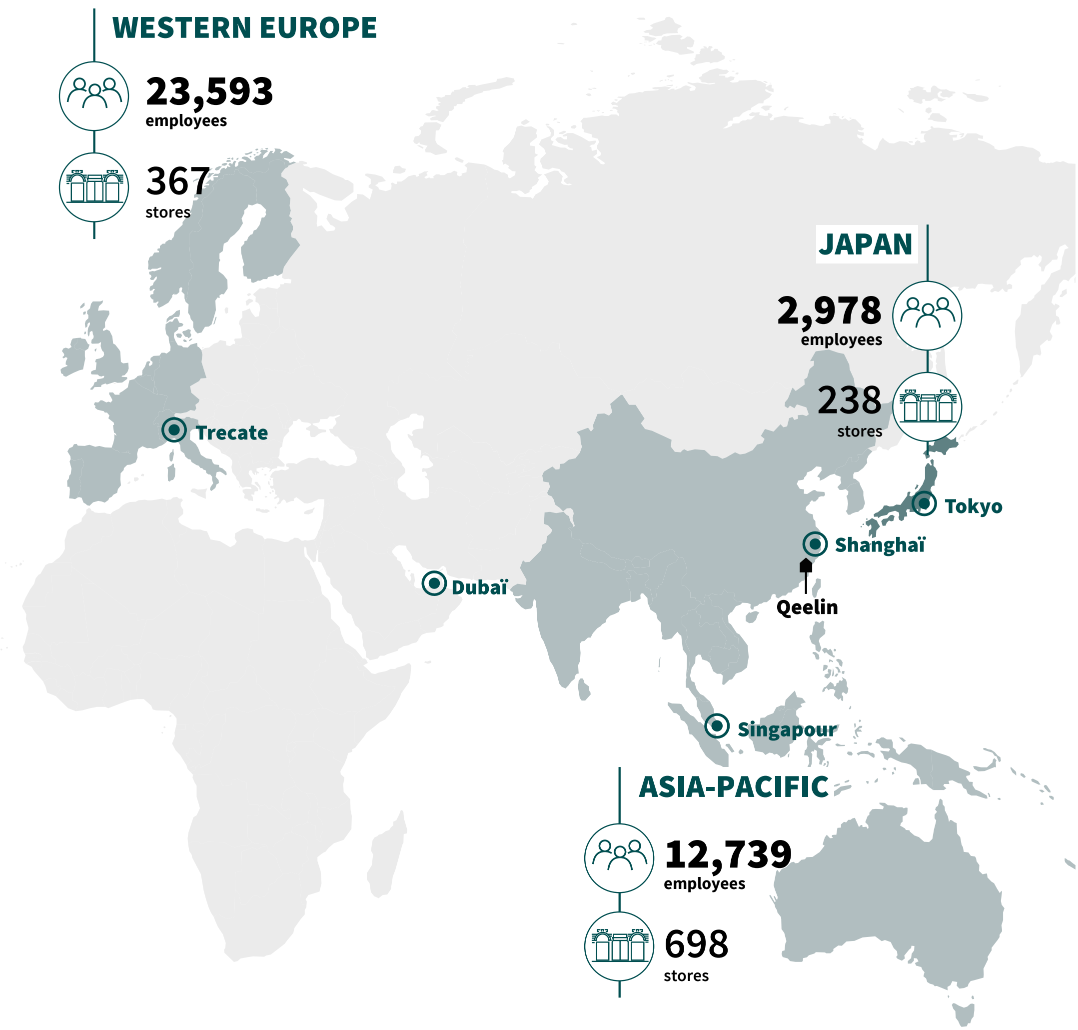
by increasing profits and returns to shareholders

Recurring operating income from **Luxury activities** **x 3** **2013 :** €1,683 M **2023 :** €4,746 M	**Market capitalization** **~ x 2.5** **2013 :** €19,395 M **2023 :** €49,245 M	**Dividend per share** **~ x 3.5** **2013 :** €3.75 **2023 :** €14

(1) Annual revenue of the Luxury Houses as reported in 2013 vs. annual total group revenue in 2023.
(2) Kering Eyewear and Kering Beauté.
(3) Excluding real estate acquisitions.

...EVERYWHERE around the world...





- Kering headquarter
- The Group’s Houses headquarters
- Main logistics centers

...that it SHARES with its STAKEHOLDERS.

EMPLOYEES

- Personnel expenses of around €3 billion
- 73% engagement rate among Group employees
- 681,915 hours of training (not including safety training)
- 100% of employees covered by ambitious policies including Baby Leave, which entitles employees to 14 weeks of parental leave

SUPPLIERS AND BUSINESS PARTNERS

- 4,559 supplier audits conducted in 2023 regarding social, environmental and sourcing matters. 75% of Tier 1 and 2 suppliers audited in 2023
- Support for suppliers in order to develop an environmentally and socially responsible supply chain through technical assistance, continuous improvement programs, training, etc.
- Creation of a vendor portal for evaluating supplier performance and sharing information

CREATIVE TALENT AND EXCELLENCE IN CRAFTSMANSHIP

- More than 1,950 learners and employees trained in 2023 via around 10 programs aimed at achieving excellence in craftsmanship
- Kering Certificate of Influential Luxury program with HEC Paris
- Partnership with the Sustainability Chair set up with the Bezalel Academy of Arts and Design

CLIENTS

- Direct distribution channels guaranteeing a high quality of service and respect for the Houses' image, representing 78% of revenue and reflecting an increasingly exclusive distribution strategy
- An omnichannel digital experience, with online sales representing 12% of the Luxury Houses' retail revenue

INNOVATION DRIVERS

- More than 8,000 sustainable materials (up from 5,000 in 2022) aligned with the Kering Standards in the Material Innovation Lab (MIL)
- Introduction of new materials such as Lunaform™ (an organic material made from the fermentation of microorganisms) and marine leather developed in collaboration with ICTYOS
- Partnership with the Fashion for Good accelerator, with 151 pilots launched since 2017 including 33 via the MIL, with the Houses and at Group level
- Ongoing investments by Kering Ventures in innovative new technologies, brands and business models for the future of Luxury. Investments in Mogu and VitroLabs
- Jewellery Innovation Lab (JIL) dedicated to Jewelry

PLANET

- 58% reduction in EP&L intensity between 2015 and 2023
- 97% of key raw materials traced back to their country of origin
- Adoption of a target to reduce GHG emissions at the Group level (Scopes 1, 2 and 3) by 40% in absolute terms
- CDP Triple A List (Climate/Water/Forests)
- SBTN Science Based Targets for Nature pilot project
- Regenerative Fund for Nature: new call for projects and arrival of Inditex as co-investor alongside Kering
- Ongoing efforts to achieve our Circular Economy Ambition

CIVIL SOCIETY, LOCAL COMMUNITIES AND NGOS

- More than 15 active programs focusing on raw materials, with a positive impact on local communities
- Change in the Kering Foundation's status to that of an endowment fund and extension of its remit to include combating violence against children: 1 million women who have been victims of violence have been supported over the past 15 years and 100,000 young people have taken part in workshops to raise awareness about violence against women

SHAREHOLDERS AND FINANCIAL COMMUNITY

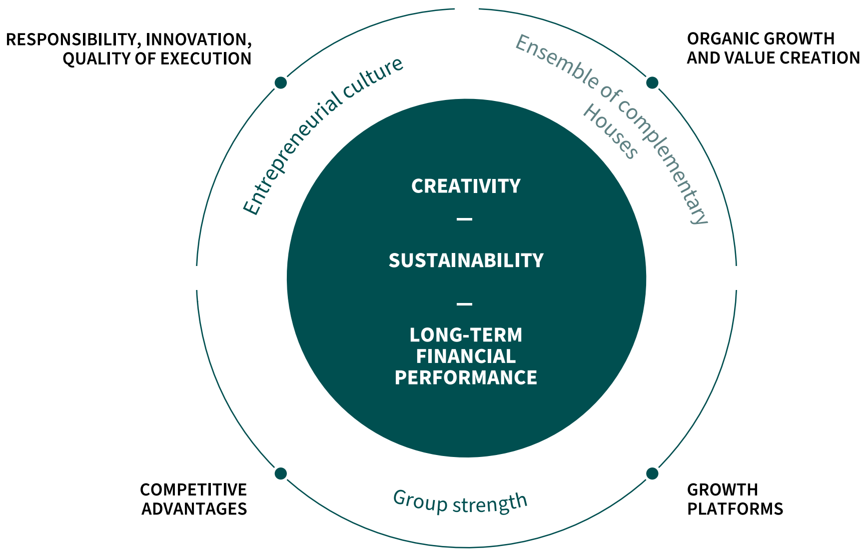
- A balanced and attractive dividend distribution policy, with the dividend per share maintained relative to 2022

5 - OUR STRATEGY

Kering's 2023 results reflect both the slowdown in the Luxury sector's growth and the impact of the Group's decisions intended to make its Houses and distribution more exclusive.

Moves to bolster the Group's management, to appoint new Creative Directors at Gucci and Alexander McQueen, to invest in iconic Italian fashion house Valentino and to create Kering Beauté were therefore intended to strengthen key elements of the Group's strategy and its execution. Major trends in the Luxury market include:

- the sustained appetite of traditional Luxury consumers, who are increasingly demanding in terms of quality, heritage and creativity;
- the growth of new generations of consumers, who are highly connected;
- customers who are more sensitive to social and environmental issues;
- the evolving expectations of customers, who are looking for creativity and a more personalized experience;
- the challenge for major luxury houses to reconcile exclusivity with inclusivity, and to attract and retain a diverse array of customers;
- greater penetration in emerging markets;
- the return and sustained growth of tourism;
- a shift in distribution toward an increasingly exclusive model;
- the digitalization of the luxury goods industry and the omnichannel approach.



Vision

Embracing creativity for a vision of Luxury that combines heritage and boldness

Business model

A multi-brand model built on a long-term approach and on the creativity of our Houses

AGILITY
BALANCE
RESPONSIBILITY

Strategy

Harnessing the full growth potential of the luxury market

PROMOTING ORGANIC GROWTH
ENHANCING SYNERGIES
AND DEVELOPING GROWTH PLATFORMS
FORGING STRATEGIC PARTNERSHIPS

Our vision

Embracing creativity for a vision of Luxury that combines heritage and boldness

Crafting tomorrow's Luxury

Kering is setting the trend, purposefully shaping the luxury of tomorrow and making it more responsible, while remaining true to the exceptional history and heritage of its Houses.

Our ambition is to be the world's most influential Luxury group in terms of creativity and sustainability, while creating value over the long-term.

Creativity and innovation, while respecting heritage

Consumers have new expectations. It remains vital to preserve heritage and offer high-end expertise, but this is not enough. Consumers today want to express their unique individuality and our vision of Luxury supports this radical shift. We dare to take risks, think differently, and constantly propose fresh and innovative ideas that inspire emotion and enthusiasm for our exceptional products, as well as allowing all clients to express their distinctive personality.

What Kering and its Houses propose is an experience. Our values are closely related to the powerful creative content of our products, which imbues them with modernity. Those values are complemented by the entrepreneurial spirit that permeates each of our brands and by the vision of our creative teams. Kering is made up of women and men who strive each day to create authentic, ever-changing, engaged and inclusive Luxury.

Kering = Caring

We want to play our part in the emergence of a more environmentally friendly world. We are constantly raising our creative and production standards to ensure greater traceability and respect for the planet while at the same time having positive social impacts. We aim to create value that is equitably distributed among all our stakeholders.

Kering is pronounced ''caring'', which is much more than a simple allusion – it gives meaning to everything we do.

Strong business performance

Kering is a Group focused exclusively on Luxury. It has several Houses that have achieved critical mass in the luxury industry, along with some jewels of the future.These two characteristics make it highly profitable and cash-generative, and its financial strength is a genuine growth driver for its brands.

Our business model

A multi-brand model built on a long-term approach and creative autonomy for our Houses

Kering is a global Luxury group that manages the development of a series of renowned Houses in Fashion, Leather goods and Jewelry: Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, Brioni, Boucheron, Pomellato, DoDo, Qeelin, Ginori 1735, Kering Eyewear and Kering Beauté.

Thanks to our international footprint and the strength of our Houses combined with the creative autonomy they enjoy and the unique quality of our creations, Kering is among the foremost players in the luxury goods market. The numerous initiatives being undertaken by our Houses are making them yet more attractive and exclusive, and are laying the foundations for sustained, profitable growth.

"Our multi-brand approach is built on a long-term vision and combines agility, balance and responsibility"

AGILITY

Kering provides its Houses with an organizational structure that unlocks their potential for excellence

- **Continuity**

Kering began as a family company more than 60 years ago and is now controlled by Artemis, a holding company owned by the Pinault family. Thanks to this strong and stable shareholder, Kering boasts an attractive and sustainable profile conducive to developing its vision in the luxury goods market over the long-term.

- **Transformation**

From a conglomerate of diversified retail activities until the early 2000s, Kering has transformed itself into a Luxury group focusing on personal goods. We are now an integrated group bringing together and developing some of the world's most prestigious Houses. We are also committed to expanding in business segments that are adjacent to the Luxury industry and show strong growth potential, such as Eyewear and Beauty.

- **Clarity**

Kering helps its Houses realize their full growth potential. At each stage of their development, they benefit from innovative logistics platforms, digital services and technological infrastructure, and common support functions. By encouraging imagination in all its forms, our organization fosters strict management while enabling our Houses to unleash the best of their talent and creativity. The Group ensures that the brands' success is aligned with their long-term visions and objectives. Thanks to our curiosity, capacity for self-reflection and big-picture thinking, we can achieve the clarity necessary to set a successful course for the Group and its Houses.

BALANCE

Kering's multi-brand model is reaching optimal efficiency

- **An ensemble of exceptional Houses**

Each of our Houses fosters a unique blend of emotions and creations. Following our successful transformation into a leading luxury goods player, we boast some of the industry's most prestigious Houses. They complement each other well with their distinctive market positions, and each play a role in a coherent ensemble.

- **A multi-brand model**

We use our strength as a Group to help forge a distinctive identity for each House. Our brands find ways to express their unique characters. The Group supports the brands by providing expertise, exercising its power as a group to exert influence, improving supply chain reliability and opening up access to distribution networks, as well as enhancing the client experience, especially in digital channels. It also encourages the Houses to share best practice with a view to driving innovation.

- **An ensemble of complementary Houses**

While our most firmly established Houses are reinventing themselves and engaging with their audiences in new ways, our other brands are focused on realizing their full potential and gaining new clients. As a result, due to the variety of its customers, products, brands and locations, as well as its balanced geographical positions, Kering is well placed to weather changes in market conditions and seize growth opportunities.

"Our business model is built on exceptional Houses with complementary market positions and varying degrees of maturity"

RESPONSIBILITY

**All our operations are founded on a responsible economic model.
Our comprehensive, sustainable approach is a structural competitive advantage.**

- **Toward sustainable Luxury**

Can a responsible economic approach change the very nature of Luxury? For Kering, the answer is a resounding "yes". For our Houses, sustainability is in line with our vision of modern Luxury. Businesses have an ethical obligation to be more responsible, reflecting society's new expectations. This situation can also be viewed as an opportunity to grow, and is a source of inspiration and innovation. Methods, materials, resources and products are being reinvented, and client usage and expectations are changing. Kering is changing the way it designs luxury products by incorporating the criterion of sustainable value, for our customers as well as for society. The targets identified to improve the Group's social and environmental performance are detailed in chapter 4 ("Sustainability") of the present document.

- **An inclusive approach**

The aim of the responsible model is to rethink Kering's relationships with its stakeholders to ensure fairness and responsibility. Affecting all dimensions of Kering's ecosystem, from the Group's strategy and the Houses' creative decisions to operational production, processing and distribution choices, the model aims to reduce the social and environmental impacts of the Group's operations. Placing people at the heart of the model brings an entrepreneurial spirit, engaging employees and stakeholders.

- **Creative potential**

Responsibility is deeply embedded in the Group's organizational structure and promotes business growth through ever more innovative and attractive products. It is prompting us to modernize our production processes and closely control all aspects of our value chain. In a context of limited natural resources, new high-quality materials are being fashioned and more sustainable processes devised. We are constantly on the lookout for innovative and disruptive technologies. For our brands, this represents a vast expanse of creative territory yet to be explored.

- **Governance and ethics**

Built on the Group's core values, Kering's responsible model leverages an ambitious governance structure. Our governance was further strengthened in 2023 by the appointment of two Deputy CEOs, one in charge of Brand Development and one in charge of Operations and Finance. Reporting to the Board of Directors and taking their lead from its Sustainability Committee, they drive the Group's sustainability strategy, which the Houses put into action every day under the guidance of dedicated experts. The Group's Ethics Committees, Compliance structure and whistleblowing procedure for employees and third parties ensure that Kering's Code of Ethics and principles for responsible business conduct are properly applied.

"Being a responsible Luxury group means crafting the Luxury of tomorrow – we perceive change as an opportunity and a positive prospect for our growth"

Our strategy

Harness the full growth potential of the Luxury market

Over the past decade, Kering has undergone a profound strategic shift and is now one of the leaders in Luxury. In the coming years, the Group will continue to strengthen and sustain its growth momentum.

Promoting organic growth

- **Increasing market share in an industry set to deliver growth in the medium and long-term**

The future of the Luxury goods market is fundamentally bright. The growth of emerging economies, the development of new audiences that are culturally open to global brands and the increasing use of new technologies are major sources of value creation for Kering. The challenge for each of our Houses is to outperform its respective market.

- **Creativity at our core**

Energized by their creative teams, our Houses are setting trends. Backed by the Group, they are constantly coming up with fresh ideas and creations that appeal to their customers' desire, inspire their dreams and tap into their emotions. This approach to creativity is built on our Houses' heritage and the iconic codes that form part of their history. We are proud of this alliance between contemporary creativity and timeless heritage.

- **Making our Houses more exclusive**

With their unique heritage and creativity, Kering's Houses have considerably raised their profile and enhanced their desirability, and have therefore achieved significant revenue growth over the last 10 years. They are now substantial in scale, and intend to become more exclusive.

This "brand elevation" strategy starts with product design, paying particular attention to the quality of materials and know-how, and allows our Houses to develop an upscale offering that complements existing ranges. The strategy is implemented at the marketing stage by gaining ever greater control over distribution and by gradually upgrading directly operated stores. It is accompanied by a quest for excellence and greater personalization as regards the customer experience. These initiatives are supported and amplified by investments in communications and events.

- **Achieving excellence in terms of the customer experience**

Offering high quality products and customer experience through our distribution network is vital. Supporting customers before, during and after sales are made – in stores or online – is what enables our Houses to create and sustain lasting connections. A personalized customer experience helps make each client interaction unique. The decisions to have in-house customer relations and e-commerce platforms, to speed up the development of distance selling tools and to increase the proportion of sales coming from retail stores we control, were guided by the same aim.

- **Sales efficiency**

Our Houses generated 78% of their revenue from their own distribution networks (stores and e-commerce sites) in 2023. By having greater control over our own distribution, we can provide the best possible customer service. Our brands deploy initiatives to boost sales performance, capitalizing on increasingly effective merchandizing and in-store operational excellence, supported by the Group and its dedicated teams. Optimizing same-store sales performance on an ongoing basis is a key organic growth driver for Kering.

- **Omnichannel approach**

Our customers are connected and mobile, constantly moving between distribution channels, from digital platforms to brick-and-mortar stores and vice-versa. Our customer relations strategy is epitomized by continuity across all communication and distribution channels. This holistic omnichannel approach is supported by the directly operated store network, which is being selectively extended, and by distribution agreements, travel retail, e-commerce, social media and digital communication.

- **Digital expertise, CRM and innovation**

A number of projects have been set up to support Kering in its digital transformation and drive forward its e-commerce, CRM, data science and innovation activities. Our Digital and Client Relations team is developing One-to-Many, One-to-Few and One-to-One tools that are improving the customer experience and customer service. We are using artificial intelligence to make better predictions in our production planning. The Group's Innovation team is continuing to instill an internal culture of innovation and work on disruptive technologies to enrich our business models and support our sustainability efforts.

"Digital is simultaneously accelerating and deepening our relationships with our clients, allowing us to offer them an exceptional shopping experience"

Enhancing synergies and developing growth platforms

Our integrated model gives us a distinct advantage. Our brands benefit from Group-wide synergies while preserving their unique characters and exclusivity.

- **Resource pooling**

Our Houses share certain support functions, allowing them to concentrate on what really counts: creativity, production quality, product range development and renewal, client relations, as well as brand and product communication. The Group pools resources and streamlines certain strategic functions such as logistics, indirect purchasing, legal affairs, property, accounting, media relations, IT and the development of new tools (in particular with respect to the omnichannel approach). Relieved of this burden, our Houses can focus their energy on creativity.

- **Cross-business expertise**

In order to enrich its brands' offerings, the Group draws on cross-business expertise. A notable success story in this domain is Kering Eyewear, which has been developed internally since 2014. Our Houses benefit from having a dedicated specialist entity that ensures full control over the value chain in their eyewear frame and sunglasses businesses, comprising creation, development, supply chain, brand strategy, marketing and distribution. Our eyewear unit has been strengthened by the acquisitions of Lindberg and Maui Jim in the last two years. The creation of Kering Beauté will enable the Group to develop expertise in the Beauty segment and help its brands develop this category, while taking advantage of acquisition opportunities. The Group also stepped up its ambitions last year with the acquisition of Creed, giving it significant scale and a growth platform.

- **Growth platforms and operating efficiency**

Kering is constantly improving and adapting its operating model to ensure that its structures are ever more up-to-date and flexible. The Group has been rolling out an ambitious transformation project focusing on its information systems, supply chain and logistics. The aim is to adapt these functions to the Group's new scope, as well as to changing consumer trends and client expectations. With shared IT systems and redefined logistics operations that include the construction of new warehouses in the United States (2019), Italy (2020-2021), Asia (Singapore in 2022) and the Middle East (Dubai in 2023), the Group's brands will be in a better position to anticipate demand, respond more quickly and adapt their inventory management in order to optimize costs.

- **Talent excellence**

We pay particular attention to the professional development and fulfillment of the women and men working for the Group. Based on ever-greater mobility, our ambitious worldwide human resources strategy facilitates the growth of the Houses through a shared pool of talented individuals, expertise and excellence. Kering helps employees reach their potential and express their creativity by developing skills and performance, as well as by offering aspirational development opportunities.

Our policy of promoting diversity, gender parity and inclusiveness is a source of collective intelligence and enrichment. It also lies at the heart of equal opportunities actions and initiatives taken by the Group.

Kering pays particular attention to the role of women, who make up the majority of our employees and clients. Internal systems are in place to guarantee gender equality, as evidenced by our ambitious global parental policy. The Kering Foundation is committed to combating violence against women and children. *Women In Motion*, finally, shines a light on women in the arts and culture, since 2015.

"The Group strives to create value for its Houses and is geared to unlocking their creative potential"

Strengthening the Group's position in the Luxury industry through targeted, strategic acquisitions and partnerships

- **Development of the brand portfolio in the Group's established categories**

Over the years, Kering has developed a powerful portfolio of dominant Fashion & Leather Goods and Jewelry brands, partly through acquisitions. In 2023, Kering acquired a 30% stake in iconic Italian house Valentino, a byword for beauty and elegance, whose standing in the field of Haute Couture is recognized the world over. Kering has an option to increase its stake to 100% between now and 2028.

- **Kering's expansion in new categories of Luxury with major value creation potential**

Kering wants to take advantage of growth opportunities in its sector and adjacent business areas. The acquisition of Creed in 2023, a leading high-end luxury fragrance brand, marks an important milestone in the Group's ambitions in the Beauty segment. This is a natural extension of its Houses' universe and one that offers significant long-term potential for value creation.

6 - OUR MARKETS

6.1 Major trends in the Luxury industry

The Luxury industry was relatively resilient in 2023, despite geopolitical and macroeconomic uncertainty. However, after a very good first half, there was a significant slowdown in the second half of the year.

2023: a two-speed year

Experts and analysts estimate that the luxury market grew around 8-11%[(1)] in 2023 compared to 2022 at constant exchange rates.

- The first half of 2023 brought robust growth of around 17% at constant exchange rates. That was driven in particular by the reopening of the Chinese market, at a time when demand from US customers was decelerating after several very strong years.
- Market growth slowed in the third quarter, due in particular to a higher base for comparison in China. In addition, local demand fell in most regions of the world because of inflation and macroeconomic uncertainty, and the deceleration was particularly visible in Europe. Spending by travelers also fell, particularly among Americans in Europe. These trends continued into the fourth quarter, leading to more moderate growth of 4% for the second half as a whole.
- Chinese consumers made a very large contribution to the luxury industry's growth in 2023. Despite a mixed macroeconomic environment in China, local demand rebounded significantly, although from a less challenging base in the second and fourth quarters. The number of Chinese people traveling abroad gradually recovered, particularly to Asian destinations, although the upturn in those traveling to Europe was limited by ongoing constraints related to airline capacity, the time required to obtain visas and rising travel and overall trip costs.
- Japan saw double-digit growth, driven by Asian tourists attracted by favorable price differentials.
- In 2023, the ultra-premium segment continued to outperform the aspirational segment, which is more sensitive to the macroeconomic environment.
- Growth was driven to a large extent by directly operated stores: sales taking place through third-party distributors and online suffered, partly because they are more exposed to the more aspirational segment.

(1) Source (unless otherwise mentioned for all of section "6 - Our markets"): Bain & Company, Euromonitor, panel of financial analysts.

2024: more moderate growth

- Global gross domestic product (GDP) is likely to see relatively limited growth in 2024 because of the delayed impact of higher interest rates, particularly in the United States and Europe. Uncertainty related to geopolitical events and the US presidential election, along with the crisis in China's real-estate market, are factors that require ongoing attention. A recovery in the consumption of services, which are also being affected by inflation, could adversely affect the consumption of goods. Finally, price increases for luxury goods are expected to be smaller in 2024.
- In the circumstances, experts and analysts expect the Luxury sector to see growth of 1-7%, less than in the last three years. They agree that the first half of the year is likely to be more difficult than the second. The most optimistic scenarios involve an upturn in the second half, supported by significant interest-rate cuts and considerably stronger growth in Chinese people traveling abroad, particularly to Europe.

Solid medium and long-term growth drivers

Experts expect the luxury market to grow at a rate of 5-7% per year over the medium to long-term (source: Bain-Altagamma, Euromonitor), driven by four major trends:

- the development of an urban middle class in emerging countries;
- growth in local and tourist customer bases;
- a larger number of wealthy individuals and an increase in the value of their assets;
- the appeal of the value proposition offered by luxury goods brands.

A constantly changing sector with high entry barriers

Experts emphasize that the sector's best performers have built the reputation of their Houses over a long period and have reinforced entry barriers through heavy investment, along with increasing vertical integration. Those players will be the ones best able to deal with constant changes in the sector, particularly as regards:

- growing demand for personalization in terms of the customer relationship and experience through the use of more sophisticated CRM tools;
- the challenge of generating loyalty among domestic customers;
- greater demand for transparency and social and environmental responsibility.

6.2 Overview of the Luxury market

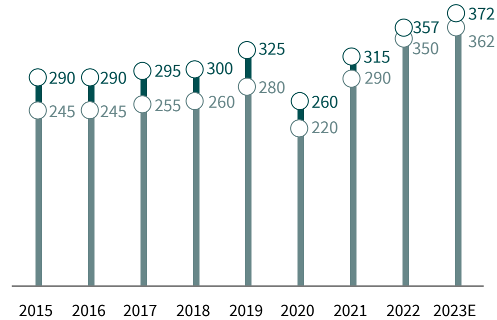
I. Size and trends

Size and medium to long-term growth

In 2023, the global luxury consumer goods market generated revenue of €362-372 billion according to Bain-Altagamma and Euromonitor. The relatively wide range of estimates is the result of differences in how broadly the Jewelry, Apparel and Fragrances & Cosmetics categories are defined.

In the medium to long-term, the Luxury market is expected to grow by 5-7% per year according to Bain-Altagamma and Euromonitor, similar to the average rate seen in the last 15 years.

Size and evolution of the luxury consumer goods market[1]
(in € billions)



II. Competitive environment

The Luxury goods market has historically been fragmented, but is now characterized by the presence of a few large global players, often part of multi-brand groups, as well as a large number of smaller independent players. These various players compete in several segments, which differ in terms of both product category and geographic location.

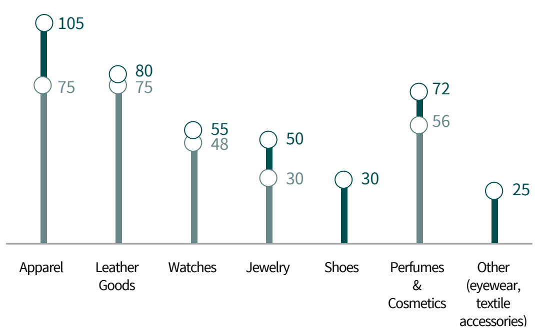
Kering operates alongside the most prominent global Luxury groups: LVMH, Richemont, Hermès, Chanel and Prada. One key feature in 2023 was the strong relative performance of the VIC (Very Important Consumer) segment, which was less exposed to inflationary pressure and the deteriorating macroeconomic environment.

III. Product categories

The global luxury consumer goods market breaks down into seven main product categories: Apparel, Leather goods, Watches, Jewelry, Shoes, Fragrances and Cosmetics, and other.

Apparel and Leather goods remain the sector's two largest categories. Experts saw relatively even growth across all categories in 2023.

Estimated size of luxury product categories in 2023[1]
(in € billions)



(1) The infographic depicts the range between Bain-Altagamma and Euromonitor estimates.

Apparel

Apparel represented between 21% and 27% of the luxury market in 2023. The difference between the upper and lower ends of this estimate results from differences in price ranges taken into account in the analyses. 2023 confirmed customers' renewed interest in clothing to be worn at special events and parties – formalwear and casual chic – and China's reopening also had a positive impact. All Kering couture and leather goods Houses operate in the Apparel category, especially Gucci, Saint Laurent, Alexander McQueen, Balenciaga, and to a lesser extent Bottega Veneta, while Brioni operates in the menswear segment.

Leather goods

The revenue generated by Leather goods in 2023 is estimated at €75-80 billion, representing 21% of the total Luxury goods market. This category covers all leather products, such as handbags, luggage and small leather goods (wallets, purses, etc.). The leather goods category has been moving more upscale in recent years, and sales have been boosted by the resulting changes in the product mix and prices. However, experts expect this phenomenon to be less pronounced in the next few years. Kering operates in this category primarily through the Gucci, Saint Laurent and Bottega Veneta brands and, to a lesser extent, Balenciaga and Alexander McQueen.

Shoes

Revenue in this category is estimated at €30 billion. Growth in sales of formal footwear such as black shoes (loafers and hybrid boots) and pumps stabilized after very strong performance in 2022. The sneakers segment continued to underperform. Kering operates in this category primarily through the Gucci, Saint Laurent, Bottega Veneta, Balenciaga and Alexander McQueen brands.

Watches

In 2022, the Watches category recovered strongly, with revenue of around €50 billion, and significantly closed its growth gap with the other categories. In 2023, it accounted for around 15% of the Luxury goods market. Kering operates in this category across different price points, particularly via Gucci Timepieces and Boucheron.

Jewelry

It remains difficult to estimate the scale of this category because it is dominated by independent producers. This is why it is the category in which experts' estimates vary the most. Overall, however, 2023 was a good year for Jewelry, which was buoyed by the creativity of producers and the investment value of the items they make. Major names – specialist jewelry brands and the jewelry ranges of couture and leather goods houses – continued to gain market share from independents, a trend that has been in place for more than a decade now. Kering operates in this category primarily through Boucheron, Pomellato, DoDo and Qeelin. Its Couture Houses, particularly Gucci, offer products ranging from costume jewelry to high jewelry pieces. Saint Laurent launched its first fine jewelry collection, while Bottega Veneta's range of costume jewelry was a big hit in 2023.

Perfumes & Cosmetics

This category has estimated revenue of €56-72 billion. On February 3, 2023, Kering announced the creation of Kering Beauté in order to develop its Beauty expertise for Bottega Veneta, Balenciaga, Alexander McQueen, Pomellato and Qeelin. Beauty is a natural extension of Kering's Luxury universe. On June 26, 2023, Kering also announced the acquisition of Creed, an established high-end luxury fragrance House. The high-end luxury fragrance segment was worth an estimated €5 billion in 2022 according to Bain and is growing rapidly, with growth expected to average 15% per year between 2022 and 2026.

Kering also operates in the Perfumes & Cosmetics category through licensing agreements with certain leading industry players, such as L'Oréal, Coty and Interparfums, for its Saint Laurent, Gucci and Boucheron brands.

Other (eyewear, textile accessories, etc.)

The global eyewear market is estimated to be worth around €130 billion (at retail prices) according to Euromonitor data. The industry comprises several product segments including spectacles, contact lenses, sunglasses and other products. Euromonitor estimates annual sales in the luxury eyewear sub-segment at €20 billion. In 2023, the category continued to make progress. Kering Eyewear is positioned as a leading player in the strategically important high-end eyewear segment, with a comprehensive, balanced portfolio comprising brands such as Gucci, Cartier, Alaïa, Alexander McQueen, Balenciaga, Bottega Veneta, Brioni, Chloé, Dunhill, Montblanc, Saint Laurent and Puma. The eyewear market is gradually consolidating through acquisitions: for example, Kering added to its eyewear brand portfolio in 2021 by acquiring Denmark's Lindberg and in 2022 by acquiring Maui Jim.

Overall, the products that make up this "Other" category represent revenue of €25 billion.

IV. Sales by region and nationality

Sales by region

Since 2021, the American continent has established itself as the world's largest luxury consumer goods market, overtaking Europe. However, growth in the American market has slowed since the end of 2022, and the deceleration became more marked in early 2023.

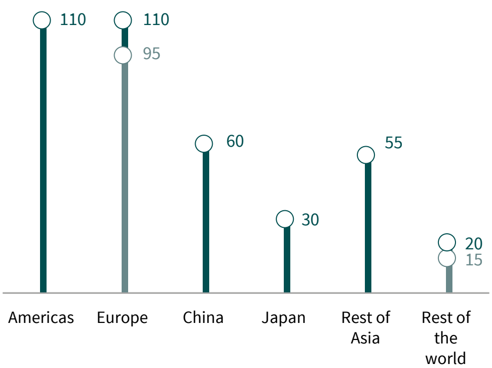
Although the European market was resilient in 2022 and the first half of 2023, it has seen a sharp slowdown since the third quarter of 2023. Local consumer spending has been affected by inflation and higher interest rates. Tourist numbers also fell relative to the previous year, particularly among those traveling from America, although from a very high base. In addition, the increase in Chinese tourist numbers was smaller than initially predicted.

Japan, meanwhile, posted strong growth, underpinned mainly by Asian tourists attracted by large price differentials.

In mainland China, the situation was positive but mixed, and the base for comparison varied because of the "zero-Covid" policy adopted the previous year. While the first half of 2023 brought strong growth from a low base, growth in the third quarter was significantly lower because of a high base for comparison. Because China's lockdown measures peaked in December 2022, the base for comparison then fell again in the fourth quarter.

Worldwide luxury market: estimated breakdown by region in 2023[2]

(in € billions)

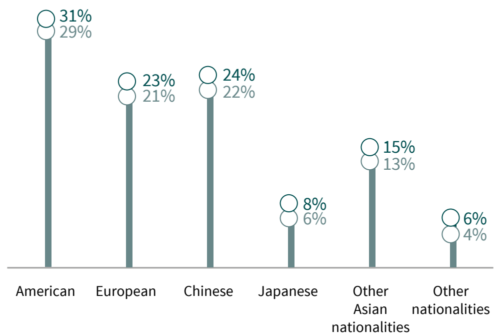


Sales by nationality

In 2023, China's reopening boosted growth in spending by Chinese consumers, who accounted for 22-24% of luxury goods sales, five percentage points more than in 2022. However, Chinese consumers show further growth potential in 2024, particularly due to the expected increase in the number of Chinese tourists visiting Asia and Western Europe.

American consumers' share of total sales fell by three points in 2023 relative to the previous year, while that of European consumers was down one point.

Worldwide luxury market: estimated breakdown by nationality in 2023[2]



V. Distribution channels

Retail channel

In 2023, the retail channel accounted for 52% of in-person sales in the worldwide personal luxury goods market, higher than the 2022 figure of 50%. For the first time, therefore, the majority of the market's sales came through the retail channel. A solid network of directly operated stores is crucial to a luxury brand's success, since it strengthens its relationship with end-consumers, gives it control over its commercial offering and allows it to safeguard its brand image.

Kering's Houses generate a much larger proportion of their sales from the retail channel (78% in 2023). This is due to Kering's strategic aim of giving its customers the best possible service, and also reflects the critical mass of its brands and their exposure to Leather Goods, a category in which brands control their distribution more tightly.

Wholesale channel

The wholesale channel mainly consists of department stores, independent high-end multi-brand stores and franchise stores, and accounted for approximately 48% of the total worldwide personal luxury goods market in 2023. This channel usually accounts for a larger percentage of sales in the Ready-to-Wear and Watches categories, and for brands at an early stage of their development.

For Kering's Houses, the wholesale channel (which also includes other revenues) accounted for 22% of revenue in 2023. That proportion has fallen in recent years due to the Group's strategy of increasing its control over distribution and working with fewer partners.

E-commerce

In 2023, online sales underperformed sales in physical stores and made up 20% of the Luxury market, compared to 21% in 2022. This includes sales made through brand websites (retail channel) and via department store websites and e-tailers (wholesale).

Kering's Houses manage their e-commerce sites directly. In 2021 and 2022, they took greater control in terms of multi-brand distribution, moving away from wholesale models and toward e-concession models. In 2023, online sales accounted for around 12% of retail sales on average, three points less than in 2022.

(2) The infographic depicts the range between Bain-Altagamma and Euromonitor estimates.

7 - OUR HOUSES

GUCCI

Founded in 1921

2023 key figures

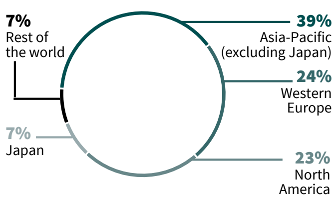
€9,873 million
revenue

€3,264 million
recurring operating income

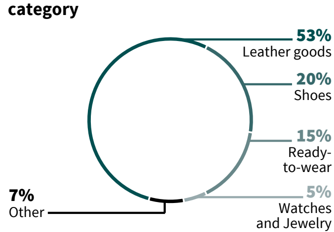
21,086
employees (average full-time equivalent)

538
directly operated stores

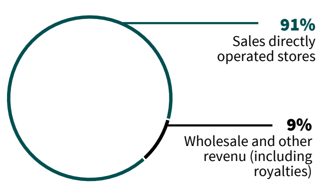
Breakdown of revenue by region



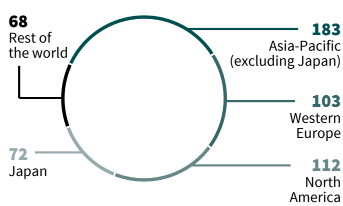
Breakdown of revenue by product category



Breakdown of revenue by distribution channel



Number of directly operated stores by region



Business concept and strategy

Founded as a leather goods shop in Florence in 1921, Gucci has since become one of the world's most recognizable Houses alongside Chanel, Louis Vuitton, Dior, and Hermès. The House's timeless appeal lies in its Italian heritage and its positioning at the intersection of fashion and luxury.

Gucci represents the pinnacle of Italian artisanal excellence, and its designs are renowned for their extremely high quality and attention to detail. Gucci has a history stretching back over 100 years and it is constantly redefining Luxury by focusing on creativity and innovation through its collections of ready-to-wear women's, men's, kids' leather goods, shoes, bags, jewelry, watches, home décor, and more.

Gucci strategically balances Fashion and Luxury in its product portfolio, showcasing a range that includes both entry-level and high-end creations. The House's commitment to expansion encompasses core categories, including travel and the iconic handbag lines. Rooted in its history as a Leather goods brand, Gucci demonstrates a steadfast commitment to preserving and elevating its rich heritage.

In recent years, Gucci has significantly streamlined both its offline and online wholesale presence while maintaining strategic partnerships through concessions. Its network comprises 538 directly operated stores, together with selected specialty stores and franchises. Its digital footprint mainly consists of its website, active in 36 markets, along with a limited number of digital concessions.

The House invests in preserving craftsmanship and enhancing product quality while promoting creativity in all its product segments, currently developing a long-term elevation concept that extends beyond the raw materials used in collections. This concept covers project including exclusive events, customer experiences, and brand experiences. In Florence, Gucci ArtLab is poised to play a pivotal role in this initiative, serving as a futuristic hub dedicated to the in-house prototyping and sampling of the House's leather goods and shoes, seamlessly blending tradition with innovation. In addition, the Gucci Atelier in Novara brings creative visions to life, with its talented fashion designers and craftspeople, developing pieces and creating designs for the brand's ready-to-wear collections.

Gucci Equilibrium embodies the House's dedication to fostering positive change with strong, enduring environmental and social sustainability strategies. The House is dedicated to advancing transparency, accountability, and circular innovation by conscientiously minimizing Gucci's environmental impact. Social commitments include promoting diversity, equity, and inclusion. In 2023, Gucci became the first Italian House to obtain the Certification for Gender Parity voluntarily, covering key indicators such as culture, governance, human resources, opportunities for women, gender pay equity, and parenting support.

Key highlights 2023

Gucci's 2023 strategy enhances the core fundamentals of the business. The House continued to expand its reach among upscale clients, maintaining a healthy demographic mix across generations.

The physical store network expanded through a consistent program of refurbishments, focusing on key flagship stores such as those in London (New Bond Street) and Milan (Via Montenapoleone). At the same time, Gucci strengthened its e-commerce operations in key countries. The House also enhanced omnichannel services to create more seamless customer journeys, attracting more remote customers through Gucci 9, its global client service, and opening Gucci 9 offices in China. Additionally, efforts were made to expand in-store digital services and implement Collect In-Store.

Creativity remains the cornerstone of the brand under the guidance of the new Creative Director, Sabato De Sarno. De Sarno adeptly draws upon the House's rich heritage and iconic codes while strengthening its position of authority in fashion, luxury and Florentine identity. A noteworthy illustration is De Sarno's debut collection, Gucci Ancora: marked by a keen sensibility for contemporary culture and fashion, it remains loyal to the brand's illustrious history, embracing heritage codes.

Gucci's rich heritage was also prominently displayed in the 2023 campaign schedule, anchoring Gucci's legacy in a tradition that continues to inspire generations. Gucci highlighted iconic pieces such as its Jackie 1961, Horsebit 1955, and Bamboo 1947, along with the signature Horsebit 1953 loafer, while introducing its second Gucci Valigeria campaign. The House's 102-year-long history was further encapsulated in the exhibition itineraries of Gucci Cosmos and Gucci Visions, offering historical explorations that provided a visual journey encompassing both tradition and innovation.

Throughout the year, Gucci made significant adjustments to its operating model, including strengthening its corporate governance and overhauling the management of its creative studios. The House appointed a new President and Chief Executive Officer, a new Chief Brand Officer in charge of brand and customer engagement, and a new Chief Industrial Operations and Supply Chain Officer.

For 2024 and beyond, the House is poised to elevate Luxury quality, exclusivity, and fashion creativity, thereby solidifying the brand's long-term presence. Seizing this opportunity, Gucci aims to fortify business fundamentals and streamline processes for enhanced efficiency. This initiative includes strengthening the new operating model to consolidate leadership in the Luxury industry, achieve its ambitions[1] and ensure sustainable long-term growth.

(1) The presentation of the latest Capital Markets Day is available on the Kering website (Finance / Publications / 2022 Capital Markets Day – Gucci presentation).

SAINT LAURENT

Founded in 1961

2023 key figures

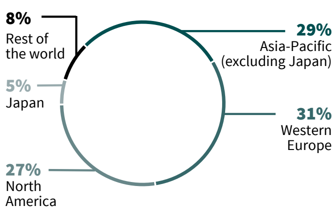
€3,179 million
revenue

€969 million
recurring operating income

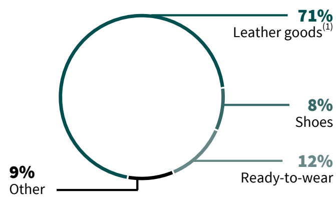
5,112
employees (average full-time equivalent)

308
directly operated stores

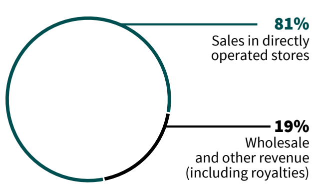
Breakdown of revenue by region



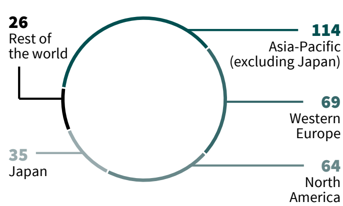
Breakdown of revenue by product category



Breakdown of revenue by distribution channel



Number of directly operated stores by region



(1) Including royalties to the total revenue, this product category represented 72% of the total in 2022.

Business concept and strategy

Founded in 1961 by Yves Saint Laurent, the House is one of the most prominent and influential fashion names in the world. Originally a House of Haute Couture, Saint Laurent revolutionized the way fashion and society merge and interact in 1966 with the introduction of prêt-à-porter, high-end ready-to-wear produced on a larger scale than the exclusive collections.

Since then, in addition to women's and men's ready to wear, Saint Laurent's offering has expanded to include shoes, handbags, small leather goods, jewelry, scarves, ties and eyewear, defining a unique highly desirable and contemporary silhouette.

Under the creative vision of Anthony Vaccarello and the leadership of Francesca Bellettini, Saint Laurent has built very strong foundations for sustainable, long-term growth. Much of the House's success stems from its uncompromising approach to creativity, quality and craftsmanship. With clear and distinctive codes expressed in continually compelling collections, Saint Laurent has become one of the most desired houses in Luxury.

Through its network of 308 directly operated stores as of December 31, 2023, along with its digital platforms and carefully selected wholesale clients, Saint Laurent competes globally with the most exclusive houses. Retail excellence and strong client relationships have been strategic priorities for Saint Laurent for many years. With a new architectural vision for its retail stores introduced in 2023, the House will further enhance the client experience.

As part of its strategy to take full internal control of prototyping and product development, Saint Laurent opened the *Atelier Maroquinerie*, a new 28,700 square-meter (or 309,000 square feet) Centre of Excellence for accessories and leather goods. Located in Scandicci, Florence, the Atelier will be home to Saint Laurent's full array of research and development activities, encouraging innovation in terms of materials and components used to create pieces that express the timeless heritage and contemporary appeal.

Key highlights 2023

In 2023, Saint Laurent continued to build on its heritage while capturing the zeitgeist, without ever compromising its image or position.

The House further extended its store network: net of closures, it added 28 new stores around the world, including the brand's largest flagship on the Avenue des Champs-Elysées in Paris. That store features a new concept that reflects the brand's elevation strategy and offers customers a one-of-a-kind luxury experience.

Consistent with its focus on retail, Saint Laurent further rationalized wholesale distribution in the United States and EMEA in 2023, focusing on the most qualitative partners. The House has thus reinforced the exclusivity and quality of its distribution, guaranteeing the integrity of the brand while facilitating optimized management of its assortment.

The gradual return of international travel had a favorable impact on store footfall in some regions in 2023. Saint Laurent's client advisors treat each visitor as a regular customer, helping to generate loyalty and engagement among both locals and tourists.

With the opening of the Atelier Maroquinerie in Scandicci, Florence, Saint Laurent further demonstrated its commitment to sustainability, bringing new life to a long-abandoned building and regenerating the local area.

Saint Laurent expanded its cultural reach and impact in 2023 with a series of exhibitions and collaborations with leading artists. Saint Laurent Productions premiered "Strange Way of Life" by Pedro Almodovar and "A trailer of a movie that will never exist: Phony Wars" by Jean-Luc Godard as official selections in the 76th Cannes Film Festival.

In the future, Saint Laurent will continue to implement its brand elevation strategy through its commitment to creativity and excellence in execution. The House is confident in sustaining its planned growth trajectory[1].

(1) The presentation of the latest Capital Markets Day is available on the Kering website (Finance / Publications / 2022 Capital Markets Day – YSL presentation).

BOTTEGA VENETA

Founded in 1966

2023 key figures

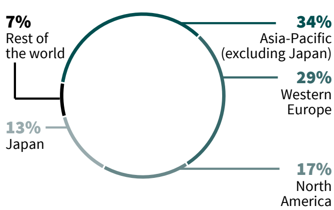
€1,645 million
revenue

€312 million
recurring operating income

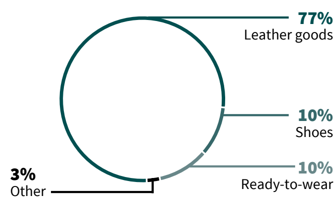
3,891
employees (average full-time equivalent)

288
directly operated stores

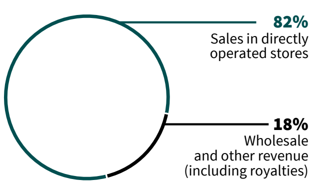
Breakdown of revenue by region



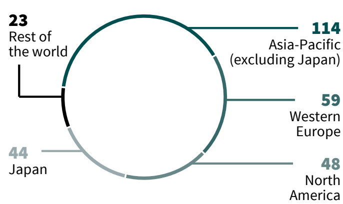
Breakdown of revenue by product category



Breakdown of revenue by distribution channel



Number of directly operated stores by region



Business concept and strategy

Signature craftmanship, extraordinary creativity and Italian heritage have established Bottega Veneta as a successful Luxury fashion House since its founding in Vicenza in 1966. Bottega Veneta is regarded as a legacy House, globally recognized for its leather mastery and its signature *intrecciato*. Its aesthetic is highly regarded for its bold discretion, celebrating individuality, embracing non-conformity, honoring timelessness, and paying homage to cultural advocacy.

With the appointment of Bartolomeo Rongone as CEO in 2019 and Matthieu Blazy as Creative Director in 2021, Bottega Veneta continues to elevate its brand positioning within the ultra-high-end Luxury universe. With an instinct aligned with the founding principles of Bottega Veneta - *Labor et Ingenium,* i.e. craftmanship and creativity -, Matthieu Blazy's collections have become highly acclaimed.

In recent years, Bottega Veneta has successfully evolved from a leather House to a luxury House, with collections highlighting a full silhouette and a wider range of products, appealing to an international clientele of men and women. This strategy has propelled Bottega Veneta into new territories: while continuing to highlight subtlety, the House is engaging with a broader audience to unveil its full potential, maintaining a very balanced mix of new and existing customers.

Bottega Veneta is one of the very few Luxury brands offering lifetime warranty on its bestselling bags, honoring its philosophy of products designed to last forever, supporting its strategy of protecting icons that appreciate over time and its commitment to long-term sustainability.

The business and creative teams are working hand in hand to increase brand desirability and awareness with a focus on long-term organic growth. Bottega Veneta's strategy is centered around strict price discipline, selective distribution and "iconization" of key products. Additionally, Bottega Veneta's retail development strategy is centered around opening key image flagships, Very Important Clients spaces (VIC), strategic traffic stores and reducing its wholesale network.

As of December 31, 2023, the Bottega Veneta retail network consisted of 288 directly operated stores across all key geographies, as well as e-commerce capabilities across 46 countries.

Key highlights 2023

Bottega Veneta continued to affirm its long-term strategy with an ultra-high-end Luxury positioning, focusing on brand elevation and desirability. As regards fashion shows and communication campaigns, the House remained at the forefront of international fashion weeks and received high praise from specialist critics.

In addition to its best-selling handbags and existing categories, Bottega Veneta expanded its product portfolio by introducing its Home collection. At the same time, the House continued to bolster its shoe category, inaugurating its first dedicated shoe atelier in Vigonza, Riviera del Brenta, which has a long tradition of footwear production. The building spans 5,500 square meter (or 59,000 square feet) and is LEED (*Leadership in Energy and Environmental Design*) certified. To preserve its know-how, Bottega Veneta established *Accademia Labor et Ingenium*, a new school dedicated to fostering the next generation of artisanal talent.

A significant milestone was achieved this year with the brand's inaugural fashion show in China, coupled with a series of impactful campaigns celebrating key moments during Chinese New Year and Qixi. Furthemore, Bottega Veneta's communication initiatives remained rooted in cultural relevance and advocacy, balancing exclusivity with inclusivity for larger audiences. Notable moments included the *Vieni a Vedere* installation by Gaetano Pesce during *Salone del Mobile* in Milan, Bottega for Bottegas providing an international platform to local artisans, the opening of The Square celebrating artists in São Paulo, sponshorship of the LEEUM museum in Seoul, and ongoing publishing partnerships with BUTT, Magma, and Air Afrique.

Finally, Bottega Veneta elevated its retail experience with key flagship openings in Paris Avenue Montaigne, London Sloane Street, Dubai Mall of Emirates, and innovative pop-ups showcasing innovative creativity worldwide.

In 2024, the House will continue to emphasize its ultra-high-end positioning across all client touchpoints and will launch its fragrance and candle categories. Additionally, Bottega Veneta is set to extend its Italian and global presence by inaugurating its new headquarters in Piazza San Fedele in Milan, expanding its existing industrial operations with larger and innovative sites in Veneto, Italy and pursuing the elevation and expansion of its directly operated retail network.

Other Houses

COUTURE, LEATHER GOODS

BALENCIAGA MCQUEEN Brioni

ART DE VIVRE

GINORI 1735 ITALIA

JEWELRY

BOUCHERON PARIS DEPUIS 1858 Pomellato DoDo qeelin

2023 key figures

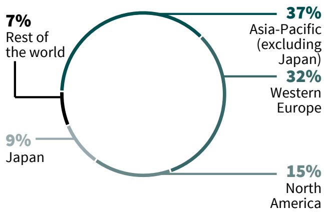
€3,514 million
revenue

€212 million
recurring operating income

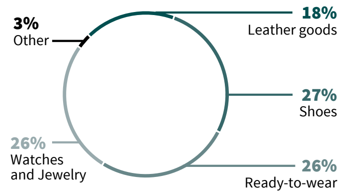
9,020
employees (average full-time equivalent)

618
directly operated stores

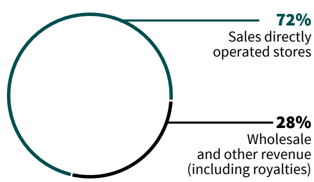
Breakdown of revenue by region



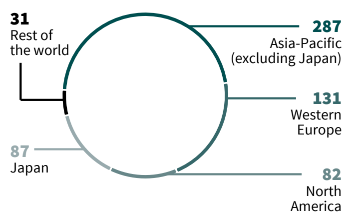
Breakdown of revenue by product category



Breakdown of revenue by distribution channel



Number of directly operated stores by region



BALENCIAGA

Founded in 1917

Business concept and strategy

Founded in 1917 by Cristóbal Balenciaga, the House of Balenciaga was established in 1937 in Paris, where it played a major role in defining the key trends in Fashion. From the 1990s to the early 2000s, the House experienced a rebirth, extending its product universe beyond its core Ready-to-wear segment to include handbags, and developing new lines of Shoes and Accessories. Demna was appointed Artistic Director of Balenciaga in 2015. His innovative approach, combined with his mastery of techniques and use of volumes, make him a powerful force in today's creative world.

Balenciaga has recently re-entered the Haute Couture segment after a 50-year hiatus, further consolidating the House's status as a fashion authority. Its creative vision is also realized through various collaborations with artists, cultural and technological partners, as well as other brands.

Retail and e-commerce development have been Balenciaga's priority in recent years, with the aim of increasing control over its distribution. The House has pursued its retail expansion and the Balenciaga online store has strengthened its presence across all territories since migrating to a new and directly operated controlled platform. This focus on directly operated retail has opened business development opportunities, by increasing the House's omnichannel capabilities and improving time to market.

Balenciaga is fully committed to pursuing sustainable development by fostering the values of inclusion and diversity and promoting responsible Luxury.

As of December 31, 2023, the House had a network of 262 directly operated stores and its online activity covers 49 countries across all Regions.

Key highlights 2023

In line with its positioning and strategy, Balenciaga achieved some significant strategic milestones in 2023. Notably, Balenciaga kept expanding its store network worldwide, with openings of additional flagship stores featuring the latest Raw Architecture concept and larger sizes.

The House also continued to display its new collections through highly meaningful and impactful fashion shows. Balenciaga presented its Winter 23 collection at the Carrousel du Louvre in Paris in March, focusing on craftmanship and the art of making clothes. The Summer 24 collection was showed on a red velvet-curtained set at the *Hôtel national des Invalides* in Paris featuring a special cast of Demna's closest community. Its Fall 24 collection showcased the artistic director's interpretation of L.A.'s fashion code on the streets of Los Angeles.

When it comes to Haute Couture, Balenciaga's 52nd Couture collection, reinvested the House's heritage, combining archives reinterpretations and modern ways of acknowledging traditional materials. Along this show, Balenciaga announced the expansion of the historic address of 10 avenue George V in Paris.

Communication-wise, Balenciaga unveiled its first ever brand ambassadors. Nicole Kidman, Michelle Yeoh, Isabelle Huppert and PP Krit Amnuaydechkorn, all of whom already had a close and solid relationship with Balenciaga, will continue to grow it in an official capacity.

Balenciaga announced its support for the National Children's Alliance (NCA) NGO via a multi-year partnership. The House wants to help ensure the safety and well-being of children, and develop cognitive-behavioral therapies to help children deal with trauma. Through this partnership, Balenciaga provides the NCA with its creativity and media space resources.

Last but not least, the House kept pursuing its commitment to reduce the environmental impact of its creativity. Balenciaga was notably recognized for its work in developing alternative, more sustainable materials, and has received for the second year in a row the PETA Best Luxury Product for the Balenciaga Maxi Bathrobe Coat, introduced in the Summer 24 collection, made of Lunaform™, a biomaterial developed specifically for the House.

MCQUEEN

Founded in 1992

Business concept and strategy

Alexander McQueen is an artistic British Luxury fashion House founded by Lee Alexander McQueen in 1992. Representing the power of individuality, subversive strength and defiant elegance, the House is inspired by the juxtaposition between tradition and innovation, light and darkness, man and machine and nature – real and imagined. At the heart of the name is a profound humanity and the desire to provoke an extreme emotional response through masterful execution. House references demonstrate a passion for storytelling and a sense of history is also central to the narrative. With an atelier in Central London, the process behind every McQueen garment is rigorous and attention to detail is second to none. Collections are finished and fitted on the body or stand, predominantly by hand. Today an internationally celebrated fashion name, Alexander McQueen is known for the expression of creativity in its purest form and for its wish to instil authority and confidence in the wearer.

As of the end of 2023, Alexander McQueen's distribution covered 23 countries worldwide, through a network of 113 directly operated stores.

Key highlights 2023

2023 was characterized by sustained momentum in communications, further penetration in key product categories like Women's and Men's Ready to Wear but particularly in Leather Goods and formal Shoes.

In March, the Autumn/Winter 2023 womenswear show, "Anatomy", marked the return of the House to the prestigious Paris Fashion Week calendar after more than 3 years absent, at the same time celebrating the opening of its largest flagship store worldwide in rue Saint-Honoré. The House continued to focus on its signature Jewelled Satchel bag, as well as launching the unique Peak bag inspired both by the iconic silhouette of the McQueen tailored jacket and the signature McQueen Knuckle.

In addition, the House kept on showing its strength and connection with the most relevant talents in the world. Significant moments include a series of custom-made looks for Beyoncé's record-breaking world tour as well as several iconic red carpet moments during awards season.

To promote the main collections of Spring/Summer 2023 and Autumn/Winter 2023, the campaigns featured star-studded casts, evoking the power and beauty of the McQueen woman.

September saw the opening of a unique exhibition at the Design Museum in London, in partnership with the British Fashion Council and sponsored by Alexander McQueen. The exhibition celebrates the 30th anniversary of the BFC NewGen initiative which champions and supports young designers and of which Lee Alexander McQueen was the first recipient in 1993.

Throughout the year, the House's store network was strengthened with openings in Europe, the United States, Southeast Asia, South Korea and Greater China. The House kept increasing focus on local customers and on enhancing its online presence.

The Spring/Summer 2024 fashion show in Paris in September symbolized the conclusion of a highly successful partnership that began when Sarah Burton became Creative Director of the fashion House in May 2010, having previously worked alongside Lee Alexander McQueen for more than 14 years. Seán McGirr was appointed new Creative Director of the House. He will bring a powerful creative language to Alexander McQueen while building on its unique heritage.

Regarding philanthropic and educational endeavors, the House maintained its commitment through continued sponsorship of the Tower Hamlets youth arts community group, A Team Arts Education, fashion scholarships to young designers at Central Saint Martins, the Sarabande Foundation, as well as recurring support to educational initiatives through the program of workshops, projects and fabric donations to a network of educational institutions around the UK.

Founded in 1945

Business concept and strategy

Since 1945, the Brioni style is one of effortless modern elegance. It stems from excellence through in-house sartorial savoir-faire and perpetual quest for the finest materials.

Founded by Italian master tailor Nazareno Fonticoli and entrepreneur Gaetano Savini, the House offers, in addition to its state-of-the-art Bespoke service, Ready-to-wear, Leather goods, Shoes and Accessories, both for formalwear and leisurewear, as well as fragrances.

All these pieces are meticulously handmade in Italy by expert artisans and most of the production is made at the Brioni ateliers established in 1959 in Penne, a small town in the Abruzzo region. Brioni products are designed, crafted, and cared for in the spirit of 'slow luxury', a value that is instilled in the people and communities behind the House. Every suit is created through the Brioni method, a process which requires 220 steps, 7,000 meticulously hand-made hidden stitches, and more than 24 hours of workmanship.

Over the years, Brioni strengthened its global reputation notably through its link with the world of cinema and the red carpet.

Brioni's offering is available through a network of 43 directly operated stores, located in Western Europe, North America, Japan, South Korea and Greater China. This distribution network is further completed by franchise stores and wholesale partners, as well as by e-commerce.

Key highlights 2023

House ambassadors since last year, Jude Law and Raff Law, were featured in the Spring-Summer advertising campaign. The Fall advertising campaign, echoing the timelessness of Brioni's bespoke tailoring, featured actor Glen Powell.

In China, Wang Kai continued his ambassadorship for both seasonal collections as well as for the fragrance campaigns. Wang Kai opened a brand installation in Shenzhen MixC mall, focused on the House's heritage as well as on the Bespoke service.

The House developed its e-commerce operation with the addition of the brioni.cn website in China, along with the online launch of its Made-to-Order knitwear service, which is now a genuinely omnichannel service. Social media presence was extended in Japan through the launch of an official LINE account.

Throughout 2023, capsule collections generated further newness and product diversification starting with *Chinese New Year sportswear* and *Riviera*. It was followed by *La Donna* women's capsule in both seasons, the charitable capsule collection in collaboration with Wang Kai and the Mangrove Conservation Foundation (MCF) China and ended the year with the *Travel* and *Wintertime* capsules. The new *Eau de Parfum Essentiel* marked the House's first 100% natural-origin fragrance.

Brioni new store concept was applied to the renovated Milan and Zurich stores, and to new openings in Kyoto, Dallas, Nanjing and Hangzhou. Franchisee stores were expanded in Asia and the Middle East while wholesale openings focused on North America. Brioni also completed the conversion of its South Korean operations in retail stores.

In July, the House unveiled new packaging, with has been freshened up to reflect its esthetic vision while respecting its sustainability objectives.

GINORI 1735 ITALIA

Founded in 1735

Business concept and strategy

The history of the Ginori Manifattura (today Ginori 1735) began in 1735 in Doccia, a small town close to Florence. Inspired by his passion for white gold, Marquis Carlo Andrea Ginori started a porcelain factory which was destined to become a worldwide icon of style.

Since the XVIIIth century, Ginori 1735 has been one of the finest expression of Italian excellence in pure porcelain and design, always associated with great names in fashion, art, design, architecture, film and decor.

Today, the brand creations represent a blend between centuries-old artistic craftsmanship and innovation, including tableware collections, art and living objects like fragrances, lamps, furniture, fabrics, crystalware and cutlery.

In addition to the historical Florence boutique, the House has stores in Milan, Paris and London. The House's products can also be found in some of the most prestigious department stores in Europe, America, Middle East and APAC and can count on important partnerships worldwide with some of the most prestigious luxury hotel chains and among the most refined restaurants.

Key highlights 2023

Since April 2022, Ginori 1735 partnered with actor and artist Jake Gyllenhaal to launch a new campaign, shot by Gray Sorrenti, celebrating the love of art. The collaboration marked the turning point for an international brand deeply rooted in the Italian craftsmanship history but with a resolutely future-facing approach.

A new chapter for the brand has also started in April 2023, during Milan Design Week, when Ginori 1735 presented Domus, a collection of lamps, furnishings and fabrics conceived and designed by Luca Nichetto and his design Studio. The collection embodies sculptural beauty, with colors, shapes and materials that pay homage to tradition while embracing contemporary design.

Finally in October 2023, Ginori 1735 launched the new Oriente Italiano Gold collections, in hand-decorated porcelain, featuring the two new colors: Aurum and Rubrum.

BOUCHERON
PARIS DEPUIS 1858

Founded in 1858

Business concept and strategy

Frédéric Boucheron founded his eponymous House in 1858 and it has been built up by four generations of his direct descendants. The first major contemporary jeweler to open a store on Place Vendôme in Paris, Boucheron is now an exponent of excellence in Jewelry, High Jewelry and Watchmaking.

Boucheron operates in a rapidly growing market, and stands out through its avant-garde approach. The House is now headed by two women, Hélène Poulit-Duquesne (CEO) and Claire Choisne (Creative Director), who are taking a innovative and creative approach to High Jewelry, seeking to push back its limits and offer collections that allow wearers to express their own style and unique personality regardless of gender.

As of December 31, 2023, the House had a network of 57 directly operated stores around the world, and worked with a limited number of third-party distributors.

Key highlights 2023

In January 2023, Boucheron unveiled Like a Queen, its new High Jewelry collection. Looking through the House's archives, Creative Director Claire Choisne was inspired by a brooch given to Queen Elizabeth II for her 18th birthday: a piece that was of exceptional sentimental value to the Queen, who wore it all her life. The brooch's Art Deco-inspired motif was reinterpreted to enliven a range of pieces in multiple colors.

In 2023, Boucheron also presented More is More, an entirely new "Carte Blanche" collection designed during the Covid-19 pandemic with the aim of bringing joy. The collection consists of pieces that are extravagant in size, vivid in color, made from materials never before used in High Jewelry, and designed to be works of art. Breaking the codes and pushing the boundaries of High Jewelry, the collection includes a pocket, hoodie strings that turn into earrings, and luxurious patches.

In early September Boucheron opened a new store in Tokyo, its second-largest after its historic store at 26 place Vendôme. This new flagship has more than 1,000 square meter (or 10,800 square feet) of space over four levels, and is intended to act as a bridge between French and Japanese culture. It now acts as the House's showcase in Asia. Boucheron has been in Japan since 1973, and the new store strengthens its presence in this key market.

Finally, and in line with its desire to adopt ever more sustainable practices, Boucheron reimagined the Jewelry sector's most symbolic object: the jewelry case. Its teams worked on this project for two years, using innovation and creativity to reduce the number of cases from twelve to seven and to make them from only two natural, recyclable materials: aluminum and wool felt.

Pomellato

Founded in 1967

Business Concept and Strategy

Pomellato is renowned internationally for its contemporary fine jewelry handcrafted at Casa Pomellato and often inspired by its home city of Milan. With colored gems and unconventional designs since 1967, the House promotes traditional Milanese craftsmanship and women's empowerment.

Pomellato continues to strengthen its iconic fine jewelry collections with a focus on premium designs– from its signature Nudo to golden Iconica or Pomellato Together. The House has been capitalizing on the High Jewelry opportunity in the last few years including the latest Ode to Milan collection, with unique one-of-a kind creations.

As of December 31, 2023, the House has a distribution network consisting of 68 directly operated stores, 12 franchise boutiques, almost 500 wholesale doors and an online store.

Key Highlights 2023

In 2023, Pomellato increased its visibility through more intensive media activity, editorial partnerships and digital media campaigns to reach younger audience.

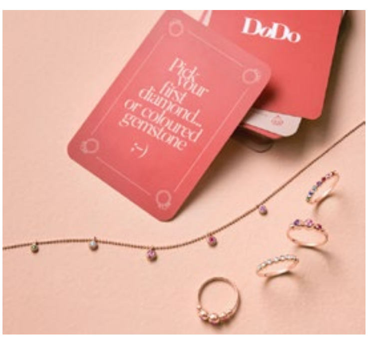
At the same time, Pomellato elevated its brand awareness and prestige with the launch of new High Jewelry masterpieces and with the first international High Jewelry event in Paris.

It paid particular attention to Asian markets through targeted local initiatives and special product launches such as the Isola collection. Pomellato also unveiled its first Korean brand ambassador with singer and actress Krystal and its first Chinese male brand ambassador with singer and actor Liu Yuning.

The brand's storytelling consistently evokes female empowerment, Milan and its creative genius, as well as its expert craftsmanship. The House launched a new campaign featuring Hollywood star Joey King as Global Ambassador and its Creative Director's milestone 20th anniversary with the brand. The brand supported its Pomellato for Women platform with activations to promote women's freedoms and advocate against domestic violence. Pomellato was ranked #1 by the WWF for sustainability performance amongst 21 of the top jewelry brands.

DoDo

Founded in 1994



Business concept and strategy

Pomellato's brainchild since 1994, DoDo is the beloved Italian "charming jewelry" House from Milan. DoDo's collectable jewels and charms commemorate life's important moments. Iconic collections like Nodo, Bollicine, Granelli, and Stellina are designed to be layered, mixed and matched. DoDo supports inclusivity, diversity and self-expression while partnering with organizations protecting the planet. DoDo uses 100% responsible gold in all its creations. The brand has recently focused on creating premium 'daily jewelry' to boost its positioning in the fine jewelry market while streamlining its collections and keeping its value proposition with its iconic charms.

As of December 31, 2023, DoDo's distribution network included 15 directly operated stores, 24 franchise boutiques, almost 450 wholesale doors and an online store, operating in 26 countries.

Key Highlights 2023

In 2023, DoDo focused on the Italian market, implementing activations for brand awareness, and leveraging on main communication projects.

DoDo celebrated the new *House of DoDo* campaign and brand ambassadors, a new Milan flagship store, and high visibility events in Milan and Rome. In 2023, the brand also launched new and innovative CRM activities including the DoDo club.

With sustainability and conservation at its core, DoDo again teamed up with social enterprise Tēnaka to restore coral reefs in Malaysia, and with the WWF to protect wildlife in the Burano Lake natural reserve, in Italy.

qeelin

Founded in 2004

Business concept and strategy

Qeelin is a playful fusion of Oriental symbolism and modernity. Since its launch in 2004, Qeelin has connected Eastern and Western cultures in a contemporary way for the world of fine jewelry with a mission to surprise and fascinate customers, showcasing the House's creativity and craftsmanship.

With its references to many East Asian myths, its iconic Wulu collection symbolizes good fortune and positive energy. Qeelin's other core collections are Yu Yi, which symbolizes protection, and Bo Bo, inspired by the panda, an animal that embodies friendliness, innocence and peace.

Since its acquisition by Kering in 2013, Qeelin has repositioned itself to connect with a wider and younger audience, with a very strong focus on the Greater China Region.

Qeelin operates in the highly promising luxury Jewelry category and benefits from a unique brand positioning and product range, allowing the House to compete with renowned Western brands while gaining market share from the non-branded jewelry segment.

As of December 31, 2023, Qeelin had a distribution network of 54 directly operated stores, of which 47 are located in Greater China and is present as well on WeChat, Tmall Luxury Pavilion and JD.com.

Key highlights 2023

This year, Qeelin further enhanced the House positioning and prepared its upcoming 20th anniversary, taking place in 2024.

Qeelin has strengthened its jewelry portfolio and launched new animations like WuluWulu or Wulu Echo to nurture its iconic collection with a focus on bangles and bracelets in line with the latest market trends. The House also reinforced its fine jewelry offering and hosted its first fine jewelry event with celebrities and VIPs in Shanghai in June. Furthermore, Qeelin entered the Bridal segment with rings and solitaires including a reference to the East with the Hongxian collection, meaning red thread and symbolizing the destiny of people to meet regardless of time, places, or circumstances.

Additionally, Qeelin renovated and relocated several stores in Mainland China with an upgraded design for an enhanced customer experience. Besides Mainland China, notable store openings include Toronto Yorkdale in Canada, Seoul Lotte Avenue L in South Korea and Kuala Lumpur TRX Exchange in Malaysia.

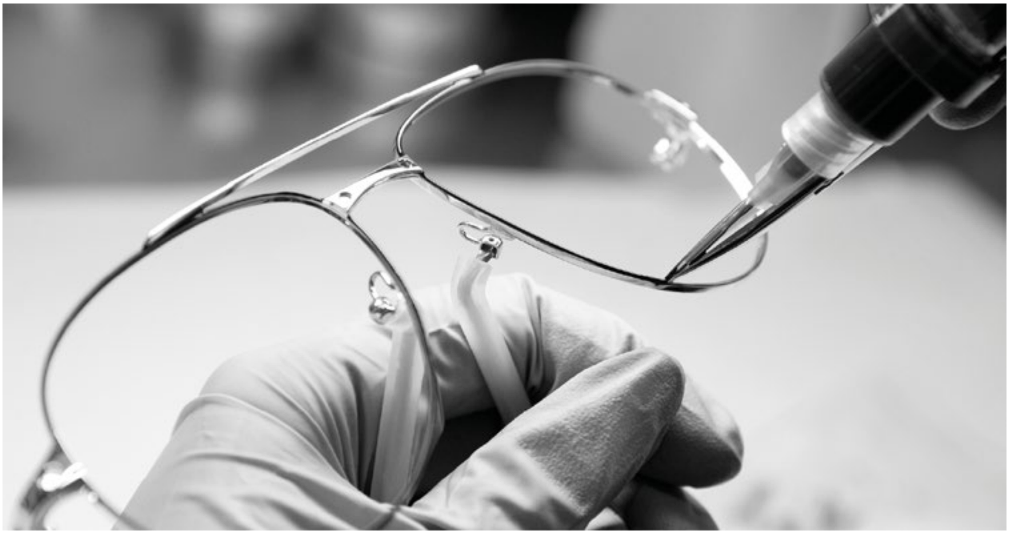
In terms of communication, Qeelin sustained its efforts on Out-of-Home advertisings across key Greater China top tier cities and Korea, highlighting especially the collaboration with its new global Korean ambassador Yoona Lim. A further focus on the brand craftsmanship and support to the new bridal segment were also part of the focused communication themes in 2023 across all platforms including Red, Kakao, Line, Weibo, and other social media.

Finally, a new environmental and social approach was adopted, to upgrade the customer experience as well as the employee journey.

Operations have also been improved throughout the year with better raw materials traceability through the implementation of a new technological solution.

KERING EYEWEAR

Founded in 2014



Business concept and strategy

Launched in 2014 by Kering and a group of managers led by Roberto Vedovotto, Kering Eyewear's remit is to develop in-house eyewear expertise for the Group's Houses. The first collection was unveiled in 2015 for 11 of Kering's Houses.

In 2017, a partnership agreement with Richemont was announced, through which new brands were added to Kering Eyewear's portfolio and Richemont became a shareholder of the company.

Since 2021, Kering Eyewear has continued its development through the acquisition of proprietary brands: the Danish luxury eyewear brand Lindberg in 2021 and the iconic US sunglass brand Maui Jim in 2022. Today, Kering Eyewear designs, develops, and distributes a unique portfolio of 14 brands.

To ensure product excellence and the industry's highest standards, Kering Eyewear relies on the best manufacturers worldwide, its three own production plants – Manufacture Kering Eyewear and Usinage & Nouvelles Technologies in France (UNT), and Trenti S.p.A. in Italy – as well as Lindberg's proprietary production facilities.

Through a quality-focused approach to sales and distribution, the company serves around 30,000 customers and 60,000 points of sale worldwide in 150 countries, providing all brands in the portfolio with broad market coverage, aligned to their market positioning and desired visibility.

Key highlights 2023

In 2023, Kering Eyewear kept on strengthening its leading position in the luxury eyewear industry achieving a record performance in revenue and operating income.

While supporting all brands in the portfolio through extended marketing and communication activities and sales events worldwide, Kering Eyewear made excellent progress with integrating Lindberg and Maui Jim, which both positively contributed to the results throughout the year. The first collection of Maui Jim developed by Kering Eyewear, *Collection 'Ekahi*, was presented in September and distributed from January 2024.

2023 was also a milestone for Kering Eyewear's industrial development strategy, including the acquisition of UNT, which is based in the Jura region of France and a key producer of high-precision metal and mechanical components. As a long-term, high-quality partner of Manufacture Kering Eyewear, the acquisition of UNT represents an opportunity to further enhance an integrated Luxury eyewear platform with best-in-class manufacturing capabilities, facilities, and talents. The integration of UNT contributes to supporting and promoting the Jura region, a historic birthplace of eyewear in France.

Kering Eyewear intends to continue realizing the full potential of all its brands, in both the sunglasses and optical frames segments, and to cement its presence across channels and markets all around the world in order to fulfill its ambitions[1] and ensure sustainable long-term growth.

(1) The presentation of the latest Capital Markets Day is available on the Kering website (Finance / Publications / 2022 Capital Markets Day – Kering Eyewear presentation).

KERING BEAUTÉ

Founded in 2023

Business concept and strategy

Established in 2023, Kering Beauté was created to develop in-house beauty expertise for the Group and operate a portfolio of powerful brands in Beauty. The aim is to help Bottega Veneta, Balenciaga, Alexander McQueen, Pomellato and Qeelin reach progressively their full potential in the Beauty segment - an important marke, and a natural extension of their respective universes - while growing Creed to its full potential and leveraging it as a platform. To this end, Kering Beauté ensures excellence in execution by maintaining strong control over the entire value chain, encompassing product development, marketing, supply chain and distribution.

By capitalizing on each House's unique identity, while respecting their strategies and market positions, Kering Beauté places innovation and creativity at the heart of its business model with the aim of creating the sustainable, responsible beauty of tomorrow.

Key highlights 2023

In February, Kering announced the creation of Kering Beauté and the appointment of Raffaella Cornaggia as Chief Executive Officer (CEO). During the year, it expanded its capabilities by recruiting a team of seasoned industry experts. In parallel, Kering Beauté worked in close collaboration with the Houses to develop their first fragrances.

In October, Kering Beauté completed the acquisition of Creed. Established in 1760 by James Henry Creed as a tailoring house serving the royal families of Europe, Creed is now one of the world's leading Luxury fragrance houses which boasts a prestigious heritage, testifying to a unique creative spirit. While Kering Beauté will continue to preserve Creed's rich legacy, it will also unlock exciting opportunities including the acceleration of the brand's development in Greater China and in travel retail, and further expansion of the feminine fragrance portfolio, body and home categories.

During the year, Creed announced the latest additions to its fragrance portfolio, including feminine fragrance *Carmina* and the limited-edition *Absolu Aventus*. Finally, over ten new Creed stores opened, including in London, Buenos Aires, St Barth, Dallas, Philadelphia, Venice, and Hanoi.

8 - OUR APPROACH TO SUSTAINABILITY

8.1 Our organization

The Board of Directors defines the Group's Sustainability strategy with the support of Kering's Sustainability Department, which is responsible for its execution. This strategy is implemented within each of the Houses, which translate the Group's objectives into practical action plans and report on the progress made with respect to each of the strategy's three pillars on a regular basis.

More than 50 specialists reporting to the Chief Sustainability and Institutional Affairs Officer – who is a member of the Executive Committee – assist the Houses with the implementation of the Group's strategy by systematically looking for potential synergies and continuous improvement. In addition, each House has at least one Sustainability Lead, while the larger Houses have entire Sustainability teams. As a result, Kering has more than 100 people working solely on sustainability.

The Board of Directors has also had a Sustainability Committee since 2012. This Committee's role is to assist and support the Group in establishing, implementing and monitoring good corporate governance policies and sound sustainability and corporate citizenship practices. The Board has also increased its ability to take these issues into account by appointing a Lead Independent Director (in 2019) and a Climate Change Lead (in 2022)[1].

8.2 Our strategy for 2025

Sustainability has always played a central role in Kering's strategy. Many of Kering's activities rely on high-quality raw materials and exceptional expertise, and so depend directly on balanced, smooth-running ecosystems and respect for individuals. Protecting resources and the planet, and having a positive impact on its employees, partners, suppliers and their communities, is therefore vital for the Group to continue growing in a sustainable way. The focus on sustainability is also an opportunity to reinvent the luxury industry as a whole, in order to devise a more sustainable and responsible form of luxury. Accordingly, Kering is implementing an ambitious sustainability strategy for the period until 2025, based on three inputs:

- the vision and ambition adopted by the Group's top management, i.e., to be the world's most influential Luxury group in terms of creativity, sustainability and long-term economic performance;
- a materiality analysis highlighting priority issues, consistent with the Group's own priorities and the expectations of stakeholders;
- an analysis of non-financial risks, pinpointing the main non-financial risks in all parts of the value chain.

The Group's objectives and actions are organized around three pillars and are aligned with the United Nations' Sustainable Development Goals (SDGs).

The Group has a particularly innovative approach to environmental issues. Since 2012, Kering has developed its environmental profit and loss (EP&L) account, which is a reporting tool to measure and quantify its environmental footprint across the whole value chain. The tool enables the Group to understand the risks and opportunities related to environmental challenges, focusing on six themes: greenhouse gas emissions, air pollution, water pollution, water consumption, waste production and land use. It therefore helps Kering identify the main ways in which it can reduce its environmental footprint. Kering has undertaken to reduce its EP&L intensity by 40% by 2025 compared with 2015, a goal it achieved in 2021, four years ahead of schedule.

The Group's environmental approach is based on three complementary aspects: climate, biodiversity and circularity.

Kering has identified environmental impacts in each stage of its value chain, as set out below.

[1] The duties of the Lead Independent Director and Climate Change Lead are detailed in section 3.2 of this chapter entitled "A Board of Directors with a long-term vision for the Group".

CARE
FOR THE PLANET

Take action to reduce our environmental footprint and to preserve the planet and its natural resources

REDUCE OUR ENVIRONMENTAL FOOTPRINT

- Reduce our scopes 1, 2 and 3 greenhouse gas emissions by 40% in absolute terms by 2035 compared to 2021 levels
- Reduce greenhouse gas emissions by 90% in absolute terms in scopes 1 and 2 and reduce scope 3 intensity by 70% in 2030 compared to 2015
- Reduce our environmental profit and loss (EP&L) footprint by 40% by 2025 compared to 2015

ENSURE RESPONSIBLE, CONTROLLED PROCUREMENT

- Have 100% of our raw materials aligned with the Kering Standards by 2025
- Achieve 100% traceability by 2025, at least to the country of origin

PROTECT AND RESTORE BIODIVERSITY

- Have a net positive impact[(1)] on biodiversity by 2025

COLLABORATE
WITH PEOPLE

Commit to supporting the well-being of our employees, suppliers and customers

PRESERVE THE WEALTH OF OUR HERITAGE

- Support the continuation of craftsmanship traditions and the communities that support them, particularly through training programs

PROMOTE EQUALITY AND DIVERSITY

- Achieve gender parity and equal pay at all levels of the Group's hierarchy by 2025

BE AN EMPLOYER OF CHOICE

Become the preferred employer in the Luxury industry

CREATE
NEW BUSINESS MODELS

Devise innovative solutions to put our Houses, our industry and our planet on the path to sustained success

CREATE DISRUPTIVE INNOVATION

- Develop innovative and sustainable solutions for sourcing raw materials and promote the circular economy by using recycled textiles and materials
- Develop an internal purchasing platform that gives access to high-quality, sustainable raw materials
- Drive a collaborative approach within the Luxury industry

EXTEND THE LIFE OF PRODUCTS

- Maintain product quality, ensuring that they have a long life by developing innovative models and offering new services to our customers such as repairs
- Zero destruction of unsold products worldwide, zero single-use plastics by 2025
- Zero microfiber discharge by 2030

OUR MAIN ACHIEVEMENTS IN 2023

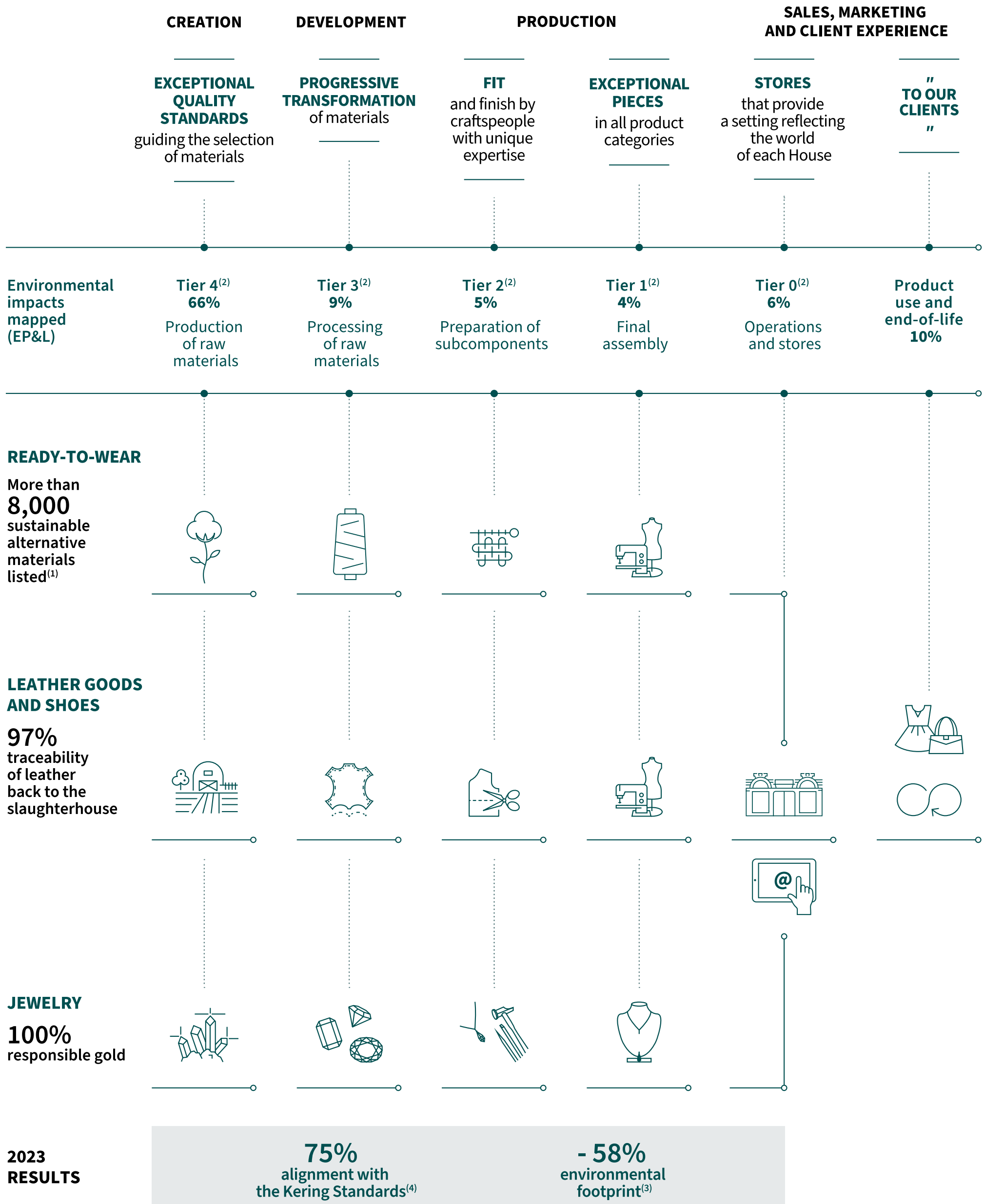
- **58%** reduction in our EP&L footprint
- CDP Triple A List (Climate / Water / Forests)
- **Regenerative Fund for Nature**: new call for projects, arrival of Inditex as co-investor alongside Kering
- **75%** of our raw materials aligned[(2)] with the Kering Standards
- **97%** traceability achieved for our raw materials[(2)]

- **63%** women employees and **57%** women managers
- **Universal Fair Pay** certification for Kering and recognized for all of the Group's Houses
- **2nd** in the World Benchmarking Alliance's 2023 Gender Benchmark

- More than **8,000 sustainable materials (up from 5,000 in 2022)** aligned with the Kering Standards made available in the Material Innovation Lab (MIL)
- **Launch of new materials** such as:
  - Lunaform™ developed by Gozen for Balenciaga,
  - and marine leather developed by ICTYOS in collaboration with Alexander McQueen

(1) A business that has a "net positive" impact on biodiversity is one whose negative impacts on biodiversity are outweighed by its positive impacts.
(2) See definitions in chapter 4, section 5.4.2. of the present Universal Registration Document.

Environmental impacts relating to the product life cycle and the sale of products



(1) A business that has a "net positive" impact on biodiversity is one whose negative impacts on biodiversity are outweighed by its positive impacts.
(2) See definitions in chapter 4, section 5.4.2. of the present Universal Registration Document.
(3) EP&L intensity 2015-2023.
(4) The Kering Standards lay down the Group's requirements regarding the traceability and sourcing of raw materials, and regarding production processes.

8.3 Climate risks fully integrated into the business strategy

Kering has made climate action a key part of its strategy. The Group's 2023 EP&L results show that 37% of Kering's monetized environmental impacts relating to the product life cycle and the sale of products concern greenhouse gas emissions. The strategy includes climate change mitigation and adaptation measures and aims to transform Kering's entire industry. It has four main aspects, set out below.

- **Mitigating climate-related risks by reducing emissions:** Kering has designed its targets according to the reference framework defined by the Science Based Targets Initiative (SBTi) and is committed to a 90% reduction in its absolute greenhouse gas emissions from its operations (Scopes 1 and 2) by 2030, along with a 70% reduction in intensity in its supply chains (Scope 3). It also introduced a new absolute target in 2023 for reducing its greenhouse gas emissions by 40% between 2021 and 2035. This target is accompanied by an enhanced decarbonization roadmap, with a specific version for each House.
- **Adapting and achieving resilience with nature-based solutions:** the Group favors sourcing materials from regenerative agriculture, which aims to protect and restore biodiversity and soil health.
- **Making a positive contribution to the climate:** Kering has made a commitment to offsetting residual emissions from all of the Group's own activities and those of its supply chain, aiming for a Net Zero trajectory consistent with the ambition of the Paris agreements.
- **Transforming the industry:** through partnerships and coalitions like the Fashion Pact and the Watch & Jewellery Initiative 2030, Kering aims to develop a new, holistic approach to managing climate-related risks, mitigating their impact and contributing to global climate-related objectives.

All these measures form part of a policy of ongoing improvement, with the aim of stepping up its ambitions and aligning with best practices and scientific advances.

Kering implements the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures) and in 2021 devised two Group-specific climate scenarios, which were updated in 2023 on the basis of more recent assumptions, in particular the latest IPCC (Intergovernmental Panel on Climate Change) report. The Group has mapped the main physical transition risks (27) and opportunities (7) related to climate change, and the map is set out in section 5.2 of chapter 4, "Sustainability".

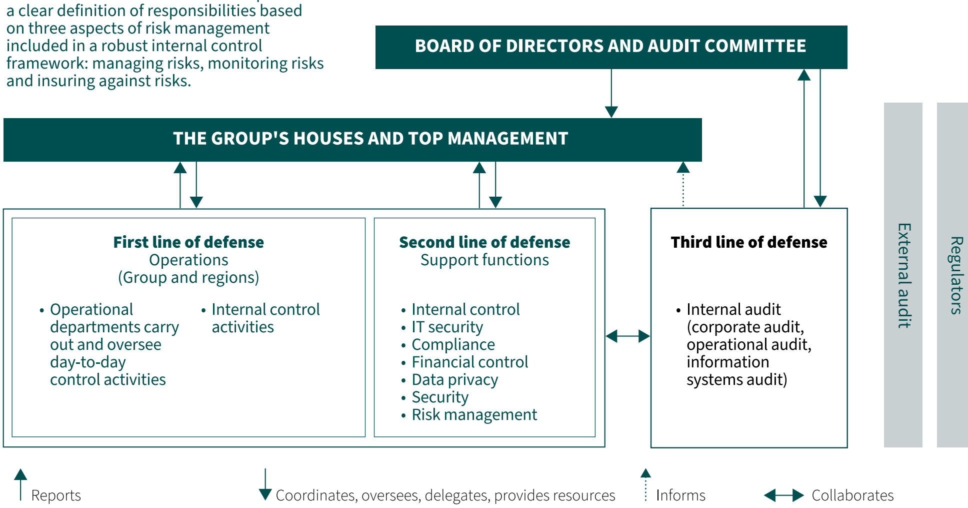
The Group plans to manage these climate-related risks and opportunities, anticipate their effects and ensure its resilience by adapting its business model, governance and decision-making processes, and its supply chain. The assessment, review and management of climate risk is an integral part of the Group's risk management (see section 1.3.3 and chapter 5 of this document).

9 - OUR APPROACH TO RISK MANAGEMENT

Kering's business environment is constantly changing and it is intrinsically exposed to various risks that, if they materialized, could adversely affect the Group's activities, financial results or reputation. The Group uses a continuous improvement approach, analyzing feedback and taking action accordingly to improve its business processes. In order to manage, anticipate and mitigate its risk exposure, and to ensure that it can develop its business sustainably over the long-term, the Group has set up a risk management system that involves three lines of defense.

THE THREE LINES OF DEFENSE

The "three lines of defense" model provides a clear definition of responsibilities based on three aspects of risk management included in a robust internal control framework: managing risks, monitoring risks and insuring against risks.



First line of defense: day-to-day risk management

The first line of defense involves managing risk. All Kering employees manage risk in their day-to-day work, overseen by operational managers who are responsible for internal control measures and who must ensure that those measures reduce risk to an acceptable level.

Accordingly, the first line of defense must:

- identify, assess, control and mitigate risks by defining and implementing internal rules and procedures;
- take remedial action to address process and control failures;
- oversee the way in which teams apply and formalize controls in the Group's accounts closing and compliance systems.

Second line of defense: day-to-day risk monitoring

The second line of defense consists of functions that measure and qualify risks, then ensure that they are properly covered.

Those functions must:

- develop risk management guidelines;
- identify known and emerging problems and deal with alerts relating to them, as well as changes in the way risks are regulated;
- issue directives and provide training in risk management procedures;
- facilitate monitoring regarding the implementation of effective risk procedures and controls devised by management;
- ensure that the Group's risk assessment approach is implemented at the process level by regional internal control officers;
- test control activities through self-assessments and peer reviews, and monitor the effectiveness of internal control using tools.

Third line of defense: independent risk management

Internal audit is the third line of defense. It independently performs risk management operations. Internal audit periodically assesses the design and effectiveness of the first two lines of defense and helps improve the internal control system through its recommendations.

Accordingly, the third line of defense must:

- depending on the issue, check that the measures in place, including governance methods, comply with regulatory and statutory requirements;
- carry out audits by observing practices, speaking to staff members involved in audit activities and preparing audit reports;
- analyze and check the effectiveness of existing control and financial reporting procedures;
- define an annual internal audit plan with the Group's governance bodies (Board of Directors and Audit Committee).

CHAPTER 2

Activity report

1 - INTRODUCTION

The global Luxury market in 2023

After a good momentum in 2022 - with sales growth of around 15% at constant exchange rates[(1)] - the Luxury sector saw its growth return to normal over the course of 2023.

While sales are expected to show an increase of 8-11%[(1)] over the year as a whole, growth was much less strong in the second half of 2023. Sales growth for the fourth quarter of 2023 is expected around 6%[(2)], only a slight improvement compared to the third-quarter. By contrast, growth was almost 17% in the first half of 2023.

In 2023, Luxury market's development is closely related to the geopolitical, public health and macroeconomic context, the main dynamics in which can be summarized as follows:

- In May 2023, the World Health Organization (WHO) declared the end of the international public health emergency related to COVID-19. Consequently, the endemic persistence of the illness had no impact on the Luxury market in the first half of 2023. However, since China continued its extremely strict "zero-COVID" policy throughout 2022 – particularly in the second and fourth quarters – the base for comparison regarding Luxury brands' performance in Mainland China was to some extent favorable, although it varied widely from one quarter to another and between provinces.
- The armed conflict between Russia and Ukraine that began in February 2022 continued to have a very limited direct impact on the business activities of major Luxury brands. However, it contributed to inflationary pressure and the deterioration in the global economic outlook.
- Based on Oxford Economics projections[(3)], expectations regarding global economic growth have been upgraded. Those projections show the world economy growing by 2.6% in 2023, whereas the growth forecast at the start of the year was 1.6%. However, this remains lower than the growth rate of 3.1% achieved on average between 2010 and 2019 and in 2022. The vast majority of OECD members should see growth within a range of 0.5-2.5%. Growth in Gross World Product (GWP) is likely to be driven by the rebound in the Chinese economy – which is expected at 5.2%, although this is well below the 7.7% average rate seen between 2010 and 2019 – and strong performance in Southeast Asian economies (4.3%).
- Inflation, after reaching very high levels in 2022 (8.4% in the eurozone and 8% in the United States) seems to be on a gradual but significant downtrend, due in particular to lower energy prices. However, inflation has not yet fallen enough to meet central bank targets. It continues to have a material impact on the amount households are spending on basic necessities, and is therefore a drag on their purchasing power.
- The rate-hiking cycle carried out by central banks in the main OECD economies seems to have come to an end in 2023. Interest rates are likely to fall gradually in 2024, although they are expected to remain relatively high, which could continue to affect the real estate market, as well as dragging down households' confidence levels and propensity to consume. However, financial markets rallied in 2023 – with the Nasdaq up 43% and the S&P 500 up 24% – which is a positive factor that is likely to support demand for luxury goods at a time when excess savings put aside during the COVID-19 pandemic in 2020 have to a large extent been spent.
- After 2022 saw very large movements in exchange rates between the world's main currencies, driven by central bank monetary policies, the Euro rose against other major currencies in 2023. This resulted in an overall narrowing in price differences between regions, although in many cases they remained large enough to encourage tourists to buy luxury goods when traveling.
- The post-pandemic phase has also brought a renewed desire among consumers to pay for experiences, so spending on services is now growing more quickly than spending on goods. For consumers with less purchasing power, this is very probably causing them to reallocate their budgets, spending more on leisure, eating out and travel instead of products made by Luxury brands.

The aforementioned trends are affecting the main markets to different extents. In addition, the performances of Luxury brands may differ materially from one region to another as a result of variations in tourist numbers and bases for comparison.

- The recovery in tourism accelerated in Europe, Asia and the Middle East in the first half of 2023. In the second half, growth rates slowed in Europe and the Middle East because of a high base for comparison. However, travel bookings by Chinese people rose rapidly in 2023, primarily to Asian destinations and gradually to Europe, although they have not yet recovered to their 2019 level overall. This trend is boosting the sales of stores in the main tourist destinations.
- Business levels in Western Europe were very solid in the first half of 2023, but slowed sharply from the third quarter onward. Sales to tourists underpinned positive trends to a large extent, but the growth rate moved steadily back to more normal levels because of the gradually rising base for comparison. Domestic demand came under more pressure due to the wait-and-see attitude of European consumers.
- After strong growth between the end of 2020 and mid-2022, North America is the region where business levels suffered most from weaker demand among the most aspirational customers and from American tourists shifting their purchases to other geographies, where they can buy at lower prices. Trends appeared to improve toward the end of the year, although this was primarily due to a less challenging base for comparison.

(1) Bain & Company-Altagamma, Euromonitor, panel of financial analysts.
(2) Based on average projections in financial analyst reports published in late December 2023 and early January 2024.
(3) Oxford Economics is the source of all macroeconomic data in this document unless otherwise mentioned.

- Despite a slowdown in growth at the end of the year, sales in Japan were very strong in 2023. Growth was largely driven by sales to Asian tourists, attracted by price differentials arising from movements in the exchange rate between the Japanese yen and other currencies. The number of Chinese tourists has also risen in Japan, although in the second half of the year it was still almost 60% below their 2019 level[(4)].
- Growth in China rebounded, particularly in the second quarter and to a lesser extent in the fourth, compared with the very unusual trends seen in 2022. However, indicators show that the recovery in the Chinese economy, although solid overall, remains exposed to certain risk factors – including population aging, youth employment and the decline in the real-estate market – which are also weighing on consumer confidence. Sales growth in mainland China was therefore robust but volatile, and more fragile in the second half. In contrast, sales in Hong Kong SAR and Macau SAR grew strongly in 2023, with large amounts of buying by consumers from Mainland China.
- In the rest of the Asia-Pacific region, sales continued to rise in Southeast Asia as the region saw firm economic development in its various countries and good levels of tourism. The South Korean market was affected by weaker local demand caused by slower growth in the country's economy, tighter credit conditions and certain South Korean consumers buying products in other regional markets because of price differentials.
- Finally, in the other regions of the world, sales growth returned to more normal levels after several quarters of very strong growth.

Another effect of economic trends is that the impact of deep-seated changes in the Luxury industry in recent years, amplified by the COVID-19 crisis, seems to have faded further in 2023.

- Online sales growth is converging with that seen in physical retail networks, which has, since 2022, benefited from a rebound in tourism and lower bases for comparison. In some regions, online sales may even have started to fall because of the online channel's exposure to more aspirational customers. As a result, online sales as a proportion of total sector sales are stabilizing or falling slightly depending on the region and brand.
- In the short and medium-term, demand from Generations Y and Z remains one of the principal growth drivers for the global Luxury market. The proportion of sales coming from this customer segment increased in 2023, but at a slower rate, because penetration was already high at the end of 2022 (an estimated 65% of revenue according to Bain & Company-Altagamma).
- The Luxury market is seeing a premiumization trend in terms of both supply and demand, and this was confirmed in 2023. This trend is largely related to the economic situation, with high inflation and falling purchasing power affecting the less wealthy customer segments but leaving customers with the highest income or wealth levels relatively unaffected. In addition, the most timeless and upscale products are regarded as safe-haven assets at a time of uncertainty about other asset classes. As a result, the market has recently been more positive for Jewelry, Watches and certain types of Leather goods. Ready-to-wear clothing is also benefiting from this trend, supported by the renewed popularity of more formal clothing among consumers, the upturn in Chinese demand and the resilience of the wealthiest customers. Distribution channels are also being affected, particularly online sales or US department stores.

At this stage, it remains difficult to predict how the Luxury market will develop in 2024. The ongoing recovery in Chinese demand – particularly among Chinese tourists – and the lower base for comparison in several regions of the world could have a positive impact on growth in the coming months, and particularly in the second half of the year. However, demand from domestic customers could remain under pressure due to economic uncertainties, since 2024 growth forecasts for the global economy have been downgraded.

As an illustration of ongoing uncertainty regarding the macroeconomic and geopolitical context, forecasts regarding the Luxury sector's growth in full-year 2024 vary widely: Bain & Company-Altagamma expects growth of between 1% and 7%, although forecasts in financial analysts' recent reports have been more optimistic, predicting growth of 6% on average. Experts agree that growth is likely to be very limited in the first half of 2024.

(4) Forward Keys.

2 - SIGNIFICANT EVENTS OF 2023

Acquisition of prestigious real-estate assets in Paris

In 2023, Kering acquired three prestigious buildings in Paris, located on Rue de Castiglione (close to Place Vendôme in the first *arrondissement*) and Avenue Montaigne (in the eighth *arrondissement*).

Those investments form part of Kering's selective real-estate strategy aimed at securing key locations that are highly desirable for its Houses.

In accordance with its long-term financial strategy, the Group intends to implement a disciplined and flexible approach to managing its real-estate portfolio.

Appointment of Sabato de Sarno as Creative Director of Gucci

Sabato De Sarno's appointment as Creative Director of Gucci was announced on January 28, 2023. He is responsible for defining and expressing the House's creative vision accross the Women's, Men's, Leather goods, Accessories and Lifestyle collections. Sabato De Sarno presented his debut runaway collection at Milan Women's Fashion Week in September 2023.

Appointment of Raffaella Cornaggia as Chief Executive Officer of Kering Beauté

Raffaella Cornaggia was appointed as CEO of Kering Beauté on February 3, 2023. Based in Paris, she is a member of the Group's Executive Committee. Supported by a team of seasoned professionals, her role is to develop an expertise in the Beauty category for Bottega Veneta, Balenciaga, Alexander McQueen, Pomellato and Qeelin.

Launch of Gucci's "Circular Hub", the first hub to power a Circular Made in Italy

With the support of Kering, Gucci launched its "Circular Hub", the first hub for circular luxury in Italy on February 21, 2023. Its aim is to accelerate the circular transformation of the Italian fashion industry's production model across the entire value chain, starting from raw materials and design, through production optimisation and logistics. This innovation platform will support the design and manufacturing of circular products as well as the scouting of new solutions.

Kering commits to next horizon in sustainability with group-wide target for reducing absolute emissions by 40%

On March 17, 2023, Kering announced a commitment to reduce its absolute greenhouse gas emissions by 40% by 2035, on a 2021 baseline. This new target covering scopes 1, 2 and 3 of the Greenhouse Gas Protocol (GHG Protocol), continues the evolution of the Group's sustainability strategy and represents a necessary step to accelerate the implementation of the Group's vision of a modern and responsible luxury.

Preliminary investigation by the European Commission

In the scope of an inspection carried out as part of a preliminary investigation into the fashion sector in several countries under EU antitrust rules, the European Commission has started on April 18, 2023, an inspection at the Italian premises of Gucci, a subsidiary of Kering. The Group is fully cooperating with the Commission in the context of this investigation.

Departure of Daniela Riccardi from Kering's Board of Directors and appointment of Maureen Chiquet

At the Board of Directors meeting following the Annual General Meeting on Thursday, April 27, 2023, Daniela Riccardi submitted her resignation from her position as a Director of Kering. On July 18, 2023, the Board of Directors, after consultation with the Nominations & Governance Committee, decided to coopt Maureen Chiquet as independent director for the remainder of Daniela Riccardi's term of office, until 2026. She joined Kering's Board of Directors in September 2023. Maureen Chiquet, a US citizen, has more than 35 years' experience in the fashion and luxury goods sector, including nine years as Global CEO of Chanel.

Further integration of Kering's supply chain

Kering Eyewear strengthened its position in the luxury eyewear industry by acquiring 100% of *Usinage & Nouvelles Technologies* (UNT) on June 30, 2023. UNT is located in the Jura region of France and is a key player in the manufacturing of high-precision metal and mechanical components for the luxury eyewear sector.

Boucheron, meanwhile, as part of its ongoing development strategy, reinforced its production capacity by acquiring a High Jewelry workshop gathering around 60 artisans near Place Vendôme in Paris on October 31, 2023.

Kering strengthens governance and operations

On July 18, 2023, Kering announced a series of top appointments aimed at strengthening the stewardship of its Houses, further elevating operating expertise and strengthening its organisation:

- Francesca Bellettini, in addition to her current role as President and CEO of Yves Saint Laurent since 2013, was appointed Kering Deputy CEO in charge of Brand Development;
- Jean-Marc Duplaix, Chief Financial Officer since 2012, was appointed Kering Deputy CEO, in charge of Operations and Finance;
- Jean-François Palus, Kering Group Managing Director, was appointed President and CEO of Gucci, replacing Marco Bizzarri, who has been President and CEO of Gucci since 2015. He left the company on September 23, 2023;
- Armelle Poulou, Director of Corporate Finance, Treasury and Insurance since 2019, was appointed Chief Financial Officer on September 1, 2023. She is reporting to Jean-Marc Duplaix.

Acquisition of high-end fragrance House Creed by Kering Beauté

Announced on June 26, 2023, Kering Beauté's acquisition of a 100% stake in Creed was completed on October 17, 2023. Creed is consolidated in Kering accounts starting from November 1, 2023. This acquisition represents a major step for Kering Beauté. A perfect fit with the Group's portfolio of renowned Houses, it gives Kering Beauté substantial scale and a platform for supporting the future development of other Kering Beauté fragrance franchises, by leveraging in particular Creed's global distribution network.

Acquisition of a significant shareholding in Valentino

On July 27, 2023, Kering acquired a 30% shareholding in Valentino for €1.7 billion from Mayhoola, as part of a strategic partnership which could lead to Mayhoola becoming a shareholder in Kering. The agreement comprises an option for Kering to acquire 100% of of the share capital of Valentino no later than 2028.

The Alexander McQueen fashion House and Sarah Burton announce the end of their collaboration, Seán McGirr appointed Creative Director of the House

On September 11, 2023, Alexander McQueen and its Creative Director Sarah Burton announced the end of their collaboration after two decades together. On October 3, 2023 Seán McGirr was appointed to replace Sarah Burton as Creative Director of the House. Seán McGirr was previously Head of Ready-to-Wear at JW Anderson.

Bond issues

As part of the Group's active liquidity management, Kering carried out three bond issues in 2023, enabling it to enhance its financial flexibility and allowing it both to refinance existing debt and finance its recent acquisitions.

The great success of these issues with investors underscored the market's confidence in the Group's credit quality.

- Dual-tranche issue on February 20, 2023 for a total amount of €1.5 billion:
  - a €750 million tranche with a 6-year maturity and a 3.25% coupon,
  - and a €750 million tranche with a 10-year maturity and a 3.375% coupon.

  The issue allowed the Group to refinance its existing debt.
- Four-tranche issue on August 29, 2023 for a total amount of €3.8 billion bond issue:
  - a €750 million tranche with a 2-year maturity and a 3.75% coupon,
  - a €750 million tranche with a 4-year maturity and a 3.625% coupon,
  - a €1 billion tranche with a 8-year maturity and a 3.625% coupon,
  - a €1.3 billion tranche with a 12-year maturity and a 3.875% coupon.

  This issue was notably intended to finance the acquisition of Creed.
- Dual-tranche issue on November 16, 2023, for a total amount of £800 million:
  - a £400 million tranche with a 3-year maturity and a 5.125% coupon,
  - a £400 million tranche with a 9-year maturity and a 5% coupon.

  This issue allowed the Group to diversify its sources of funding, by accessing for the first time the sterling bond market.

3 - SUBSEQUENT EVENTS

Departure of Tidjane Thiam from Kering's Board of Directors

In order to have the necessary time to devote to his political commitments, Tidjane Thiam, elected President of the Democratic Party of Ivory Coast on December 22, 2023, submitted his resignation from his position as Director to the Chairman of Kering's Board of Directors on January 9, 2024. He was an independent Director since June 16, 2020 and Chair of the Audit Committee. He was also a member of the Remuneration Committee.

Acquisition of a prestigious property in New York City

On January 22, 2024 and continuing the strategy implemented in 2023, Kering announced the acquisition of a prestigious New York City property comprising multi-level luxury retail spaces, totaling approximately 115,000 sq. ft, or 10,700 sq. m., located at 715-717 Fifth Avenue, on the Southeast corner of 56th Street, for a consideration of $963 million (€885 million).

Events subsequent to the meeting of the Board of Directors which approved the Management report

Dual-tranche bond issue for a total amount of EUR 1.75 billion

Kering has issued a dual-tranche bond for a total of EUR 1.75 billion, consisting of:

- a EUR 1 billion tranche with a 8-year maturity and a 3.375% coupon;
- a EUR 750 million tranche with a 12-year maturity and a 3.625% coupon.

This issue, in line with the Group's active liquidity management, enables Kering to enhance its financial flexibility.

The great success of this issue with investors underscores the market's confidence in the credit quality of the Group.

4 - GROUP PERFORMANCE IN 2023

4.1 Revenue and income statement

Condensed consolidated income statement

(In € millions)	2023	2022	Change
Revenue	19,566	20,351	-4%
Recurring operating income	4,746	5,589	-15%
% of revenue	*24.3%*	*27.5%*	*-3.2 pts*
EBITDA	6,569	7,255	-9%
% of revenue	*33.6%*	*35.6%*	*-2.0 pts*
Other non-recurring operating income and expenses	(103)	(194)	+47%
Financial result	(410)	(260)	-58%
Income tax expense	(1,163)	(1,420)	+18%
Share in earnings (losses) of equity-accounted companies	4	2	+100%
Net income from continuing operations	3,074	3,717	-17%
o/w attributable to the Group	*2,983*	*3,613*	*-17%*
o/w attributable to minority interests	*91*	*104*	*-13%*
Net income (loss) from discontinued operations	–	1	-100%
Net income attributable to the Group	2,983	3,614	-17%
Net income from continuing operations (excluding non-recurring items) attributable to the Group	3,061	3,747	-18%

Earnings per share

(in €)	2023	2022	Change
Basic earnings per share	24.38	29.34	-17%
Basic earnings per share from continuing operations excluding non-recurring items	25.02	30.42	-18%

Revenue

In 2023, the Group's revenue totaled €19,566 million, down 4% as reported and down 2% on a comparable scope and exchange rate basis[1] compared to 2022.

Currency movements had a negative impact on performance in 2023, reducing reported sales growth by just under 4 points or by almost €662 million in absolute terms. Due to the Euro strengthening against other major currencies, the negative exchange-rate effect arose mainly from sales denominated in Chinese yuan (€232 million) and US dollars (€140 million).

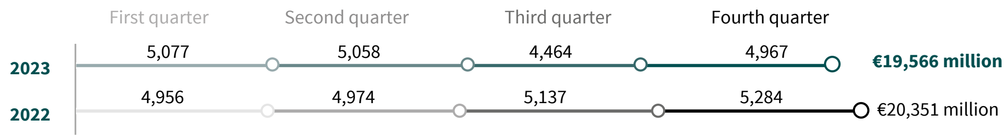
Changes in scope had a positive effect on Group revenue. They consisted mainly of the positive contribution made by Maui Jim, which has been consolidated since October 1, 2022, and by Creed, consolidated since November 1, 2023.

Group revenue by segment

(in € millions)	2023	%	2022	%	Reported change	Comparable change[1]
Gucci	9,873	51%	10,487	52%	-6%	-2%
Yves Saint Laurent	3,179	16%	3,300	16%	-4%	-1%
Bottega Veneta	1,645	8%	1,740	9%	-5%	-2%
Other Houses	3,514	18%	3,874	19%	-9%	-8%
Kering Eyewear and Corporate	1,568	8%	1,139	5%	+38%	+11%
Eliminations	(213)	*-1%*	*(189)*	*-1%*	*N/A*	*N/A*
Revenue	**19,566**	**100%**	**20,351**	**100%**	**-4%**	**-2%**

(1) On a comparable scope and exchange rate basis. Comparable revenue growth is defined on page 88.

Group revenue by quarter



Compared to 2022, Kering's revenue grew in the first and second quarters of 2023 (by 1% and 3% respectively on a comparable basis), driven by good momentum in its own stores (particularly in Western Europe and Japan) and an upturn in business levels in Asia-Pacific, and despite a decline in North America and in online sales.

Overall, third quarter performance is down 9% on a comparable basis. It follows similar dynamic as the first half of the year in North America and Japan. Performance is nonetheless affected by weaker local demand and lower numbers of tourists, whose contribution stabilized due to a high base for comparison and the absence of any large-scale rebound in Chinese customers. The recovery in China was also weaker than expected.

Sales in the fourth quarter (down 4% on a comparable basis) remained stable in our own stores. However, as it did throughout the year, revenue suffered from lower wholesale revenue and lower online sales, which were particularly affected by a return to normal in demand among aspirational customers.

Quarterly revenue by segment

(in € millions)	**First quarter**	**Second quarter**	**Third quarter**	**Fourth quarter**	**2023**
Gucci	2,616	2,512	2,217	2,528	9,873
Yves Saint Laurent	806	770	768	835	3,179
Bottega Veneta	395	438	381	431	1,645
Other Houses	890	966	805	853	3,514
Kering Eyewear and Corporate	433	436	333	366	1,568
Eliminations	*(63)*	*(64)*	*(40)*	*(46)*	*(213)*
Revenue	**5,077**	**5,058**	**4,464**	**4,967**	**19,566**

(in € millions)	**First quarter**	**Second quarter**	**Third quarter**	**Fourth quarter**	**2022**
Gucci	2,591	2,582	2,581	2,733	10,487
Yves Saint Laurent	739	742	916	903	3,300
Bottega Veneta	396	438	437	469	1,740
Other Houses	973	982	995	924	3,874
Kering Eyewear and Corporate	308	283	253	295	1,139
Eliminations	*(51)*	*(53)*	*(45)*	*(40)*	*(189)*
Revenue	**4,956**	**4,974**	**5,137**	**5,284**	**20,351**

(comparable change(1))	**Q1 2023/2022 change**	**Q2 2023/2022 change**	**Q3 2023/2022 change**	**Q4 2023/2022 change**	**2023/2022 change**
Gucci	+1%	+1%	-7%	-4%	-2%
Yves Saint Laurent	+8%	+7%	-12%	-5%	-1%
Bottega Veneta	–	+3%	-7%	-4%	-2%
Other Houses	-9%	-1%	-15%	-5%	-8%
Kering Eyewear and Corporate	+11%	+21%	+3%	+7%	+11%
Eliminations	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Revenue	**+1%**	**+3%**	**-9%**	**-4%**	**-2%**

(1) On a comparable scope and exchange rate basis. Comparable revenue growth is defined on page 88.

Group revenue by region

(in € millions)	2023	%	2022	%	Reported change	Comparable change[(1)]
Asia-Pacific (excluding Japan)	6,848	35%	6,568	33%	+4%	+10%
Western Europe	5,405	28%	5,566	27%	-3%	-4%
North America	4,500	23%	5,547	27%	-19%	-22%
Japan	1,400	7%	1,244	6%	+13%	+24%
Rest of the world	1,413	7%	1,425	7%	-1%	-2%
TOTAL	19,566	100%	20,351	100%	-4%	-2%

(1) On a comparable scope and exchange rate basis. Comparable revenue growth is defined on page 88.
Revenue generated outside the eurozone represented 79% of the consolidated total in 2023.

The Group's sales grew most strongly in Japan, where they rose 24% on a comparable basis. The rebound in tourist numbers from the rest of Asia, driven by the weak Yen, lay behind this very good performance.

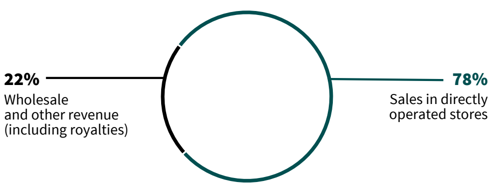
In Asia-Pacific – the Group's largest region in terms of revenue, accounting for 35% of the total – revenue was up 10% on a comparable basis relative to 2022. Sales grew strongly in Greater China, while South Korea and Southeast Asian countries saw slower revenue growth after a sharp increase in 2022.

In Western Europe, after a buoyant first half, the Group's sales slowed in the second, affected by a return to normal in local demand and a stabilization in tourist numbers. The 4% decline in sales on a comparable basis was mainly the result of lower wholesale revenue, in line with the Group's strategy of making its distribution more exclusive.

Revenue in North America fell 22% on a comparable basis compared to 2023. Performance in that region was again held back by a significant decline in local demand and a slowdown in department store sales, particularly among aspirational customers. However, revenue remained around 50% higher than in 2019.

The Group's performance in the Rest of the World returned to normal overall after several years of strong growth. Comparisons with 2022 remained partly affected by the shutdown of business activities in Russia and Ukraine from late-February 2022. However, the Group's exposure to the conflict between Russia and Ukraine is limited, since in 2021 Kering generated around 1% of its total revenue in those countries, and the net value of its assets there was not material at the end of 2021 (around 0.1% of the Group total assets). The value of those assets was written down in full in 2022.

Group revenue by distribution channel



Percentages based on revenue before Eliminations

Sales from directly operated and online stores came in at €15,446 million in 2023, stable on a comparable basis relative to 2022. The previous comments regarding performance by region in 2023 also apply to the growth trajectory of retail sales.

Store footfall was higher than in 2022, although trends varied widely between regions. Higher footfall was accompanied by a slight decline in the conversion rate (i.e., the number of people buying products as a percentage of the total number of people visiting stores). As a result, revenue growth was driven by an increase in average selling prices, resulting from the policy of taking the Houses' product ranges more upscale. The 3% increase in sales at physical stores managed by the Houses contrasts with the decline in online sales, whose proportion of retail sales fell to around 12% (as opposed to 15% in 2022). The decline in the online channel was due to its overexposure to certain product categories and customers more impacted by the macroeconomic context - inflation and higher interest rates. In addition, the base for comparison is high, since online sales have almost tripled since 2019.

Revenue from stores and online sales directly operated by the Group accounted for around 78% of the Group's total sales (before Eliminations), similar to the figure seen in 2022. Excluding Kering Eyewear and Kering Beauté, however, this figure is at 85% versus 82% in 2022. The increase in this proportion in recent years has resulted from the long-term strategy implemented by all Houses, which is aimed at controlling their distribution more tightly, including online sales, and making them more exclusive.

Wholesale revenue fell 13% year-on-year in 2023 on a comparable basis (before Eliminations). For the Houses, wholesale revenue fell significantly, by 21% on a comparable basis. This reflects a reduction in orders placed by US distributors and the reorganization of the wholesale distribution network that is currently underway, resulting in sales being concentrated among the best-positioned distributors. Although these streamlining efforts are complete at Gucci, they are continuing in the Group's other Fashion and Leather goods Houses. However, Kering Eyewear, which has a wholesale-only distribution model, posted sales growth of 10% on a comparable basis, driven both by the development of existing licenses and the successful integration of Lindberg. Including the scope effect arising from the contribution of Maui Jim, revenue was up 37% at constant exchange rates.

The Houses' royalty revenue from licenses and other revenue rose by 10% on a comparable basis in 2023, due to very robust growth in the Eyewear category and in the Fragrances and Cosmetics category.

Recurring operating income

(in € millions)	2023	2022	Change
Gucci	3,264	3,732	-13%
Yves Saint Laurent	969	1,019	-5%
Bottega Veneta	312	366	-15%
Other Houses	212	558	-62%
Kering Eyewear and Corporate	(7)	(88)	+92%
Eliminations	*(4)*	*2*	*N/A*
Recurring operating income[1]	**4,746**	**5,589**	**-15%**

(1) Recurring operating income is defined on page 88.

The Group's recurring operating income amounted to €4,746 million in 2023, down €843 million or 15% compared to 2022.

Recurring operating margin fell 3.2 points to 24.3% because of negative operational leverage, particularly in the second half of the year, as a result of decreasing revenue.

Gross margin was €14,927 million, a decrease of 2%. As a proportion of revenue, gross margin was 76.3%, up 1.6 points relative to 2022, under the combined effects of higher average selling prices, the increasing proportion of sales from directly operated stores and the positive effect of foreign exchange hedging.

Operating expenses rose by 6%. This increase arose from investments made by the Group’s brands and Kering Eyewear to support their development and expansion, notably by increasing budgets for store expenses, the creation, development and presentation of collections, communications and digitalization.

These efforts, which were necessary in view of the competitive environment and the Group’s long-term ambitions for its Houses, independent of short-term trends, affected brands’ profitability against a background of slowing sales growth, particularly in the second half of the year. Gucci, Balenciaga and Alexander McQueen were the Houses where profit was affected most.

EBITDA

(in € millions)	2023	2022	Change
Recurring operating income	**4,746**	**5,589**	**-15%**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	1,823	1,666	+9%
o/w depreciation of lease right-of-use assets	*985*	*935*	*+5%*
EBITDA[1]	**6,569**	**7,255**	**-9%**

(1) EBITDA is defined on page 89.

(in € millions)	2023	2022	Change
Gucci	3,999	4,416	-9%
Yves Saint Laurent	1,219	1,251	-3%
Bottega Veneta	494	541	-9%
Other Houses	585	888	-34%
Kering Eyewear and Corporate	276	157	+75%
Eliminations	*(4)*	*2*	*N/A*
EBITDA	**6,569**	**7,255**	**-9%**

EBITDA for 2023 amounted to €6,569 million versus €7,255 million in 2022. EBITDA margin was 33.6%, less than the 2022 figure of 35.6%.

Other non-recurring operating income and expenses

(in € millions)	2023	2022	Change
Impairment of goodwill, brands and other non-current assets	(70)	(41)	-71%
Other	(33)	(153)	+79%
Other non-recurring operating income and expenses	**(103)**	**(194)**	**+47%**

(cf. Consolidated financial statements, Note 7 – Other non-recurring operating income and expenses.)

Financial result

(in € millions)	2023	2022	Change
Cost of net debt[1]	(108)	(47)	-131%
Other financial income and expenses	(151)	(89)	-69%
Financial result excluding leases	**(259)**	**(136)**	**-90%**
Interest expense on lease liabilities	(151)	(124)	-22%
Financial result	**(410)**	**(260)**	**-58%**

(1) Net debt is defined on page 89.

In 2023, the cost of net debt was €108 million (€47 million in 2022). The increase was mainly due to the larger amount of bond debt outstanding. Most of the increase in the average cost of debt was offset by higher income from investments.

Other financial income and expense produced a net expense of €151 million in 2023 (€89 million in 2022).

Adjusted for the positive impact arising from the expiry of derivatives embedded in PUMA bonds in 2022, financial expense decreased by €44 million.

(cf. Consolidated financial statements, Note 8 – Financial result.)

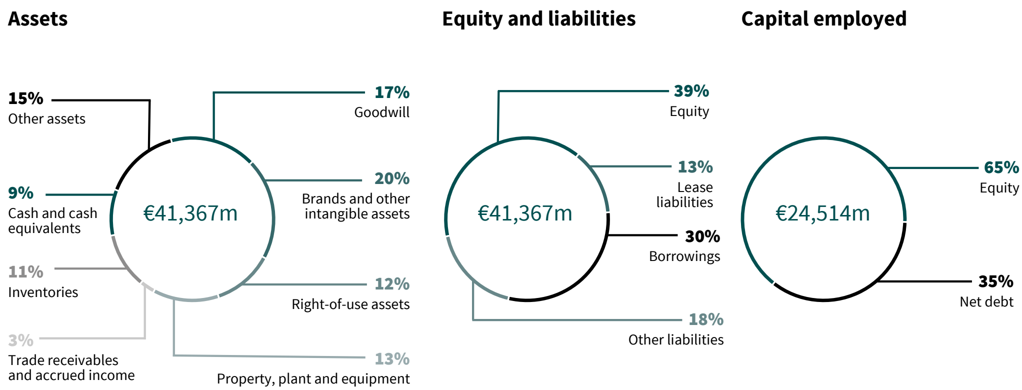
Income tax

(in € millions)	2023	2022
Income before tax	4,233	5,135
Income tax expense	(1,163)	(1,420)
Effective tax rate	**27.5%**	**27.7%**
Other non-recurring operating income and expenses	(103)	(194)
Recurring income before tax	4,336	5,329
Income tax on other non-recurring operating income and expenses	25	60
Tax expense on recurring income	(1,188)	(1,480)
Effective tax rate on recurring income[1]	**27.4%**	**27.8%**

(1) The effective tax rate on recurring income is defined on page 89.

(cf. Consolidated financial statements, Note 9 – Income taxes.)

4.2 Balance sheet as of December 31, 2023



Condensed balance sheet

(In € millions)	Dec. 31, 2023	Dec. 31, 2022	Change
Goodwill	7,112	4,053	+75%
Brands and other intangible assets	8,178	7,357	+11%
Lease right-of-use assets	4,984	4,929	+1%
Property, plant and equipment	5,341	3,388	+58%
Investments in equity-accounted companies	1,750	49	N/A
Other non-current assets	2,072	2,503	-17%
Non-current assets	**29,437**	**22,279**	**+32%**
Inventories	4,550	4,465	+2%
Trade receivables and accrued income	1,151	1,180	-2%
Cash and cash equivalents	3,922	4,336	-10%
Other current assets	2,307	1,681	+37%
Current assets	**11,930**	**11,662**	**+2%**
Assets held for sale	**–**	**–**	**–**
TOTAL ASSETS	41,367	33,941	+22%
Equity attributable to the Group	15,212	13,998	+9%
Equity attributable to minority interests	798	785	+2%
Total equity	**16,010**	**14,783**	**+8%**
Non-current borrowings	10,026	4,347	+131%
Non-current lease liabilities	4,511	4,420	+2%
Other non-current liabilities	2,189	1,885	+16%
Non-current liabilities	**16,726**	**10,652**	**+57%**
Current borrowings	2,400	2,295	+5%
Current lease liabilities	884	812	+9%
Other current liabilities	5,347	5,399	-1%
Current liabilities	**8,631**	**8,506**	**+1%**
Liabilities associated with assets held for sale	**–**	**–**	**–**
TOTAL EQUITY AND LIABILITIES	41,367	33,941	+22%

Net debt

(in € millions)	Dec. 31, 2023	Dec. 31, 2022	Change
Borrowings	12,426	6,642	+87%
Cash and cash equivalents	(3,922)	(4,336)	-10%
Net debt	**8,504**	**2,306**	**N/A**

Capital employed

(in € millions)	Dec. 31, 2023	Dec. 31, 2022	Change
Total equity	16,010	14,783	+8%
Net debt	8,504	2,306	N/A
Capital employed	**24,514**	**17,089**	**+43%**

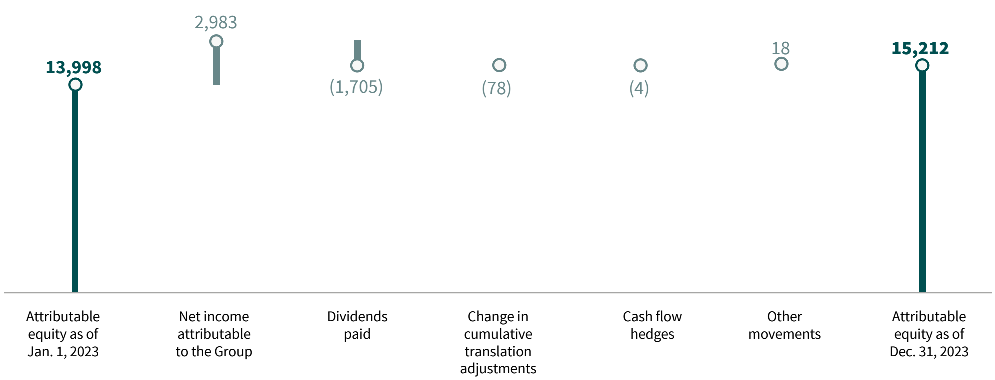
Goodwill and brands

As of December 31, 2023, the carrying amount of brands net of deferred tax liabilities amounted to €5,527 million, compared to €5,111 million as of December 31, 2022.

Current operating assets (liabilities), net

(in € millions)	Dec. 31, 2023	Dec. 31, 2022	Statement of cash flows	Foreign exchange differences	Other movements
Inventories	4,550	4,465	102	(75)	58
Trade receivables and accrued income	1,151	1,180	(24)	(30)	26
Trade payables and accrued expenses	(2,200)	(2,263)	126	31	(93)
Other current assets (liabilities), net	(442)	(589)	(124)	147	125
Net current tax receivables (payables)	229	(190)	427	5	(13)
Current operating assets (liabilities), net	**3,288**	**2,603**	**507**	**77**	**102**

Change in equity attributable to the Group



As of December 31, 2023, the share capital amounted to €493,683,112. It comprised 123,420,778 fully paid-up shares with a par value of €4 each, a reduction of €2,600,000 following the cancellation of 650,000 shares under the share buyback program (share capital of €496,283,112, comprising 124,070,778 shares as of December 31, 2022). Excluding the 840,597 Kering treasury shares, there were 122,580,181 shares issued and outstanding as of December 31, 2023.

(cf. Consolidated financial statements, Note 19 – Equity.)

4.3 Cash flow, investments and net debt

Free cash flow from operations

Cash flow received from operating activities

(in € millions)	2023	2022	Change
Cash flow received from operating activities before tax, dividends and interest	**6,289**	**6,926**	**-9%**
Change in working capital requirement	(396)	(902)	+56%
Income tax paid	(1,434)	(1,746)	+18%
Net cash received from operating activities	**4,459**	**4,278**	**+4%**

Operating investments

(in € millions)	2023	2022	Change
Net cash received from operating activities	**4,459**	**4,278**	**+4%**
Acquisitions of property, plant and equipment and intangible assets	(2,611)	(1,071)	-144%
Disposals of property, plant and equipment and intangible assets	135	1	N/A
Free cash flow from operations(1)	**1,983**	**3,208**	**-38%**

(1) Free cash flow from operations is defined on page 89.

Gross operating investments by segment

(in € millions)	2023	2022	Change
Gucci	435	408	+7%
Yves Saint Laurent	186	112	+66%
Bottega Veneta	105	92	+15%
Other Houses	247	221	+12%
Kering Eyewear and Corporate	1,638	238	N/A
Acquisitions of property, plant and equipment and intangible assets	**2,611**	**1,071**	**+144%**

Operating investments amounted to €2,611 million in 2023, an increase of €1,540 million or 144% relative to 2022.

Excluding the acquisition of strategic real-estate assets in Paris, they totaled €1,230 million, representing 6.3% of revenue.

This ratio is higher than the December 31, 2022 figure of 5.3%, due to an increase in the investment budget for 2023.

Seasonal variations in investments are similar from one year to the next, with most investments taking place in the second half, although the proportion of investments occurring in the second half of 2023 was lower than in the second half of 2022 (excluding the acquisition of strategic real-estate assets in Paris).

Investments in 2023 related mainly to store openings and refurbishments, as well as logistics infrastructure and IT systems, most of which are managed by Corporate on behalf of the Group's brands.

In 2023, 58% of the Group's gross operating investments (excluding the acquisition of strategic real-estate assets in Paris) related to the retail network (70% in 2022). 53% of the investments in stores concerned store opening programs and 47% concerned conversion and refurbishment projects.

Excluding the acquisition of strategic real-estate assets in Paris, Kering Eyewear and Corporate’s proportion of the Group’s operating investments was stable relative to 2022 at 21%: this figure has returned to normal following the Group’s major strategic programs in the years preceding 2022.

Available cash flow from operations and available cash flow

(in € millions)	2023	2022	Change
Free cash flow from operations	**1,983**	**3,208**	**-38%**
Repayment of lease liabilities	(880)	(824)	-7%
Interest paid on leases	(151)	(124)	-21%
Available cash flow from operations(1)	**953**	**2,260**	**-58%**
Interest and dividends received	76	17	N/A
Interest paid and equivalent (excluding leases)	(226)	(174)	-30%
Available cash flow(1)	**802**	**2,103**	**-62%**

(1) Available cash flow from operations and available cash flow are defined on page 89.

Dividends paid

The cash dividend paid by Kering SA to its own shareholders in 2023 amounted to €1,712 million, including the €550 million interim dividend paid on January 18, 2023 (€1,483 million in 2022 including a €434 million interim dividend).

Dividends paid in 2023 also included €42 million paid to minority interests in consolidated subsidiaries (€45 million in 2022).

Changes in net debt

(in € millions)	2023	2022	Change
Net debt as of January 1	**2,306**	**168**	**N/A**
Free cash flow from operations	(1,983)	(3,208)	+38%
Dividends paid	1,754	1,528	+15%
Net interest paid and dividends received	150	157	-4%
Acquisitions of Kering shares	10	1,030	-99%
Repayment of lease liabilities[(1)]	1,030	948	+9%
Disposal of PUMA shares	(236)	(100)	+136%
Other acquisitions and disposals	5,394	1,817	+197%
Other movements	79	(34)	N/A
Net debt as of December 31	**8,504**	**2,306**	**N/A**

(1) Comprising repayments of principal amounting to €880 million in 2023 (€824 million in 2022) and interest payments of €151 million in 2023 (€124 million in 2022) relating to capitalized fixed lease payments.

(in € millions)	Dec. 31, 2023	Dec. 31, 2022	Change
Bonds	9,795	4,226	+132%
Other bank borrowings	134	201	-33%
Commercial paper	1,277	1,010	+27%
Other borrowings	1,219	1,205	+1%
o/w put options granted to minority interests	*711*	*681*	*+4%*
Borrowings	**12,426**	**6,642**	**+87%**
Cash and cash equivalents	(3,922)	(4,336)	-10%
Net debt[(1)]	**8,504**	**2,306**	**N/A**

(1) Net debt is defined on page 89.

Lease liabilities totaled €5,395 million as of December 31, 2023 (€5,232 million as of December 31, 2022).

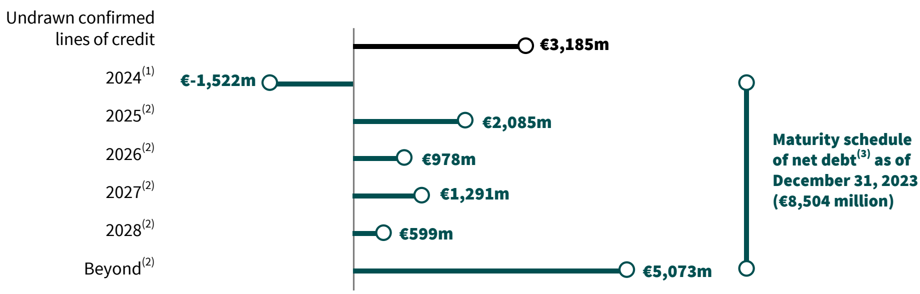
Solvency

The Group has a very sound financial position and has a Standard & Poor's long-term credit rating of A with negative outlook.

Liquidity

As of December 31, 2023, the Group's cash and cash equivalents amounted to €3,922 million (€4,336 million at December 31, 2022). The Group has confirmed lines of credit totaling €3,185 million (December 31, 2022: €3,035 million).

Maturity schedule of net debt



(1) Borrowings less cash and cash equivalents.
(2) Borrowings.
(3) Net debt is defined on page 89.

The amount of borrowings with a maturity less than one year (€2,400 million as of December 31, 2023) was significantly less than the Group's cash and cash equivalents (€3,922 million as of December 31, 2023). Consequently, the Group is not exposed to any liquidity risk.

The Group's loan agreements and lines of credit feature standard *pari passu,* cross default and negative pledge clauses.

The Group's financing agreements do not include any rating trigger clauses.

(cf. Consolidated financial statements, Note 20 – Net debt.)

5 - OPERATING PERFORMANCE BY SEGMENT

5.1 Gucci

(in € millions)	2023	2022	Change
Revenue	**9,873**	**10,487**	**-6%**
Recurring operating income	**3,264**	**3,732**	**-13%**
% of revenue	***33.1%***	***35.6%***	***-2.5 pts***
EBITDA	3,999	4,416	-9%
% of revenue	*40.5%*	*42.1%*	*-1.6 pt*
Acquisitions of property, plant and equipment and intangible assets	435	408	+7%
Average FTE headcount	21,086	20,711	+2%

Revenue

Gucci posted revenue of €9,873 million in 2023, down 6% year-on-year as reported and down 2% at comparable exchange rates.

Revenue by distribution channel

After Gucci completed the reorganization of its distribution, sales from directly operated stores made up 91% of its total sales in 2023, the same as in 2022.

Sales from physical and online stores controlled by the House were down 2% on a comparable basis relative to 2022. Revenue rose by 1% in the first half but was affected in the second half by demand for luxury goods returning to more normal levels from a high base for comparison, particularly among local customers, and by a weaker-than-expected recovery in tourist numbers compared to 2022.

In 2023 as a whole, the main driver of sales growth in physical stores was the increase in average selling prices, resulting from changes in the product mix and increases in price to develop a more upscale product range.

After several years of strong growth and a stabilization in 2022, revenue from online stores fell in 2023 on a comparable basis because of this distribution channel's exposure to the American market (where it accounts for almost half of sales) and to customers with lesser purchasing power more impacted by deteriorating macroeconomic conditions. There is also a greater desire to visit physical stores. As a result, sales from online stores accounted for around 12% of total retail revenue in 2023.

Difficulties encountered by wholesalers, combined with their cautious approach to transition collections, led to a 5% decrease in wholesale revenue (at comparable exchange rates) relative to 2022.

Revenue by region

In view of the proportion of Gucci's sales generated by directly operated stores, the following revenue analysis by region only concerns sales in its own physical and online stores, on a comparable basis.

In Western Europe, sales grew by 7% on a comparable basis in the first half, driven by tourists, but were affected in the second by a decline in store footfall and local demand. In 2023 as a whole, sales were stable relative to 2022.

In Japan, the rebound in tourist numbers, driven in particular by attractive exchange rates, helped to boost sales, which rose by 26% on a comparable basis in 2023.

In North America, Gucci's revenue was down 20%, with trends in the second half being very similar to those seen in the first. However, sales to North American customers in all markets remained over 40% higher on a comparable basis than in 2019.

Sales were up 5% on a comparable basis in Asia-Pacific and sales growth accelerated in the fourth quarter, partly because the base for comparison was lower than in the third quarter. The resumption of inter-regional tourism led to a sharp increase in sales in Hong Kong SAR and Macau SAR. However, demand fell in South Korea as some local consumers bought products in other countries within the region, and because of weaker local demand.

In the world's other regions, revenue growth was firm relative to 2022, particularly in the Middle East.

Revenue by product category

In 2023, sales of most Gucci product categories in directly operated stores were almost unchanged or slightly lower compared to 2022. The increase in average selling prices, resulting both from changes in the product mix and price hikes, offset lower volumes.

Sales of Leather goods were resilient, particularly for Women's lines, which were driven by the success of certain iconic products such as the *Jackie* and *Valigeria* travel bags.

However, categories featuring entry-level products, such as small Leather goods, Shoes and Belts, were affected by the return-to-normal in demand, unlike High Jewelry, which saw robust growth.

Royalty revenue increased compared to 2022. The Eyewear category, managed by Kering Eyewear, continued to see rising sales. Royalties from the license granted to Coty in the Fragrances and Cosmetics category saw an improvement, from a base that remained fairly favorable for comparison.

Recurring operating income

Gucci's recurring operating income amounted to €3,264 million in 2023, down €468 million year-on-year.

Recurring operating margin was 33.1%, down 2.5 points.

Given Gucci's geographical exposure, the combination of currency effects and the result of currency hedging had a positive impact of around 1.6 points on recurring operating margin. However, the House continued to invest in initiatives to boost its long-term growth, which consequently increased its cost base. Given the decline in sales as reported, operational leverage was negative (i.e., expenses rose more quickly than revenue), and this adversely affected margins.

Gucci generated EBITDA of €3,999 million in 2023, a decrease of €417 million relative to 2022 and representing an EBITDA margin of 40.5%.

Store network and operating investments

As of December 31, 2023, Gucci operated 538 stores directly. Gucci opened 10 new stores during the year (net of closures), mainly in Asia and North America.

The House therefore continued to prioritize optimizing its store network in support of its brand elevation strategy, increasing its visibility in the best locations and giving customers an exclusive experience, while withdrawing from less productive locations.

Gucci's operating investments amounted to €435 million in 2023, 7% higher than in 2022, against a backdrop of further cost increases for materials and building work. Gross operating investments equaled 4.4% of revenue (3.9% in 2022), which is a relatively normal level for a House of Gucci's size.

5.2 Yves Saint Laurent

(in € millions)	2023	2022	Change
Revenue	**3,179**	**3,300**	**-4%**
Recurring operating income	**969**	**1,019**	**-5%**
% of revenue	***30.5%***	***30.9%***	***-0.4 pts***
EBITDA	1,219	1,251	-3%
% of revenue	*38.3%*	*37.9%*	*+0.4 pt*
Acquisitions of property, plant and equipment and intangible assets	186	112	+66%
Average FTE headcount	5,112	4,555	+12%

Revenue

In 2023, Yves Saint Laurent's revenue amounted to €3,179 million, down 4% year-on-year as reported and down 1% at comparable exchange rates.

Revenue from the House's wealthiest customers continued to rise in all product categories, showing that the brand elevation strategy has been well received.

Revenue by distribution channel

Sales from physical and online stores controlled by the House accounted for 81% of the total, an increase of 4 points relative to 2022, and were up 4% on a comparable basis relative to 2022. After double-digit growth in the first half of the year (sales up 11% on a comparable basis), business levels suffered in the second half – and particularly in North America and Europe – from lower store footfall caused by weaker local demand along with a weaker-than-expected recovery in tourist numbers. Yves Saint Laurent continued the successful deployment of its brand elevation strategy, which resulted in a higher average spend. Online sales fell, with marked differences in performance across the regions.

Wholesale revenue was down 26% at constant exchange rates compared to 2022. This was due to the ongoing effort to streamline distribution, focusing on a small number of partners, and a macroeconomic environment that was less helpful for wholesalers, particularly in North America.

Revenue by region

In view of the proportion of Yves Saint Laurent's sales generated by directly operated stores, the following revenue analysis by region only concerns sales in its own physical and online stores.

In 2023, Yves Saint Laurent's revenue rose relative to 2022, although growth rates varied widely between regions.

In Western Europe, sales rose by 5% on a comparable basis. After a very buoyant first half, the House saw weaker local demand in the second, along with a smaller increase in tourist numbers from a high base in 2022.

In North America, after two exceptional years in 2021 and 2022 in which sales doubled compared to 2019, revenue fell 15% on a comparable basis due to macroeconomic conditions, which seriously affected aspirational customers.

In Asia-Pacific, revenue was up 20% on a comparable basis thanks to a rebound in Greater China. Trends in Korea and Southeast Asia were less dynamic, after several quarters of very strong growth since 2020.

In Japan, sales were up 21% on a comparable basis in 2023 due to strong growth in the number of tourists visiting from China and Southeast Asia, who were attracted by the pricing differential related to favorable exchange rate.

Yves Saint Laurent's performance in the Rest of the World was solid, with growth of 8%, and particularly so in the Middle East, which has historically been an important market for the brand.

Revenue by product category

Leather goods remained the top category, with sales growth compared to 2022 closely aligned with the House's overall performance. This reflects the initiatives taken by Yves Saint Laurent over the last few years to constantly renew and refresh its Leather goods offering, which has helped it to both attract new customers and retain existing ones in all its markets.

Sales of Ready-to-wear collections for women rose very sharply, continuing trends seen since 2021. This performance is the result of the brand's merchandising strategy implemented during recent quarters with the aim of making its offerings and price architecture more relevant in this category.

By contrast, sales in the Shoes category were affected to a greater extent by slower growth in demand in certain markets.

Royalty revenue generated by Kering Eyewear surged, again showing the success of this licensing agreement. Royalties paid by L'Oréal in the Fragrances and Cosmetics category also rose very sharply.

Recurring operating income

In 2023, Yves Saint Laurent's recurring operating income totaled €969 million, down 5%, although recurring operating margin remained above 30%, down 0.4 points relative to 2022.

The House was able to keep operating margin at a high level through efforts to control costs despite the expansion of the store network.

In 2023, EBITDA totaled €1,219 million, almost unchanged compared to 2022. EBITDA margin was 38.3% as opposed to 37.9% in 2022.

Store network and operating investments

As of December 31, 2023, the House had 308 directly operated stores. A net 28 new stores were added in 2023 in its main markets, in line with the target of a network of 300 to 350 directly operated stores in the medium term. In particular, the Saint Laurent Champs-Élysées flagship store opened in Paris in December. It is the House's largest store and features a new design concept that will be rolled out across other stores in its network. In addition, some existing stores were refurbished, relocated and extended.

This resulted in a high level of operating investments, which amounted to €186 million, up €74 million relative to 2022 and equal to 5.8% of revenue.

5.3 Bottega Veneta

(in € millions)	2023	2022	Change
Revenue	**1,645**	**1,740**	**-5%**
Recurring operating income	**312**	**366**	**-15%**
% of revenue	***19.0%***	***21.0%***	***-2.0 pts***
EBITDA	494	541	-9%
% of revenue	*30.0%*	*31.1%*	*-1.1 pt*
Acquisitions of property, plant and equipment and intangible assets	105	92	+15%
Average FTE headcount	3,891	3,748	+4%

Revenue

In 2023, Bottega Veneta's revenue amounted to €1,645 million, down 5% as reported or down 2% on a comparable basis compared to 2022. The House is successfully implementing its brand elevation strategy and is increasing in popularity among the high-end customers.

Revenue by distribution channel

In keeping with its exclusive, high-end positioning, the House is focusing on selling its products through its directly operated physical and online stores, which accounted for 82% of its revenue in 2023 (78% in 2022).

Bottega Veneta's sales in directly operated physical and online stores rose by 4% on a comparable basis. This growth was driven both by resilient sales at comparable scope and by good momentum in online stores. The House is continuing, consistently and with determination, to implement its strategy of developing its offering in all product categories, raise brand awareness and enhance the customer experience across all points of sale.

Wholesale revenue was down 24% on a comparable basis, as expected. Bottega Veneta has reorganized this distribution channel, with the aim of working only with a limited number of selected partners.

Revenue by region

Given the proportion of Bottega Veneta's sales that are generated in directly operated stores, the following revenue analysis by region only concerns sales in physical and online stores.

In Western Europe, revenue rose by 4% on a comparable basis. Revenue growth was robust in the first half but was affected in the second by a slowdown in demand among local customers from a high base, and by a weaker-than-expected recovery in tourist numbers compared to 2022.

In Japan, revenue rose by 12% at constant exchange rates relative to 2022, with higher tourist numbers offsetting a return to normal in sales to local customers.

In North America, Bottega Veneta's sales rose by 2% on a comparable basis relative to 2022, showing great resilience in less helpful market conditions.

In Asia-Pacific, the House's sales were stable. Bottega Veneta's improved performance in Greater China reflecting the implementation of its media strategy aimed at raising its brand profile, its efforts to improve the store network and to strengthen teams offset lower revenue in South Korea and Southeast Asia after two years of strong growth.

Sales growth in the Rest of the World remained robust.

Revenue by product category

Leather goods remains Bottega Veneta's core business (77% of total sales), and both new and iconic lines, along with their seasonal variations, met with great success among the House's customer base. The House's strategy aims to maintain its exclusive positioning in Leather goods, particularly by focusing on sales growth through higher prices and an improved product mix – including the introduction of new, highly exclusive lines like *Andiamo* – rather than through volume growth alone.

Ready-to-wear revenue posted very solid growth again in 2023 as new collections, both womenswear but also increasingly menswear, were very well received. The House's Jewelry line was also highly successful.

However, sales momentum in the Shoes category was less buoyant.

Recurring operating income

Bottega Veneta's recurring operating income for 2023 totaled €312 million, down 15% compared to 2022.

Recurring operating margin was 19%, 2 points less than in 2022. That was due to negative operational leverage, as the House continued to take a more selective approach to distribution and maintained its investment efforts in order to make its revamp a lasting success. In view of its increasing cost base, the House is prioritizing its allocation of resources in order to focus them on the most strategic areas of expenditure.

EBITDA amounted to €494 million in 2023, equal to 30% of revenue.

Store network and operating investments

As of December 31, 2023, Bottega Veneta had 288 directly operated stores. There were 17 net store openings during the year.

The brand is focusing its investment efforts on relocating and refurbishing its existing stores, while pursuing its strategy of gradual and targeted openings as opportunities arise, notably with the establishment of new flagships. This included the reopening of the House's flagship store on Avenue Montaigne in Paris, which features a high-end esthetic in both its open areas and VIP rooms.

Operating investments totaled €105 million, higher than in previous years. However, they remained broadly stable as a proportion of the House's sales (around 6.4%).

5.4 Other Houses

(in € millions)	**2023**	**2022**	**Change**
Revenue	**3,514**	**3,874**	**-9%**
Recurring operating income	**212**	**558**	**-62%**
% of revenue	***6.0%***	***14.4%***	***-8.4 pts***
EBITDA	585	888	-34%
% of revenue	*16.7%*	*22.9%*	*-6.2 pts*
Acquisitions of property, plant and equipment and intangible assets	247	221	+12%
Average FTE headcount	9,020	8,137	+11%

Revenue

In 2023, revenue from the Other Houses fell by 9% as reported and by 8% at constant scope and exchange rates.

There were mixed performances across the segment:

- Balenciaga's performance varied between geographies and distribution channels. It saw strong sales growth in Japan and Asia-Pacific but a sharp deceleration in North America and Europe. The House also continued its strategy of reducing its number of wholesalers while macroeconomic conditions were also less helpful for the latter, particularly in North America;
- Alexander McQueen suffered from its exposure to the wholesale market, particularly in the United States. However, sales in the House's stores rose due to the success of its Ready-to-Wear offering;
- after a good year in 2022, revenue at Brioni continued to recover;
- revenue grew strongly at the Jewelry Houses:
  - Boucheron confirmed its potential with further strong sales growth in 2023,
  - total revenue growth at Pomellato and Dodo was firm,
  - Qeelin's sales rose sharply due to the recovery in the Chinese market and in tourist numbers, as well as growth in its store network.

Revenue by distribution channel

Revenue from the Other Houses' directly operated physical and online stores rose 3% on a comparable basis relative to 2022. That growth was partly due to new store openings, in line with the strategy of moving toward more selective distribution. Online sales fell and held back the segment's overall performance. However, the proportion of total revenue coming from online sales varied between brands, showing close correlation with the maturity of each House's online stores and product range.

Wholesale revenue was down 29% on a comparable basis. In accordance with the Group's strategy, the Other Houses – primarily Balenciaga and Alexander McQueen – are focusing their wholesale businesses on a limited number of top-quality partners. Performance was also affected by a decline in orders from distributors in North America.

Revenue by region

The Other Houses' regional performances followed similar trends to those seen at Gucci, Yves Saint Laurent and Bottega Veneta.

The return to normal in local consumer spending and weak growth in tourist numbers in the second half of the year dragged down the Other Houses' sales growth in Western Europe, with the notable exception of Brioni (+9%). The Other Houses' total revenue in Western Europe fell by 19% on a comparable basis.

Revenue grew 27% on a comparable basis in Japan, boosted by the sharp upturn in the number of tourists traveling within Asia.

In North America, sales fell 33% on a comparable basis, due to the decrease in wholesale revenue – particularly at Alexander McQueen – and difficulties encountered by Balenciaga in this market.

In Asia-Pacific, revenue rose by 19% on a comparable basis, due in particular to very strong performance at Balenciaga, Boucheron and Qeelin in Greater China.

In the Rest of the world, the Other Houses' performance was held back by the decline in Balenciaga's sales in the Middle East.

Revenue by product category

Kering's Jewelry Houses maintained their 2022 trends, posting very strong growth in 2023, driven in particular by the success of their development plan in Asia-Pacific and Japan. High Jewelry collections from Boucheron but also Pomellato were particularly well received.

Among the other categories, Ready-to-wear was the most resilient, as Alexander McQueen focused more on this category within its own stores while Brioni also achieved growth.

However, the Shoes and Leather goods category suffered from a very high base for comparison and more moderate demand from aspirational customers in certain markets.

Royalties fell relative to 2022 as certain licenses and collaborations came to an end. However, royalties from licenses managed by Kering Eyewear increased.

Recurring operating income

The Other Houses' recurring operating income was €212 million in 2023, 62% less than in 2022.

Recurring operating margin came to 6%, down 8.4 points compared to 2022.

Continued high levels of expenses on supporting the Other Houses' development in all their main markets affected profitability, given the decrease in revenue. This was particularly true at Balenciaga and Alexander McQueen.

EBITDA totaled €585 million, down €303 million year-on-year. This caused EBITDA margin to fall 6.2 points to 16.7%.

Store network and operating investments

The Other Houses had 618 directly operated stores as of December 31, 2023, a net increase of 34 compared to 2022.

Balenciaga, Brioni and the Jewelry brands were mainly behind this expansion of the network. Asia-Pacific had most store openings (net of closures), followed by North America.

These developments led to a slight increase in the Other Houses' operating investments, which totaled €247 million, €26 million more than in 2022. As a proportion of annual revenue, investments remained high at 7% in 2023 as opposed to 6% in 2022. Although the Houses obviously worked on strengthening their direct distribution, they also invested in their production capabilities and the full array of infrastructure needed to develop their businesses.

5.5 Kering Eyewear and Corporate

(in € millions)	**2023**	**2022**	**Change**
Revenue	**1,568**	**1,139**	**+38%**
of which Kering Eyewear	*1,502*	*1,115*	*+35%*
of which Corporate and other	*66*	*24*	*+175%*
Recurring operating income	**(7)**	**(88)**	**+92%**
of which Kering Eyewear	*276*	*203*	*+36%*
of which Corporate and other	*(283)*	*(291)*	*2.0%*
Acquisitions of property, plant and equipment and intangible assets	1,638	238	N/A
Average FTE headcount	6,906	5,486	+26%

The Kering Eyewear and Corporate segment comprises:

- Kering Eyewear, whose sales and operating income are presented before the elimination of intra-group sales and other consolidation adjustments (reported on the separate line item "Eliminations");
- Kering Beauté, a business that is currently being developed. Creed, acquired in October 2023, has been consolidated in Kering's financial statements since November 1, 2023;
- Kering's headquarters teams, all corporate departments reporting to them – including in the regions – and Shared Services, which provide a range of services to the brands, along with the Kering Sustainability Department. KGS – the Kering entity that handled sourcing activities for non-Group brands including companies making up the former Redcats group – was sold in November 2022. Sales and operating income for 2022 therefore include the contribution of KGS until that date.

In 2023, the segment generated total revenue of €1,568 million, including €1,502 million from Kering Eyewear.

Kering Eyewear's sales were up 35% as reported. However, they included a positive impact from a change in scope, due to the consolidation of Maui Jim from October 1, 2022.

At constant scope and exchange rates, revenue rose by 10%, with the number of licenses managed by Kering Eyewear remaining stable relative to 2022. Performance in the first and second halves of the year must be analyzed in view of seasonal variations in Kering Eyewear's business, with more sales taking place in the first six months.

Growth at constant scope was extremely solid in all main markets, and was driven in particular by a very strong upturn in Asia-Pacific and strong growth in Europe.

Local chains and the "three Os" (Opticians, Optometrists and Ophthalmologists) constitute the main channel for sales under license by brands managed by Kering Eyewear (around 50% of total sales in both 2023 and 2022). Revenue from those distributors once again saw very robust growth, showing the effectiveness of Kering Eyewear's sales organization. Sales in other distribution channels also rose, particularly in brands' own stores, and continued to recover in travel retail.

The segment made an operating loss of €7 million, comprising operating income of €276 million at Kering Eyewear less Corporate operating expenses of €283 million.

Kering Eyewear's recurring operating margin was 18.4%, similar to the 2022 figure. Positive operational leverage was offset by increased investment at Maui Jim, aimed particularly at continuing its development in new markets.

Corporate operating expenses were stable compared to 2022. These expenses arise from the Group's initiatives in the fields of IT, digital and innovation, and also sustainability.

The segment's operating investments amounted to €1,638 million in 2023 and included the acquisition of real-estate properties in Paris with the aim of securing prime locations for the Group's Houses. Adjusted for those acquisitions, operating investments amounted to €257 million in 2023, up €19 million relative to 2022. Corporate (logistics and head office) operations maintained a level of investment almost unchanged from last year.

6 - PARENT COMPANY NET INCOME

In 2023, the parent company generated net income of €1,855 million, compared to €1,552 million in 2022. The 2023 figure includes €1,886 million of dividends received from subsidiaries (versus €1,624 million in 2022).

7 - TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties in 2023 are described in the notes to the consolidated financial statements (cf. Consolidated financial statements, Note 31 – Transactions with related parties).

8 - OUTLOOK

To achieve its long-term vision, Kering invests in the development of its houses, so that they continuously strengthen their desirability and the exclusivity of their distribution, strike a perfect balance between creative innovation and timelessness, and achieve the highest standards in terms of quality, sustainability, and experience for their customers. In an environment of ongoing economic and geopolitical uncertainty, Kering will continue to execute on its strategy and vision, in pursuit of two key ambitions: to maintain a trajectory of long-term profitable growth, and to confirm its status as one of the most influential groups in the Luxury industry.

In 2024, in a context of ongoing normalization of the sector's growth, the impact of Kering's investment strategy will weigh on the group's full-year recurring operating income (based on the scope of consolidation and exchange rates at December 31, 2023), which should post a decline compared to the level reported in 2023, particularly in the first half of the year. The Group will prioritize expenses and investments supporting the long-term development and growth of its houses, while remaining vigilant and disciplined with regards to its cost structure.

9 - DEFINITIONS OF NON-IFRS FINANCIAL INDICATORS

"Reported" and "comparable" growth

The Group's "reported" growth corresponds to the change in reported revenue between two periods.

The Group measures "comparable" growth (also referred to as "organic" growth) in its business by comparing revenue between two periods at constant scope and exchange rates.

Changes in scope are dealt with as follows for the periods concerned:

- the portion of revenue relating to acquired entities is excluded from the current period;
- the portion relating to entities divested or in the process of being divested is excluded from the previous period.

Currency effects are calculated by applying the average exchange rates for the current period to amounts in the previous period.

Recurring operating income

The Group's operating income includes all revenues and expenses directly related to its activities, whether these revenues and expenses are recurring or arise from non-recurring decisions or transactions.

Other non-recurring operating income and expenses consist of items that, by their nature, amount or frequency, could distort the assessment of the Group's operating performance as reflected in its recurring operating income. They include changes in scope, the impairment of goodwill and brands and, where material, of property, plant and equipment and intangible assets, capital gains and losses on disposals of non-current assets, restructuring costs and disputes.

"Recurring operating income" is therefore an alternative performance indicator for the Group, defined as the difference between operating income and other non-recurring operating income and expenses. This indicator is intended to facilitate the understanding of the operating performance of the Group and its Houses and can therefore be used as a way to estimate recurring performance. It is presented in a manner that is consistent and stable over the long-term in order to ensure the continuity and relevance of financial information.

EBITDA

The Group uses EBITDA as an alternative performance indicator to monitor its operating performance. This financial indicator corresponds to recurring operating income plus net charges to depreciation, amortization and provisions on non-current operating assets recognized in recurring operating income.

Free cash flow from operations, available cash flow from operations and available cash flow

The Group uses an intermediate line item, "Free cash flow from operations", to monitor its financial performance. This financial indicator measures net operating cash flow less net operating investments (defined as acquisitions and disposals of property, plant and equipment and intangible assets).

The Group has also defined a new indicator, "Available cash flow from operations", in order to take into account capitalized fixed lease payments (repayments of principal and interest) pursuant to IFRS 16, and thereby reflect all of its operating cash flows.

"Available cash flow" therefore corresponds to available cash flow from operations plus interest and dividends received, less interest paid and equivalent (excluding leases).

Net debt

Net debt is one of the Group's main financial indicators, and is defined as borrowings less cash and cash equivalents. Lease liabilities are not included in the calculation of this indicator. Borrowings include put options granted to minority interests.

The cost of net debt corresponds to all financial income and expenses associated with these items, including the impact of derivative instruments used to hedge the fair value of borrowings.

Effective tax rate on recurring income

The effective tax rate on recurring income corresponds to the effective tax rate excluding tax effects relating to other non-recurring operating income and expenses.

10 - INVESTMENT POLICY

Kering's investment policy is designed to support and enhance the Group's growth potential in its markets and is focused on financial investments and investments related to operations.

Financial investments reflect the Group's strategy of reinforcing profitable high-growth activities in the Luxury market by acquiring attractive brands with strong growth potential and market positions that complement its existing assets.

Operating investments are designed to accelerate organic growth for the Group's brands. This is achieved by, for example, developing and renovating the store network and by investing in logistics centers and IT systems.

Financial investments

Financial investments represented net cash outflows of €4,822 million in 2023, relating in particular to the acquisition of Creed and a 30% stake in Valentino (compared to €1,700 million of net cash outflows in 2022, mainly relating to the acquisition of Maui Jim).

Operating investments

The Group conducts a targeted investment policy designed to reinforce both its image and the unique positioning of its Houses, as well as to increase its return on capital employed.

The Group's investment policy is focused on the development of its store network, the conversion and renovation of its existing points of sale, the establishment and maintenance of manufacturing units in the Luxury sector, and the development of IT systems. Gross operating investments amounted to €2,611 million in 2023, up 144% or €1,540 million relative to 2022. The seasonality of operating investments, adjusted for the acquisition of strategic real-estate assets in Paris, was more balanced than in 2022, with less than 60% of investments taking place in the second half as opposed to around two thirds in the previous year. The vast majority of outflows relating to the acquisition of strategic real-estate assets in Paris took place in the first half of the year.

As of December 31, 2023, the Group had a network of 1,771 directly operated stores. Net store additions compared to December 31, 2022 totaled 108. A large proportion (over a third) of the new store openings were in the Asia-Pacific region, but some brands also expanded their distribution networks with openings in the Middle East, North America and Western Europe. The year-on-year increase was also driven mostly by the expansion of the Yves Saint Laurent, Bottega Veneta and Balenciaga networks.

Gucci

As of December 31, 2023, Gucci operated 538 stores directly. Gucci opened 10 net new stores during the year, mainly in Asia and North America. Gucci's focus is on achieving organic growth by maximizing the productivity of the existing store network, but it is also continuing to identify opportunities that will enable it to enhance its distribution in certain regions or sales channels.

Gucci's gross operating investments amounted to €435 million in 2023, 7% higher than in 2022. Most of those investments related to store refurbishments, openings and relocations. The remainder consisted primarily of IT expenditure, but also projects related to production, offices and support functions.

Yves Saint Laurent

As of December 31, 2023, the House had 308 directly operated stores. There were 28 net store openings during 2023, reflecting the brand's store network expansion plan implemented over the past few years. Openings reflected both the streamlining of the brand's distribution, its entry into new countries, and relocations and expansions in markets where Yves Saint Laurent already operated directly.

The House's operating investments totaled €186 million, up €74 million relative to 2022.

Bottega Veneta

As of December 31, 2023, Bottega Veneta had 288 directly operated stores. There were 17 net store openings during the year. As in 2022, the brand focused its investment efforts on relocating and refurbishing its existing stores, while pursuing its strategy of gradual and targeted openings as opportunities arose, notably with the establishment of new flagships.

Operating investments totaled €105 million in 2023, more than in previous years.

Other Houses

The Other Houses had 618 directly operated stores as of December 31, 2023, 34 more in net than at December 31, 2023. Balenciaga, Brioni and the jewelry brands were mainly behind this expansion of the network.

These developments led to an increase in the Other Houses' operating investments, which totaled €247 million, €26 million higher than in 2022.

Kering Eyewear and Corporate

Investments by Kering Eyewear and Corporate totaled €1,638 million. This includes the acquisition of real-estate assets in Paris, aimed at securing prime locations for the Group's Houses. Adjusted for those acquisitions, operating investments amounted to €257 million in 2023, up €19 million relative to 2022. Investments in Corporate activities (logistics and head office) were almost the same as in 2022.

CHAPTER 3
Corporate governance

1 - KERING'S GOVERNANCE

Pursuant to Articles L. 225-37 et seq. of the French Commercial Code, this Report on Corporate Governance was prepared by the Company's Board of Directors and accompanies the Management Report. It notably describes the composition of the Board of Directors and application of the principle of balanced representation of women and men on the Board, the conditions of preparation and organization of its work, compliance with the recommendations of the Corporate Governance Code of Listed Companies to which the Company refers and includes the remuneration policy for corporate officers laid down by the Board. In addition, this report indicates any limitations placed by the Board on the powers of the Chief Executive Officer of the Company.

The Board of Directors approved this report in full, including the remuneration policy for corporate officers, at its meeting on February 28, 2024, in accordance with the provisions of Articles L. 225-37 and L. 22-10-8 of the French Commercial Code.

1.1 Reference corporate governance code

The Company refers to the Corporate Governance Code of Listed Corporations drafted by the AFEP and MEDEF (the "AFEP-MEDEF Code"). This code, updated on December 20, 2022, is available for download from the websites of the AFEP (www.afep.com), the MEDEF (www.medef.com) and the High Committee on Corporate Governance *(Haut Comité de Gouvernement d'Entreprise*, www.hcge.fr).

1.2 Company's management structure

1.2.1 Roles of Chairman of the Board of Directors and Chief Executive Officer combined

In 2005, Kering (then called PPR) adopted a governance structure with a Board of Directors, which appointed François-Henri Pinault as Chairman of the Board of Directors and Chief Executive Officer.

At the Combined General Meetings of May 7, 2009, June 18, 2013, April 27, 2017, and April 22, 2021, the shareholders decided to reappoint him as a Director. At its meetings held subsequent to each of these Combined General Meetings, the Board of Directors decided to maintain the combined role structure and reappointed François-Henri Pinault as Chairman and Chief Executive Officer. The decision to maintain the combined role structure was considered best suited to the Group's organization, operating arrangements and activities.

The Board took into consideration the special position of François-Henri Pinault. He is related to Kering's controlling shareholder and has been actively involved in conducting the Group's business affairs, endowing him with long-standing, intimate operational knowledge, plus a wealth of experience. The Board also underlined the benefits of combining the roles following the transformation of the Company into a Luxury group. It also stated the view that this company management structure, through the consistent, responsive and effective strategic decision-making it fosters, best fits the Group's operational requirements, helps to optimize the Group's economic and financial performance, and ensures strong and harmonious communication.

This governance framework is also suited to the Group's shareholder structure, which includes individual investors, a controlling shareholder and institutional shareholders, all of whom have a stake in Kering's long-term development. It is thus aligned with the best interests of the Company and its shareholders.

In addition, given that the roles of Chairman and Chief Executive Officer are combined and to provide additional assurance with regard to the proper functioning of the Board and the balance of powers, the Board of Directors introduced in 2019, on the recommendation of the Appointments and Governance Committee, the role of Lead Independent Director, with the duties described in section 1.4 of this chapter and in the Board of Directors' internal rules.

In the course of the latest internal assessment of its operations, the Board of Directors unanimously confirmed the effectiveness of this governance framework for Kering and the robust mechanisms put in place (outlined below) to secure a balance of powers.

1.2.2 Changes in the Executive Management team in 2023

On July 18, 2023, Kering announced a series of top appointments aimed at reinforcing stewardship of its Houses, further elevating its operational expertise at Group level and strengthening its organization.

Jean-François Palus, who had served as Group Managing Director (with the same powers vis-à-vis third parties as the Chief Executive Officer) and a Director since 2008, was appointed President and CEO of Gucci effective October 3, 2023. To allow him to focus fully on his new role within the Group, Jean-François Palus resigned from his duties as Group Managing Director and as Director on October 3, 2023. He was not replaced in his role as Group Managing Director.

The Group also announced the creation of two Deputy CEO positions effective September 1, 2023: Francesca Bellettini, President and CEO of Yves Saint Laurent since 2013, was appointed Deputy CEO in charge of Brand Development in addition to her existing responsibilities. In her new role, she is in charge of steering all the Group's Houses. Jean-Marc Duplaix, the Group's Chief Financial Officer since 2012, was appointed Deputy CEO in charge of Operations and Finance. In this role, he oversees all the Group's corporate functions.

The Chairman and Chief Executive Officer is assisted in performing his duties by the Executive Committee, which had 12 members as of December 31, 2023, including both Deputy CEOs. A detailed presentation of the Executive Committee members is provided on pages 22-23 of this Universal Registration Document.

1.2.3 Role of the Chairman and Chief Executive Officer

In his capacity as Chairman of the Board of Directors, the Chairman and Chief Executive Officer organizes and directs the work of the Board and reports on these duties to the Annual General Meeting. He shall ensure that the corporate structure operates properly and, in particular, that the Directors are able to fulfill their duties. He convenes, draws up the agenda for and chairs meetings of the Board of Directors.

In his role as Chief Executive Officer, the Chairman and Chief Executive Officer holds the broadest powers to act on the Company's behalf in all circumstances. He exercises these powers within the limits of the corporate purpose subject to the powers that the law expressly confers on shareholders' meetings and the Board of Directors. The internal rules of the Board of Directors place limitations on the powers (as set forth below) exceeding the statutory requirements beyond which any decision made by the Chairman and Chief Executive Officer must be authorized in advance by the Board of Directors.

The Chairman and Chief Executive Officer represents the Company in its dealings with third parties.

The Executive Committee members report to him.

1.3 Balance of power

1.3.1 The Board of Directors

With a view to achieving an effective balance of power, the Group takes steps to ensure that the Board's composition is harmonious and diverse. The Board of Directors is made up of Directors with a variety of complementary, high-quality profiles. They hold or have held top-level responsibilities in world-class organizations and possess the expertise required to gain the clearest possible grasp of the Group's businesses and challenges and to fulfill their duties on the Board of Directors.

As of February 28, 2024, the Board of Directors include five independent Directors out of the nine taken into account (the two Directors representing employees are not counted pursuant to the AFEP-MEDEF Code), which represents a degree of independence of 56%, above the one-third level required by the AFEP-MEDEF Code for controlled companies. The proportion of women on the Board of Directors was 56% (excluding Directors representing employees, pursuant to article L. 225-27 of the French Commercial Code), above the level of 40% required by law.

Since 2019, the Board of Directors' members have included a Lead Independent Director with a special remit for governance and shareholder relations presented in section 1.4 of this chapter.

The Board of Directors is also assisted in the conduct of its duties by four specialized Committees (Audit Committee, Remuneration Committee, Appointments and Governance Committee and Sustainability Committee). These Committees prepare and provide additional insights for the Board's work in the fields and duties entrusted to them. As of February 28, 2024, 60% of the members of the Appointments and Governance Committee and 67% of the members of the Sustainability Committee were independent (excluding Directors representing employees). Since January 9, 2024, when Tidjane Thiam left the Board, half the members of the Audit Committee and of the Remuneration Committee have been independent Directors (as of December 31, 2023, the degree of independence was 60%) and three of the four Committees are chaired by an independent Director (namely the Appointments and Governance Committee, the Remuneration Committee and the Sustainability Committee).

Executive sessions are another means by which a balance of power is maintained between the Company's governance bodies. These meetings are organized without the executive corporate officers and are held at least once a year, in line with the recommendations of the AFEP-MEDEF Code (see section 3.2.3 of this chapter for more details).

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors discusses its operations every year and carries out a formal assessment every three years. At the end of these meetings, the Directors set new objectives for improving the quality of their organization and ensure that all important issues are suitably prepared and addressed.

The conditions of preparation and organization of the work of the Board of Directors are described in section 3 of this chapter.

1.3.2 Limitations placed on the powers of the Chief Executive Officer

To maintain a balance of powers and create the conditions for harmonious governance, the Company has limited the powers of the Chief Executive Officer.

Accordingly, notwithstanding the statutory provisions governing the authorizations that fall within the remit of the Board (related-party agreements, endorsements, suretyships and guarantees, divestments of shareholdings or sale of real estate, etc.), article 15 of the Company's Articles of Association and the internal rules of the Board of Directors state that the following decisions by the Chief Executive Officer require the prior approval of the Board:

- matters and transactions that have a substantive effect on the strategy of the Company or more generally of the Group, its financial structure or its scope of business activity;
- except in the event of a decision by the Annual General Meeting, issues of securities of all types, that are liable to cause a change in the share capital;
- the following transactions by Kering SA or by any entity controlled by the Group, insofar as they each exceed €500 million, an amount set annually by the Board of Directors:
  - all investments or divestments, including the acquisition, sale or exchange of holdings in all existing or future businesses,
  - all purchases or sales of Group real estate.

1.3.3 Dialogue with Executive Management and operational divisions

The Directors can take up matters with Executive Management at any time and with complete transparency, and Executive Management keeps the Directors regularly informed of all important events concerning the Company's business affairs.

The Directors are in regular contact with the Group's senior executives, who take part at the strategic seminars and meetings of the Board of Directors and specialized Committees, according to the items on the agenda and the Group's latest developments. The two Deputy CEOs appointed on July 18, 2023 effective September 1, 2023, are regularly invited to attend Board of Directors' meetings. Their involvement enhances the dialogue between Directors and the operational and functional departments.

Each Director is also entitled, if they so wish, to meet the Group's senior executives outside these meetings in order to gain a better insight into the Group's businesses or certain operational issues.

1.4 Role and responsibilities of the Lead Independent Director

1.4.1 Presentation of the Lead Independent Director

In light of changes to the composition of the Board of Directors and following a discussion with the Company's shareholders in late 2018, the Board of Directors decided to appoint a Lead Independent Director to provide additional assurance with regard to the balance of power.

Acting on the recommendation of the Appointments and Governance Committee, the Board of Directors created at its meeting on February 11, 2019, the position of Lead Independent Director.

Following the appointment of Véronique Weill at the Annual General Meeting of April 28, 2022, the Board of Directors entrusted this position to her. She replaced Sophie L'Hélias whose term of office expired on March 4, 2022. She brings to Kering's Board of Directors her extensive experience, particularly in corporate governance.

A loss of independent director status would immediately put an end to the Director's role as Lead Independent Director.

The Lead Independent Director's responsibilities are described in the internal rules of the Board of Directors.

1.4.2 Lead Independent Director's responsibilities and powers

Organization of the work of the Board of Directors and relationship with Directors

The Lead Independent Director:

- is consulted on the agenda and schedule of Board meetings and may propose additional agenda items to the Chairman;
- liaises between the independent Directors, other Board members and Executive Management. This includes maintaining regular, open dialogue with each of the Directors, particularly with the independent Directors. It also involves organizing at least one meeting per year without the executive corporate officers;
- prevents conflicts of interest. The Lead Independent Director brings to the Board's attention any potential conflicts of interest identified involving executive corporate officers or other Board members;
- ensures compliance with the Board of Directors' internal rules;
- participates in the process of assessing the Board of Directors.

Relationship of the Lead Independent Director with shareholders

The Lead Independent Director:

- in coordination with the Chairman of the Board, represents the Board in its dealings with investors concerning environmental, social and governance (ESG) matters. This includes meeting with certain shareholders and reporting their ESG-related questions back to the Board;
- stays informed about shareholders' requests in relation to corporate governance and ensures that responses are provided.

Resources

The Lead Independent Director:

- has access to all documents and other information he/she deems necessary for the performance of his/her duties and may request that external technical studies be carried out, at the Company's expense;
- is kept informed about the Company's activities on a regular basis. He/she may also meet with the Group's operational or functional executives, at his/her request and after having informed the Chairman and the Chief Executive Officer;
- may request the Board Secretary's assistance with carrying out their duties.

Reporting

The Lead Independent Director reports to the Board of Directors on the performance of his/her duties once a year. He/she may also be asked by the Chairman to report on his/her activities to Annual General Meetings.

At the end of each term of office served by the Lead Independent Director, the Board of Directors reviews the resources made available to the Lead Independent Director to perform his/her tasks and the associated powers with a view to making adjustments, if necessary.

In addition, the Lead Independent Director provides the Board with a summary of the work carried out during the year.

Work carried out in 2023

During 2023, Veronique Weill, in her capacity as Lead Independent Director:

- stayed in regular contact with the Chairman and Chief Executive Officer concerning all material governance issues arising during the year, as well as with all the Directors;
- reported on the governance work performed by the Board of Directors during 2022 at the Annual General Meeting of April 27, 2023, and presented to shareholders the resolutions on the remuneration of corporate officers submitted for their approval;
- participated in the preparation of agendas for Board meetings;
- presented to the Board of Directors the conclusions of the internal assessment of the Board of Directors and the specialized Committees that she led in late 2022 and actively participated in drawing up the roadmap after the assessment had been completed and in monitoring its implementation;
- was involved in the process of formally assessing the functioning of the Board of Directors and its specialized Committees, which was led by an independent external consultant in 2023;
- organized and led the six meetings of the Remuneration Committee, of which she is the Chair;
- actively contributed to preparations for the ESG roadshow and attended all the related work meetings arranged by Investor Relations and Legal Departments;
- attended the ESG roadshow held in December 2023 with key investors representing around 40% of the free float (and 22.5% of total share capital), during which she talked about strategic governance issues with them (the presentation used at the roadshow is available from the Company's website);
- reported in detail to the Board of Directors on the conversations she had with investors;
- organized and chaired discussions during the two executive sessions (meetings of the Directors without either of the executive corporate officers being present) on March 22 and December 7, 2023;
- convened two meetings of the Remuneration Committee to discuss the approval rate of below 80% recorded for the 5th resolution at the Annual General Meeting of April 27, 2023, concerning the remuneration awarded and paid in 2022 to the Chairman and Chief Executive Officer, and led the review of potential changes that could be made to the remuneration policy for executive corporate officers.

The Lead Independent Director attended 13 of the 14 meetings of the Board of Directors and all meetings of the four specialized Committees on which she sits, representing an attendance rate of 97% at a total of 28 meetings in 2023.

1.5 Role and duties of the Climate Change Lead

In line with the Group's climate action commitments, the Board of Directors decided during its meeting on February 16, 2022, to create the role of Climate Change Lead. The Climate Change Lead's role is to make certain that climate issues are taken into account at the highest echelons of the Group and given full consideration in the Board's thinking and decision-making process.

At its meeting of April 28, 2022, the Board of Directors appointed Jean-Pierre Denis to this role. He possesses expertise in risk management, including non-financial risks and the link between financial and non-financial performance, as well as in sustainable development, especially renewable energies and waste management. Jean-Pierre Denis served as Chairman of Dalkia (renewable energies) from 1999 until 2003, was a member of Veolia Environnement's Executive Board from 2000 until 2003 and is a director of Paprec Holding (recycling and waste processing). The experience and broad-ranging expertise of Jean-Pierre Denis, a member of Kering's Audit Committee since 2008 and of the Sustainability Committee since 2020, can be relied on to ensure internal control and risk management procedures are implemented within the Group. They give him an accurate picture of the sustainable development and environmental protection policies implemented within the Group.

Working together with the Chair of the Sustainability Committee and the Lead Independent Director, the main duties of the Climate Change Lead consist in:

- ensuring that the Board at large and each of the Directors individually have a clear grasp and understanding of the climate change priorities and impacts, generally and specifically for Kering and the Luxury sector;
- proposing any actions deemed relevant to enhance the Board's overall expertise in the area (training, involvement of experts, etc.);
- regularly informing the Board about the latest advances in scientific knowledge about global warming (largely focused on the IPCC's work) and recent developments in reporting obligations for businesses in the area (regulatory news and watch);
- assessing and ranking risks and opportunities raised by climate change within the governance framework to guarantee the issue is addressed strategically as part of a long-term approach;
- ensuring the Group's climate ambitions comply with the Paris Agreement and are aligned with the highest international standards and practices (SBT, Net Zero trajectory, TCFD, European Taxonomy, shareholders' expectations and other stakeholders, etc.) and conducive to extending the Group's climate leadership;
- participating in strategic direction discussions concerning the climate and transition financing trajectory (resilience and realignment of the Group's business model with climate change priorities);
- ensuring the climate dimension is a factor in all key decisions made by the business (innovation, technology decisions, investments, etc.);
- reporting to the Board at least twice a year, in coordination with the Board's Sustainability Committee, of which he is a member, on deployment of the climate strategy within the Group, on the implementation of the action plans and the results of climate change mitigation and adaptation efforts.

Over the past year, the Climate Change Lead's work included:

- in collaboration with Kering's Sustainability teams, he oversaw the preparation of the training seminar for the Board of Directors on climate issues. A decision was made to organize this seminar following the internal assessment of the Board of Directors in late 2022, during the course of which the Directors requested specialized climate training. At the seminar held on May 4, 2023, presentations were given to Directors by internal and external experts on a variety of issues related to the climate. This gave them a complete overview of the global, industry and Group-related challenges (see section 3.4.1 below for more details);
- the Climate Change Lead attended the preparatory meetings ahead of the presentation to the Audit Committee of the measures put in place by the Group in advance of the new sustainability reporting regime ("CSRD").

1.6 Governance-related dialogue with shareholders

Kering places great importance on the dialogue with its shareholders and seeks to maintain and strengthen their trust by providing them with regular information on the Company's latest developments, by holding meetings throughout the year and making sure that it answers any questions and responds to any comments they may have. These valuable discussions enable the Board of Directors to gain clearer insights into shareholders' expectations, consider new ideas and make changes to the Group's practices from a continuous improvement perspective.

From a governance perspective, the Lead Independent Director and the Investor Relations Department manage this dialogue under the oversight of the Chairman and Chief Executive Officer, in tandem with the Board Secretary and the Legal Department.

In late 2023, as every year since 2018, an ESG (environmental, social and governance) roadshow was held for major investors in the Company (representing around 40% of the free float and 22.5% of total share capital). The Lead Independent Director, the Board Secretary, the Chief Sustainability and Institutional Affairs Officer and the Investor Relations Department took part in the roadshow. These meetings provided the Lead Independent Director with an opportunity to have conversations with investors about the Group's governance, including recent changes to its Executive Management, the composition of the Board of Directors and the remuneration of executive corporate officers.

The Lead Independent Director reported in detail to the Board of Directors on the observations made and expectations expressed by investors at the event. The Board considered the insights gained and in particular possible changes to be made to the remuneration policy for executive corporate officers, given the approval rate of below 80% recorded for the 5th resolution of the Annual General Meeting of April 27, 2023, concerning the remuneration awarded and paid in 2022 to the Chairman and Chief Executive Officer, and desirable changes to the Board's composition in view of the forthcoming expiry of terms of office.

In addition, the Investor Relations Department, working in tandem with the Board Secretary and the Legal Department, holds meetings with the Group's main institutional investors every year ahead of the Annual General Meeting to explain the resolutions to be submitted to shareholders for their approval. These meetings also provide a first-class opportunity to discuss the Group's governance arrangements.

The presentations given by Kering at these various meetings are made available on its website www.kering.com.

Please refer to section 2.6 "Financial communications policy" of chapter 7 "Investor information" for further information about the Company's dialogue with its shareholders.

1.7 Succession plan

The Appointments and Governance Committee periodically reviews the succession planning process for the Group's executive corporate officer succession plan and the succession planning process for the current Executive Committee members, House CEOs and their Creative Directors.

1.7.1 Succession plan for the Chairman and Chief Executive Officer

The succession planning process for the Chairman and Chief Executive Officer was reviewed by the Appointments and Governance Committee at its meeting on December 19, 2023.

The method selected takes into account the Group's specific characteristics, particularly its governance structure, its organization (relationship between Corporate and the Group's House teams), as well as its strategic challenges and priorities as defined by the Board of Directors. Various phases have been defined. The first involves determining the potential changes in governance that would be required in the event of a change at the Company's helm, based on an extensive study of organizational practices in the industry and among Kering's CAC 40 peers.

During their regular dialog, the Committee Chair discussed with the Chairman and Chief Executive Officer the process for appointing his successor, the required skills and expertise and a list of potential candidates.

1.7.2 Succession plan for Executive Committee members, House CEOs and Creative Directors

The succession planning process for the Executive Committee members, House CEOs and Creative Directors was also reviewed by the Appointments and Governance Committee at its meeting on December 19, 2023.

Potential candidates, their career progress and their promotions are assessed on a regular basis by the Human Resources Department with the assistance of an external firm for the purpose of effective succession planning for these key positions and achieving the strategic goals of the Group and its Houses.

This assessment is conducted both internally during the annual talent reviews and externally via continuously monitoring. One person reporting to the Deputy CEO in charge of Brand Development is charged with spotting and tracking the progress of creative talent within the Group's Houses.

The internal and external talent spotting processes underpin effective succession arrangements for key roles, remedying the issues that can arise if these roles are vacated. In addition, the collective expertise accumulated by teams, especially at the creative studios in each of the Houses, remains the best means of safeguarding business continuity and the continued execution of the Group's strategy, especially during transition periods.

In addition, a gender balance analysis always forms part of talent reviews and succession planning.

2 - COMPOSITION OF THE BOARD OF DIRECTORS

2.1 Members of the Board of Directors as of February 28, 2024

			Age	Gender	Nationality	Start of 1st term of office (AGM)	End of current term of office (AGM)	Seniority on the Board	Committee membership: Audit	Committee membership: Remuneration	Committee membership: Appointments and Governance	Committee membership: Sustainability
Chairman and CEO	François-Henri Pinault		61	M	French	1993 [2]	2025	30				•
Independent Directors [1]	Véronique Weill *Lead Independent Director*		64	F	French	2022	2026	2	•	C	•	•
	Maureen Chiquet		60	F	American	2023	2026	< 1 [3]				•
	Yonca Dervisoglu		54	F	Turkish and British	2022	2026	2			•	•
	Emma Watson		33	F	British	2020	2024	3				C
	Serge Weinberg		73	M	French	2022	2026	2	•	•	C	
Non-independent Directors	Jean-Pierre Denis *Climate Change Lead*		63	M	French	2008	2024	15	C	•		•
	Financière Pinault Represented by Héloïse Temple-Boyer		45	F	French	2018	2025	5	•	•	•	
	Baudouin Prot		72	M	French	1998 [4]	2025	25			•	
Directors representing employees	Concetta Battaglia		55	F	Italian and British	2020	2024	3			•	•
	Vincent Schaal		55	M	French	2022	2026	2		•		

• Committee member **C** Committee Chair

58 Average age of the Directors

56% independent directors [5]

8.4 years' average seniority

(1) Based on the independence criteria laid down in the AFEP-MEDEF Code.
(2) Member of the Executive Board from 1993 to 2001 and the Supervisory Board from 2001 to 2005.
(3) Maureen Chiquet was coopted as an independent Director by the Board of Directors at its meeting on July 18, 2023 effective September 1, 2023.
(4) Member of the Supervisory Board until 2005.
(5) Directors representing employees are not included in the calculation of the degree of independence, as per the recommendations of the AFEP-MEDEF Code.

Biographies of the Directors with details of their directorships and positions in other companies

The following information is presented separately for each Director:

- professional experience and expertise in the area of business management;
- directorships and positions held in 2023;
- directorships and positions held in the last five years, but now expired.

François-Henri Pinault
Chairman and Chief Executive Officer

CSR

Number of shares held: 37,141

Born on May 28, 1962 (61 years old)
French citizen

Kering
40, rue de Sèvres
75007 Paris
France

First appointed in 1993
Term of office last renewed on April 22, 2021
Term of office expires at the Annual General Meeting called to approve the financial statements for the year ended December 31, 2024

François-Henri Pinault joined the Pinault group in 1987. He held senior positions in the main subsidiaries of the Group before becoming a member of the Management Board of Pinault Printemps Redoute in 1993.

From 1997 to 2000, he served as Chairman and Chief Executive Officer of Fnac.

In 2000, François-Henri Pinault was appointed Deputy Chief Executive Officer of PPR (since renamed Kering) and in 2003, Chairman of the Artémis group, Kering's controlling shareholder.

After holding several key positions at PPR (Chairman of the Executive Board, Vice-Chairman of the Supervisory Board, member of the Supervisory Board and member of the Executive Board), François-Henri Pinault was appointed Chairman and Chief Executive Officer of Kering in 2005. He gradually transformed Kering into a global Luxury group, a pioneer in sustainability with a deep commitment to the advancement of women - two causes that are particularly close to his heart. He also chairs the Kering Foundation, which was founded in 2009 to combat violence against women.

François-Henri Pinault, a French citizen, is a graduate of the *École des hautes études commerciales* (HEC) business school.

Following the Annual General Meeting on April 22, 2021, the Board of Directors reappointed him as Chairman and Chief Executive Officer for the duration of his term of office as a Director, which will expire at the end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2024.

François-Henri Pinault is also a member of the Sustainability Committee.

He attended the 14 Board meetings in 2023 and the two meetings of the Sustainability Committee of which he is a member, representing an attendance rate of 100%.

François-Henri Pinault is legal manager and managing partner of Financière Pinault, which directly and indirectly held 42.23% of Kering's share capital as of December 31, 2023.

Director expertise

Risk management	Governance	Industry	Finance and accounting	CSR Corporate social and environmental responsibility	Leadership	Marketing	Technology, digital and cybersecurity	Innovation	Economics

Directorships and positions held as of December 31, 2023:

Position	Company	Country	Start dates
at the level of the majority shareholder group:			
Legal manager	Financière Pinault SCA	France	June 2000
Chairman	Artémis SAS	France	July 2018
Member of the Management Board	SC Château Latour	France	July 1993
Chairman of the Board of Directors	Pinault Collection SAS	France	May 2016
Chairman	Sonova Management SAS	France	July 2015
Representative of Sonova Management, legal manager	Sonova SCS	France	September 2015
Chairman	Artémis 28 SAS	France	January 2018
Chairman	RRW France SAS	France	May 2018
Director	Creative Artists Agency LLC	United States	September 2023
within the Kering group:			
Director	Kering International Ltd	United Kingdom	May 2013
Director	Kering UK Services Ltd	United Kingdom	May 2014
Director	Kering Eyewear SpA	Italy	November 2014
Director	Yves Saint Laurent SAS	France	June 2013
Chairman of the Strategy Committee	Boucheron SAS	France	August 2020

Directorships and positions held in the last five years, but now expired:

Position	Company	Country	End dates
Representative of Artémis 80, director	DEEZER (formerly I2PO) SAS	France	June 2022
Chairman of the Strategy Committee	Boucheron Holding SAS	France	July 2020
Director	Stella McCartney Ltd	United Kingdom	July 2019
Director	Manufacture et fabrique de montres et chronomètres Ulysse Nardin le Locle SA	Switzerland	November 2019
Manager	Volcom LLC	United States	April 2019
Director	Sapardis SE	France	2018
Group Managing Director	Artémis SA	France	January 2018
Chairman and Chief Executive Officer	Artémis SA	France	July 2018

Véronique Weill
Lead Independent Director
Chair of the Remuneration Committee

Number of shares held: 50

Born on September 16, 1959 (64 years old)
French citizen

CNP Assurances
4 Promenade Cœur de Ville
92130 Issy-les-Moulineaux
France

First appointed in 2022
Term of office expires at the Annual General Meeting called to approve the financial statements for the year ended December 31, 2025

Véronique Weill, a French national, has held numerous responsibilities in financial services, with a background of more than 20 years in investment banking in the United States, in the UK and in France, then 10 years at AXA, as well as in the field of new technologies and digital.

A graduate of the *Institut d'Études Politiques* (IEP) in Paris and holder of a literature degree from the Sorbonne University, Véronique Weill began her career at Arthur Andersen Audit in Paris.

From 1985 to 2006, she held various positions of responsibility within JP Morgan in Paris, London and New York, in particular as Head of European, then Global Head of Operations and Technology for asset management and private clients, then Global Head of Operations for Investment Banking and Shared Services.

After returning to France in 2006, she joined the AXA Group as Managing Director of AXA Business Services and Director of Operational Excellence; she became a member of the Management Committee in 2010 as Chief Operating Officer, then Group Chief Customer Officer in charge of customers, brand and digital of the AXA Group. She has chaired subsidiaries in France, Spain and Italy, and she was a member of Scientific Board for AXA Research Fund.

In August 2017, she joined Publicis Groupe as General Manager, in charge of mergers and acquisitions, operations, IT and real estate, and as a member of the Group Management Committee.

Since July 2020, she has been Chair of the Board of Directors of CNP Assurances.

She is also a member of the Board of Directors of Valeo and of the Supervisory Board of Rothschild & Co.

Véronique Weill has been a Director of Kering since April 28, 2022. Her term of office will expire at the end of the Annual General Meeting called to approve the financial statements for the year ending December 31, 2025.

The Board of Directors has designated Véronique Weill as Lead Independent Director. In coordination with the Chairman, she represents the Board in its dealings with investors concerning environmental, social and governance (ESG) matters.

Véronique Weill is the Chair of the Remuneration Committee and a member of three other specialized Committees, namely the Audit, the Appointments and Governance, and the Sustainability Committees.

In 2023, she attended 13 of the 14 Board meetings and all meetings of the four Committees on which she sits: six Remuneration Committee meetings, five Audit Committee meetings, two Appointments and Governance Committee meetings and two Sustainability Committee meetings, representing an attendance rate of 97%.

Director expertise

Risk management · Governance · Industry · Finance and accounting · CSR Corporate social and environmental responsibility · Leadership · Marketing · Technology, digital and cybersecurity · Innovation · Economics

Directorships and positions held as of December 31, 2023:

Position	Company	Country	Start dates
Chair of the Board of Directors	CNP Assurances	France	2020
Chair of the Board of Directors	CNP Assurances Holding SAS	France	2023
Director	CNP Seguros Holding Brasil	Brazil	2020
Director	Holding XS1	Brazil	2020
Director, co-Chair of the campaign committee	Gustave Roussy foundation	France	2011
Member of the Supervisory Board	Rothschild & Co[(1)]	France	2020
Director	Valeo[(1)]	France	2016

(1) Listed company (as of the date the position was held).

Directorships and positions held in the last five years, but now expired:

Position	Company	Country	End dates
Director	Translate Plus – Publicis Groupe	United Kingdom	2020
Director	BBH Holding Ltd	United Kingdom	2020
Director	Prodigious UK	United Kingdom	2020
Director	Georges Besse foundation	France	2020
Director	Musée du Louvre	France	2020
Member of the Advisory Board	Salesforce	United Kingdom	2022

Serge Weinberg
Independent Director
Chair of the Appointments and Governance Committee

Number of shares held: 100

Date of birth: February 10, 1951 (73 years old)
French citizen

1, rue Euler
75008 Paris
France

First appointed in 2022
Term of office expires at the Annual General Meeting called to approve the financial statements for the year ended December 31, 2025

A French national, Serge Weinberg is Chairman of the investment firm Weinberg Capital Partners, which he founded in 2005. He chaired Sanofi's Board of Directors from 2010 until 2023.

Serge Weinberg held various positions as a "sous-préfet" from 1976 to 1981 and became Chief of Staff of the French Budget Minister, Laurent Fabius, in 1981. From 1982 to 1987, he held management positions at French television channel France 3 and at Havas Tourisme Group. He served as CEO of Pallas Finance for three years before joining the Pinault Group in 1990 as President of CFAO. In the Pinault Group, he served as Chairman and CEO of Rexel from 1991 to 1995 and chaired the Executive Board of the PPR Group for 10 years. In 2005, he founded the investment firm Weinberg Capital Partners. He was appointed Chairman of Sanofi's Board of Directors in 2010 and remained in that role until May 2023. Serge Weinberg is also a member of the Board of the AFEP and one of the founders of the Institute for Brain and Spinal Cord Disorders (ICM) and Télémaque.

Serge Weinberg holds the rank of Commander in the "Légion d'honneur" (French Legion of Honor).

Serge Weinberg holds a bachelor's degree in Law, a graduate degree from the *Institut d'Études Politiques* in Paris and is a graduate of ENA (*École Nationale d'Administration*).

Serge Weinberg has been a Director of Kering since April 28, 2022. His term of office will expire at the end of the Annual General Meeting called to approve the financial statements for the year ending December 31, 2025.

Serge Weinberg is Chair of the Appointments and Governance Committee and a member of the Audit and the Remuneration Committees.

In 2023, he attended 12 of the 14 Board meetings and all the meetings of the Committees on which he sits: five Audit Committee meetings, two Appointments and Governance Committee meetings and six Remuneration Committee meetings, representing an attendance rate of 93%.

Director expertise

Risk management | Governance | Industry | Finance and accounting | CSR Corporate social and environmental responsibility | Leadership | Marketing | Technology, digital and cybersecurity | Innovation | Economics

Directorships and positions held as of December 31, 2023:

Position	Company	Country	Start dates
Chairman	Weinberg Capital Partners	France	March 2005
Chairman	Maremma SAS	France	January 2015
Director	Piasa SA	France	May 2008
Chairman	Sagra SAS	France	November 2018
Chairman	Financière Alizé SAS	France	June 2016

Directorships and positions held in the last five years, but now expired:

Position	Company	Country	End dates
Chairman of the Board of Directors	Sanofi[(1)]	France	May 2023
Legal manager	Alret	France	November 2023
Director	C.P.P.J. SA	France	December 2023
Chairman	Guetaria	France	November 2022
Representative of WCP	ADIT	France	October 2019
Chairman of the Supervisory Board	Financière Climater	France	January 2018
Chairman	Financière Piasa	France	June 2018
Chairman of the Supervisory Board	Financière TESS	France	October 2019
Director	Madrigall	France	June 2019
Chairman	Piasa Holding	France	June 2018

(1) Listed company (as of the date the position was held).

Emma Watson
Independent Director
Chair of the Sustainability Committee

CSR

Number of shares held: 50

Born on April 15, 1990 (33 years old)
British citizen

55 Loudoun Road – London NW8 0DL, United Kingdom

First appointed in 2020
Term of office expires at the Annual General Meeting called to approve the financial statements for the year ended December 31, 2023

Emma Watson is a British actor and activist. She first came to the public's attention playing Hermione Granger in the film adaptations of the *Harry Potter* book series, which enjoyed immense success worldwide. Over the past 20 years, she has become one of the world's most popular actors and best-known activists.

Between 2011 and 2014, Emma Watson's filmography included *My Week With Marilyn*, *The Perks of Being a Wallflower*, *The Bling Ring*, *Noah* and Disney's *Beauty and the Beast*.

She most recently starred in Greta Gerwig's *Little Women*.

In May 2014, she earned a degree in English literature from Brown University.

Also in 2014, she was appointed a UN Women Global Goodwill Ambassador and launched the HeForShe initiative aimed at involving men in the promotion of gender equality. Her work on the HeForShe campaign earned her a place on the Time 100 list of the world's most influential people in 2015.

In 2016, she created Our Shared Shelf, a feminist book club.

Emma Watson sits on the Time's Up Entertainment Steering Committee and brought the movement to the United Kingdom, coordinating its launch at the UK Film BAFTAs in 2018 and building a network of hundreds of women from across the industry.

Her work with Time's Up led to the establishment of the new UK Justice and Equality Fund, which aims to fight the existing culture of harassment, abuse and impunity. The fund was kickstarted by Emma Watson's GBP 1 million donation and is hosted by Rosa, a UK non-profit foundation that aims to support initiatives for women, young women and girls in the United Kingdom.

Emma Watson has also helped draft new UK industry-wide guidelines on harassment and bullying with the British Film Institute (BFI), the British Academy of Film and TV Arts (BAFTA), and the Advisory, Conciliation and Arbitration Service (ACAS) and other leading bodies.

In 2019, French President Emmanuel Macron invited her to sit on the G7's advisory Gender Equality Council. Emma Watson is also a pioneer in advocating for sustainable fashion and is a supporter of Good on You, a mobile app that allows consumers to check the sustainability credentials of clothing brands. In 2018, she was invited to guest edit a Vogue Australia publication on sustainable development and responsible consumption.

Emma Watson has been a Director of Kering since June 16, 2020. Her term of office will expire at the end of the Annual General Meeting called to approve the financial statements for the year ending December 31, 2023.

Emma Watson is Chair of the Sustainability Committee.

She attended six of the 14 Board meetings held in 2023 and both the Sustainability Committee meetings, representing an attendance rate of 50%.

Emma Watson did not hold any other directorships or positions as of December 31, 2023, and has not held any other corporate office over the past five years.

Director expertise

Risk management | Governance | Industry | Finance and accounting | CSR Corporate social and environmental responsibility | Leadership | Marketing | Technology, digital and cybersecurity | Innovation | Economics

Jean-Pierre Denis

Director

Climate Change Lead
Chair of the Audit Committee

CSR

Number of shares held: 500

Born on July 12, 1960 (63 years old)
French citizen

40, rue de Sèvres
75007 Paris
France

First appointed in 2008
Term of office last renewed on June 16, 2020
Term of office expires at the Annual General Meeting called to approve the financial statements for the year ended December 31, 2023

Jean-Pierre Denis is an Inspector of Finance and a graduate of HEC and ENA. He served as Deputy General Secretary of the Office of the President of the French Republic from 1995 to 1997, Advisor to the Chair of *Compagnie Générale des Eaux*, which became Vivendi (1997 to 1999), Chief Executive Officer of Dalkia (Vivendi group then Veolia Environnement) (1999 to 2003) and member of the Executive Board of Vivendi Environnement, which became Veolia Environnement (2000 to 2003), Chairman of the Board of Directors of *Banque du développement des petites et moyennes entreprises* (BDPME) (2003 to 2005), Chairman and Chief Executive Officer of *Crédit Mutuel Arkéa* and of the *Fédération du Crédit Mutuel de Bretagne* until May 2021. Jean-Pierre Denis has been Vice-Chairman of the Paprec Group since October 2021.

Jean-Pierre Denis has been a Director of Kering since June 9, 2008. His term of office was renewed at the Combined General Meeting on April 29, 2016 and the Combined General Meeting on June 16, 2020 and will expire at the end of the Annual General Meeting called to approve the financial statements for the year ending December 31, 2023. With the renewal of Jean-Pierre Denis' term of office at the Annual General Meeting of June 16, 2020, he lost his Independent Director status because he had served for over 12 years.

Jean-Pierre Denis is a member of the Remuneration and the Sustainability Committees. Following Tidjane Thiam's departure from the Board on January 9, 2024, Jean-Pierre Denis has served as interim chair of the Audit Committee since its February 5, 2024 meeting.

Jean-Pierre Denis was appointed as Climate Change Lead on the Board of Directors on April 28, 2022. His role and duties are presented in section 1.5 of this chapter.

He attended the 14 Board meetings held in 2023 and all meetings of the Committees on which he sits: five Audit Committee meetings, six Remuneration Committee meetings and two Sustainability Committee meetings, representing an attendance rate of 100%.

Director expertise

Risk management | Governance | Industry | Finance and accounting | CSR Corporate social and environmental responsibility | Leadership | Marketing | Technology, digital and cybersecurity | Innovation | Economics

Directorships and positions held as of December 31, 2023:

Position	Company	Country	Start dates
Director	Avril Gestion	France	December 2014
Director	Paprec Holding	France	November 2010
Non-voting Director (censor)	Tikehau Capital (1)	France	May 2018
Non-voting Director (censor)	Altrad Investment Authority	France	July 2018
Chairman	Keriode SAS	France	Juin 2021
Chairman	Château Calon-Ségur SAS	France	December 2012
Chairman of the Supervisory Board	Les Terroirs de Suravenir SAS	France	September 2020
Director	Caisse de Crédit Mutuel du Cap Sizun	France	May 2008
Chairman	Altrad Solidarity endowment fund	France	February 2023
Chairman	Confédération des métiers de l'environnement	France	May 2023

(1) Listed company (as of the date the position was held).

Directorships and positions held in the last five years, but now expired:

Position	Company	Country	End dates
Director	JLPP Invest SAS	France	2022
Chairman	Fédération du Crédit Mutuel de Bretagne	France	2021
Chairman	Crédit Mutuel Arkéa	France	2021
Director	Nexity(1)	France	2021
Director	Altrad Investment Authority	France	2018
Member of the Supervisory Board	Tikehau Capital(1)	France	2018

(1) Listed company (as of the date the position was held).

Concetta Battaglia
Director representing employees

CSR

Number of shares held: 80

Born on January 28, 1969 (55 years old)
Italian and British citizen

Kering
40, rue de Sèvres
75007 Paris
France

First appointed on September 2, 2020
Term of office expires
on September 1, 2024

Concetta Battaglia is Head of Operations at Kering UK Services. After joining Gucci Group in 2005 as personal assistant to the Worldwide Store Planning Director, she moved into the facilities management team before progressing to her current role. Among other responsibilities, she is responsible for the development and implementation of health and safety policies and procedures within Kering and its Houses in the United Kingdom, as well as ensuring the operational implementation of the Group's ESG policies within her area of responsibility.

Before joining Kering, she worked in sales and customer services.

Concetta Battaglia, an Italian and British citizen, has lived in Switzerland and Italy and currently resides in London.

She graduated from Sapienza University of Rome, Italy, in 1996 with a degree in political science.

Concetta Battaglia was elected as the second Director representing employees by the Kering European Works Council on September 2, 2020 for a term of office of four years. Since 2016, she has promoted and implemented robust measures to protect employees from workplace hazards.

Concetta Battaglia is a member of the Appointments and Governance and the Sustainability Committees.

In 2023, she attended the 14 Board meetings and all meetings of the Committees on which she sits: two Appointments and Governance Committee meetings and two Sustainability Committee meetings, representing an attendance rate of 100%.

Concetta Battaglia did not hold any other directorships or positions as of December 31, 2023, and has not held any other corporate office over the past five years.

Director expertise

Risk management | Governance | Industry | Finance and accounting | CSR Corporate social and environmental responsibility | Leadership | Marketing | Technology, digital and cybersecurity | Innovation | Economics

Maureen Chiquet
Independent Director

CSR

Number of shares held: 50

Born on March 9, 1963 (60 years old)
US citizen

406 Nettleton Hollow Rd
Washington CT06793
United States

First appointed in September 2023 (subject to ratification of her appointment at the Annual General Meeting on April 25, 2024)

Term of office expires at the Annual General Meeting called to approve the financial statements for the year ended December 31, 2025

An American national, Maureen Chiquet was the first Global CEO of Chanel between 2007 and 2016, elevating the house's iconic brand and spearheading its worldwide expansion.

After graduating from Yale University with a degree in literature, Maureen Chiquet moved to Paris to begin her career in marketing at L'Oréal. She then pivoted to fashion, joining The Gap, and helping to launch and build the Old Navy brand. She was named President of Banana Republic before becoming Chief Operating Officer and President of Chanel's U.S operations in 2003. In 2007, she was appointed at the helm of Chanel as Global CEO, a position she held for nearly ten years. After leaving Chanel in 2016, she authored a book, "*Beyond The Label: Women, Leadership and Success on Our Own Terms*", which charts her career and unique perspective on women in leadership.

Maureen Chiquet chairs the Board of Directors of Golden Goose and its Diversity & Inclusion committee and also sits on its Ethics committee. She also chairs the Board of Directors of La DoubleJ, is a Director of Canada Goose and Credo, a clean beauty retailer, and is a senior advisor to Permira. Previously she sat on the Board of Directors of Vivendi and was a Director of Yale Corporation and of the New York Academy of Art.

The Board of Directors coopted Maureen Chiquet as a Director at its meeting on July 18, 2023 effective September 1, 2023. Her appointment as an Independent Director is subject to shareholder approval at the Annual General Meeting on April 25, 2024. Concomitantly, the Board of Directors appointed her as a member of the Sustainability Committee.

In 2023, she attended three of the four Board meetings held after she was coopted and both the Sustainability Committee meetings, representing an attendance rate of 83%.

Directorships and positions held as of December 31, 2023:

Position	Company	Country	Start dates
Non-executive chair	Golden Goose SpA	Italy	June 2020
Chair of the Board of Directors	La DoubleJ SRL	Italy	February 2023
Director	Canada Goose Inc.	Canada	August 2017
Director	Eco-Chic LLC d/b/a Credo	United States	January 2021

Directorships and positions held in the last five years, but now expired:

Position	Company	Country	End dates
Director	MF Midco Limited	United Kingdom	April 2023

Director expertise

Risk management
Governance
Industry
Finance and accounting
CSR
Corporate social and environmental responsibility
Leadership
Marketing
Technology, digital and cybersecurity
Innovation
Economics

Yonca Dervisoglu
Independent Director

CSR

Number of shares held: 186

Date of birth: October 28, 1969 (54 years old)
Turkish and British citizen

Google UK
1-13 St Giles High Street
London
WC2H 8AG
United Kingdom

First appointed in 2022
Term of office expires at the Annual General Meeting called to approve the financial statements for the year ended December 31, 2025

A Turkish and British national, Yonca Dervisoglu is Google's Vice President of Marketing for Europe, the Middle East and Africa. She leads the company's marketing in the region: managing teams across 35 countries, building momentum for the company's AI efforts, helping businesses of all sizes reach customers and grow, bringing Google's products to people across the region. She co-founded Google Arts & Culture (bringing the world's art and culture online so it's accessible to anyone, anywhere) and also the Grow with Google programme, which has trained more than 100 million people worldwide in digital skills.

Prior to joining Google in 2006, Yonca Dervisoglu held senior international marketing roles at Unilever, Yahoo! and the Kale group.

Yonca Dervisoglu served on the Supervisory Board of Heineken, the Digital Advisory Board of the Natural History Museum in London and the Supervisory Board of Mavi Jeans. She currently sits on the Board of EQL:Her of the Founders Forum, a solution-based organization dedicated to helping advance women in tech.

Yonca Dervisoglu has been a Director of Kering since April 28, 2022. Her term of office will expire at the end of the Annual General Meeting called to approve the financial statements for the year ending December 31, 2025.

Yonca Dervisoglu is a member of the Appointments and Governance and the Sustainability Committees.

In 2023, she attended 11 of the 14 Board meetings and all the meetings of the Committees on which she sits: two Appointments and Governance Committee meetings and two Sustainability Committee meetings, representing an attendance rate of 83%.

Directorships and positions held as of December 31, 2023:

Position	Company	Country	Start dates
Director	EQL:Her	United Kingdom	2015

Directorships and positions held in the last five years, but now expired:

Position	Company	Country	End dates
Member of the Supervisory Board	Heineken(1)	Netherlands	April 2019
Director	Mavi	Turkey	May 2022

(1) Listed company (as of the date the position was held).

Director expertise

Risk management	Governance	Industry	Finance and accounting	CSR Corporate social and environmental responsibility	Leadership	Marketing	Technology, digital and cybersecurity	Innovation	Economics

Financière Pinault represented by Héloïse Temple-Boyer

Director
Permanent representative of Financière Pinault

Number of shares held by Financière Pinault: 500

Born on March 22, 1978 (45 years old)
French citizen

Financière Pinault
12, rue François-1er
75008 Paris
France

First appointed in 2018
Term of office last renewed on April 22, 2021
Term of office expires at the Annual General Meeting called to approve the financial statements for the year ended December 31, 2024

Financière Pinault is the Pinault family holding company. In addition to Luxury group Kering, Financière Pinault owns auction house Christie's, a majority shareholding in Creative Artists Agency (CAA), the leading worldwide talent agency, a number of prestigious vineyards including Château Latour, polar cruise specialist Compagnie du Ponant, the Stade Rennais Football Club, weekly magazine *Le Point*, a Franco-US technology investment fund, a vast collection of contemporary art, and numerous other assets in a variety of areas.

Héloïse Temple-Boyer has been Deputy General Manager of Artémis since January 2018. She joined Artémis in 2013 as Chief Investment Officer. Prior to that, she held the positions of Executive Assistant to the CEO and then Director of International Purchasing at Casino group. She began her career in finance, where she spent more than five years, first as an associate with Rothschild & Cie's M&A team and later as an associate with private equity firm Advent International.

Héloïse Temple-Boyer is a graduate of the *Institut d'études politiques* in Paris and ESSEC, and holds an MBA from Harvard Business School.

Financière Pinault, represented by Héloïse Temple-Boyer, was appointed as a Director of Kering on December 14, 2018 (appointment ratified at the Annual General Meeting of April 24, 2019). Its term of office was renewed by the Combined General Meeting on April 22, 2021 and will expire at the end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2024.

Financière Pinault, represented by Héloïse Temple-Boyer, is a member of the Audit, the Remuneration and the Appointments and Governance Committees.

In 2023, she attended the 14 Board meetings and all meetings of the Committees on which she sits: five Audit Committee meetings, six Remuneration Committee meetings, and two Appointments and Governance Committee meetings, representing an attendance rate of 100%.

Director expertise

Risk management | Governance | Industry | Finance and accounting | CSR Corporate social and environmental responsibility | Leadership | Marketing | Technology, digital and cybersecurity | Innovation | Economics

Directorships and positions held by Financière Pinault as of December 31, 2023:

Position	Company	Country	Start dates
Director	Garuda	France	October 1998

Directorships and positions held by Financière Pinault in the last five years, but now expired:

Financière Pinault has not held any other corporate office in the past five years.

Directorships and positions held by Héloïse Temple-Boyer as of December 31, 2023:

Position	Company	Country	Start dates
Deputy General Manager	Artémis SAS	France	January 2018
Deputy Chief Executive Officer	Financière Pinault SCA	France	March 2018
Chair and Chief Executive Officer	Arok International SA	France	February 2018
Deputy General Manager	Artémis 28 SAS	France	January 2018
Chair of the Supervisory Board	Puma SE(1)	Germany	May 2022(2)
Director	Creative Artists Agency LLC	United States	September 2023
Director	Christie's International PLC	United Kingdom	March 2014
Member of the Executive Board	Compagnie du Ponant SAS	France	December 2015
Director	Giambattista Valli SAS	France	June 2017
Director	Sebdo Le Point SA	France	May 2018
Director	Palazzo Grassi SpA	Italy	March 2018
Chair of the Supervisory Board	Royalement vôtre Editions SAS	France	December 2023(3)
Member of the Strategy Committee	Pinault Collection SAS (formerly Collection Pinault – Paris)	France	December 2020

(1) Listed company (as of the date the position was held).
(2) Her appointment as a Supervisory Board member began in April 2019.
(3) Her appointment as a Supervisory Board member began in July 2018.

Directorships and positions held by Héloïse Temple-Boyer in the last five years, but now expired:

Position	Company	Country	End dates
Chair and Chief Executive Officer	TER Obligations SA	France	February 2023
Director	ACHP PLC	United Kingdom	September 2022
Member of the Supervisory Board	Le Point Communication	France	June 2023
Representative of Artémis, director	Pinault Collection SAS	France	December 2020
Director	Fnac Darty SA(1)	France	March 2017
Director	Groupe Courrèges SAS	France	April 2017

(1) Listed company (as of the date the position was held).

Baudouin Prot
Director

Number of shares held: 600

Born on May 24, 1951 (72 years old)
French citizen

B. Prot Conseils
86, rue de Varenne
75007 Paris, France

First appointed in 1998
Term of office last renewed on April 22, 2021
Term of office expires at the Annual General Meeting called to approve the financial statements for the year ended December 31, 2024

After graduating from HEC in 1972 and from ENA in 1976, Baudouin Prot joined the General Inspectorate of Finance where he spent four years before serving as Deputy Director of Energy and Raw Materials at the French Ministry of Industry for three years.

He joined BNP in 1983 as Deputy Director of Banque Nationale de Paris Intercontinentale, before becoming the Director for Europe in 1985. He joined the Central Networks Department in 1987 and was promoted to Central Director in 1990 then Deputy Chief Executive Officer of BNP in charge of networks in 1992. He became Chief Executive Officer of *Banque Nationale de Paris* in 1996 and Deputy Chief Executive Officer of BNP Paribas in 1999. In March 2000, he joined the Board of Directors of BNP Paribas and was then named Chief Executive Officer of the Group in May 2003, a position he held for 8 years. He served as non-executive Chairman of the Board of Directors of BNP Paribas from 2011 until 2014. Since 2015, he has been senior advisor to Boston Consulting Group and, since 2016, Chairman of the Supervisory Board of Emeria (formerly Foncia Management). In 2021, he joined Adobe's International Advisor.

He is an Officer of the French National Order of Merit and a Knight of the Legion of Honor.

Baudouin Prot has been a Director of Kering since May 19, 2005, after having served as a member of the Supervisory Board (from March 11, 1998 to May 19, 2005). His term of office was renewed by the Combined General Meeting on April 22, 2021 and will expire at the end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2024.

Baudouin Prot is a member of the Appointments and Governance Committee.

In 2023, he attended 13 of the 14 Board meetings and both the meetings of the Appointments and Governance Committee, representing an attendance rate of 94%.

Directorships and positions held as of December 31, 2023:

Position	Company	Country	Start dates
Chairman of the Board of Directors	Fraikin Groupe	France	September 2020
Chairman of the Supervisory Board	Emeria (formerly Foncia Management)	France	March 2017
Director	Alstom(1)	France	July 2018
Senior Advisor	Boston Consulting Group	France	July 2015
Member of the International Advisory Board	Adobe	United States	March 2021
Chairman	B. Prot Conseils SAS	France	April 2015

(1) Listed company (as of the date the position was held).

Directorships and positions held in the last five years, but now expired:

Position	Company	Country	End dates
Director	Finastra	France	June 2020
Director	Veolia Environnement SA(1)	France	April 2019

(1) Listed company (as of the date the position was held).

Director expertise

Risk management · Governance · Industry · Finance and accounting · CSR Corporate social and environmental responsibility · Leadership · Marketing · Technology, digital and cybersecurity · Innovation · Economics

Vincent Schaal
Director representing employees

Number of shares held: 40
(via an employee investment fund)

Born on February 1, 1969 (55 years old)
French citizen

Kering
40, rue de Sèvres
75007 Paris
France

First appointed in 2022
Term of office expires on July 31, 2026

Vincent Schaal is Head of Infrastructure at Kering Technologies. He started his career with Renault in 1994, where he worked as a network & telecoms engineer. He subsequently moved to Carrefour as Network Global Manager in 1997. He joined the PPR group in 1999, again as Network Global Manager, before gaining promotion to his current role of Head of Infrastructure at the Kering group.

Vincent Schaal, a French citizen, graduated from the *École Nationale Supérieure de Physique* in Strasbourg (National Physics Graduate School of Strasbourg)and holds a postgraduate DEA degree in photonics.

Vincent Schaal was elected as a Director representing employees by Kering's Social and Economic Committee at its meeting on June 22, 2022, serving for a four-year term starting on August 1, 2022.

Vincent Schaal is a member of the Remuneration Committee.

In 2023, he attended the 14 Board meetings and the six meetings of the Remuneration Committee, representing an attendance rate of 100%.

Vincent Schaal did not hold any other directorships or positions as of December 31, 2023, and has not held any other corporate office over the past five years.

Director expertise

Risk management | Governance | Industry | Finance and accounting | CSR Corporate social and environmental responsibility | Leadership | Marketing | Technology, digital and cybersecurity | Innovation | Economics

2.2 Changes in the composition of the Board of Directors

2.2.1 Changes in the membership of the Board of Directors and Committees in 2023 and until February 28, 2024

	Departure	Appointment	Reappointment
Board of Directors	*April 27, 2023:* Daniela Riccardi *October 3, 2023:* Jean-François Palus *January 9, 2024:* Tidjane Thiam	*September 1, 2023:* Maureen Chiquet	–
Audit Committee	*April 27, 2023:* Daniela Riccardi *January 9, 2024:* Tidjane Thiam	–	–
Remuneration Committee	*January 9, 2024:* Tidjane Thiam	–	–
Appointments and Governance Committee	–	–	–
Sustainability Committee	*April 27, 2023:* Daniela Riccardi *October 3, 2023:* Jean-François Palus	*September 1, 2023:* Maureen Chiquet	–

Daniela Riccardi resigned for personal reasons from her term of office as a Director at the Board of Directors held at the close of the Annual General Meeting on April 27, 2023. Following her departure, the Board of Directors set in motion the process of selecting a new independent Director with solid expertise in the Luxury sector and an international profile, in line with its diversity policy. The process culminated in Maureen Chiquet being coopted by the Board of Directors as an independent Director at its meeting on July 18, 2023 for the remainder of Daniela Riccardi's term of office, that is until the Annual General Meeting called to approve the financial statements for the year ended December 31, 2025. Maureen Chiquet, a US citizen, has more than 35 years' experience in the Fashion, Beauty and Luxury goods sector, including nine years as Global CEO of Chanel. She joined the Board of Directors effective September 1, 2023.

Jean-François Palus was appointed as President and CEO of Gucci effective October 3, 2023 and resigned from his position as Group Managing Director and Director of Kering, a position he had held since 2008 so he can focus fully on his new role within the Group.

Lastly, Tidjane Thiam, who was elected President of the Democratic Party of Côte d'Ivoire on December 22, 2023 and wanted to have the necessary time to devote to his political commitments, tendered his resignation on January 9, 2024. His term of office as a Director was due to expire in April 2024.

2.2.2 Changes in the composition of the Board of Directors to be proposed at the April 25, 2024 Annual General Meeting

In view of recent changes in its composition and terms of office due to expire in 2024, the Board of Directors has pursued its objective of strengthening its composition and began in 2023 a process to recruit new independent Directors. That process was led by the Appointments and Governance Committee and overseen by its Chair with the help of an external consultancy, in accordance with the procedure for selecting new Directors.

Following this selection process and after a thorough review of the candidates submitted for its approval, the Board of Directors, at its meeting on February 28, 2024, decided, upon recommendation of the Appointments and Governance Committee, to submit to the Annual General Meeting of April 25, 2024, the appointment of three new independent Directors: Rachel Duan, Giovanna Melandri and Dominique D'Hinnin. These proposals, in line with the diversity policy applied to the Board, will strengthen (i) the Board's expertise in terms of knowledge of the Asian market, sustainability and sustainable finance, corporate governance and finance, (ii) the internationalization of the Board and (iii) the proportion of independent Directors.

The professional backgrounds of these three candidates for election to the Board of Directors are presented below.

In addition, the Board of Directors also proposes to the Annual General Meeting of April 25, 2024, to:

- ratify Maureen Chiquet's cooption as Director, decided on July 18, 2023 and effective September 1, 2023. Maureen Chiquet brings to the Board her sound expertise in the Fashion, Beauty and Luxury sectors, after a 35-year career in these fields;
- reappoint Jean-Pierre Denis as a Director; he brings to the Board his financial and sustainability expertise, as well as his historical and in-depth knowledge of the Group.

Subject to the corresponding resolutions being approved in the Annual General Meeting, the Board of Directors will have 13 members (including two Directors representing employees). Of its members, 64%(1) will be independent and 55%(1) will be women. Six nationalities will be represented (American, British, Chinese, French, Italian and Turkish).

(1) Excluding the Directors representing employees in accordance with article L. 225-27 of the French Commercial Code and the AFEP-MEDEF Code.

Rachel Duan
Nominee to the Board of Directors

Date of birth: July 25, 1970 (53 years old)
Chinese citizen

Rachel Duan is a highly seasoned business leader with exceptional international leadership experience and business acumen. Most recently, Rachel Duan served as Senior Vice President of General Electric (GE) and President & CEO of GE Global Markets where she was responsible for driving GE's growth in global emerging markets including China, India, Asia Pacific, Africa, Middle East and Latin America.

During her 25-year career at GE, Rachel Duan held several senior leadership positions including President & CEO of GE Advanced Materials China and then Asia Pacific, President & CEO of GE Healthcare China, and President & CEO of GE China. Throughout her career, she has worked and lived in the United States, Japan and China.

Rachel Duan serves on the boards of AXA, Sanofi and HSBC, as an Independent Director.

A native of Shanghai, Rachel Duan holds a bachelor's degree in Economics and International Business from Shanghai International Studies University, China and an MBA from The University of Wisconsin – Madison, USA.

Directorships and positions held as of December 31, 2023:

Position	Company	Country	Start dates
Director	Axa (1)	France	April 2018
Director	Sanofi (1)	France	April 2020
Director	HSBC (1)	United Kingdom	September 2021
Director	Adecco Group AG (1)	Switzerland	April 2021

(1) Listed company (as of the date the position was held).

Directorships and positions held in the last five years, but now expired:

Position	Company	Country	End dates
President and Chief Executive Officer	GE Global Markets	China	July 2020
President and Chief Executive Officer	GE China	China	December 2018
President and Chief Executive Officer	GE Healthcare China	China	July 2016

Director expertise

Risk management · Governance · Industry · Finance and accounting · CSR Corporate social and environmental responsibility · Leadership · Marketing · Technology, digital and cybersecurity · Innovation · Economics

Giovanna Melandri
Nominee to the Board of Directors

CSR

Date of birth: January 28, 1962 (62 years old)
American and Italian citizen

Giovanna Melandri, a U.S. and Italian citizen, economist and cultural manager is an expert in ESG finance, sustainability and international relations. She is Chair and founder of Human Foundation, a research institution which 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).

She represented Italy in the G8 Task Force on Impact Investment (2013-2014).

From 2012 to 2022, she chaired the Italian National Museum for contemporary arts (MAXXI) which she had promoted as Minister of Culture.

Member of the Italian Parliament from 1994 to 2012, she served as Minister of Culture and Sports (1998-2001) and as Minister of Youth Policy and Sports (2006-2008).

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.

She began her career as an economist with research responsibilities in Montedison where she coordinated a research team on innovation and R&D (1986-1987). From 1988 to 1994, she was the international officer of Legambiente, an environmental organization, and also chaired its scientific committee. In this capacity, she participated to 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 published a short essay on the Impact Economy. She is a frequent contributor to various news outlets, including *La Repubblica – Affari e Finanza*, where she holds an "Impact Economy" column.

Giovanna Melandri was awarded the title of "Officier de la Légion d'honneur" (Officer of the French Legion of Honor) by French President Jacques Chirac in 2003.

She graduated *cum laude* in Political Economy at Sapienza University of Rome.

Directorships and positions held as of December 31, 2023:

Position	Company	Country	Start dates
Chair	Human Foundation	Italy	July 2013
Founder and presently Global ambassador	Global Steering Group for Impact Investment	United Kingdom	June 2014
President	Social Impact Agenda for Italy	Italy	January 2016
Member of the National Advisory Board	Unicredit[(1)]	Italy	October 2021
Member of the ESG Fund Technical Committee	Azimut Libera Impresa	Italy	January 2021
Member of the Steering Committee	COIMA ESG City Impact Fund	Italy	September 2020
Member of the Impact Fund Advisory Board	Investcorp-Tages	Italy	June 2021

(1) Listed company (as of the date the position was held).

Directorships and positions held in the last five years, but now expired:

Position	Company	Country	End dates
Member of the Advisory Board	Amundi SGR S.p.A.	Italy	April 2022
Member of the Sustainability Committee	Q8	Italy	March 2023

Director expertise

Risk management | Governance | Industry | Finance and accounting | CSR Corporate social and environmental responsibility | Leadership | Marketing | Technology, digital and cybersecurity | Innovation | Economics

Dominique D'Hinnin is a graduate of *École Normale Supérieure* and *École Nationale d'Administration*. He began his career in 1986 with France's Inspectorate-General for Finance (1986-1990) before joining the Lagardère group in 1990 as an advisor to Philippe Camus. He then held several executive positions, starting as Chief Internal Auditor, then becoming Chief Financial Officer of Hachette Livre in 1993, and then Executive Vice President of Grolier, Inc. (Connecticut, USA) in 1994. He was Lagardère Chief Financial Officer from 1998 to 2009 and Co-Managing Partner of Lagardère SCA from 2009 to 2016.

After more than 25 years at Lagardère and with his expertise in the media and technology sectors, Dominique D'Hinnin joined the Board of Directors of Eutelsat Communications, which he has been chairing since 2017, Edenred, the world leader in digitalization of employee benefits, the private retail group Louis Delhaize SA (Belgium) and the Spanish company Cellnex Telecom.

Dominique D'Hinnin
Nominee to the Board of Directors

Date of birth: August 4, 1959 (64 years old)
French citizen

Directorships and positions held as of December 31, 2023:

Position	Company	Country	Start dates
Chairman of the Board of Directors	Eutelsat Communications[1]	France	November 2017
Chairman of the Board of Directors	Eutelsat SA	France	October 2017
Vice-Chairman of the Board of Directors and Lead Independent Director	Edenred[1]	France	June 2017
Lead Independent Director	Vantiva (formerly Technicolor)[1][2]	France	June 2019
Director	Louis Delhaize S.A	Belgium	May 2017
Director	Cellnex Telecom[1]	Spain	June 2023
Director	Otanes SAS	France	December 2016

(1) Listed company (as of the date the position was held).
(2) Dominique D'Hinnin has informed the Company of his intention to resign from the Board of Directors of Vantiva before the Kering Annual General Meeting of April 25, 2024.

Directorships and positions held in the last five years, but now expired:

Position	Company	Country	End dates
Director	Golden Falcon Acquisition Corp[1]	United States	December 2023
Director	Prisa[1]	Spain	November 2021

(1) Listed company (as of the date the position was held).

Director expertise

Risk management · Governance · Industry · Finance and accounting · CSR Corporate social and environmental responsibility · Leadership · Marketing · Technology, digital and cybersecurity · Innovation · Economics

2.3 Guiding principles for the composition of the Board of Directors

2.3.1 Diversity policy applied to the Board of Directors

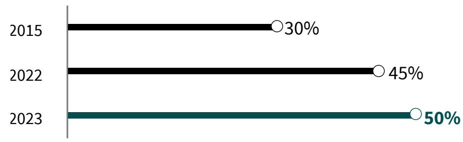
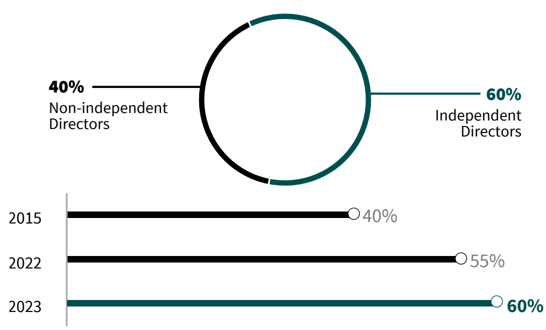
The Board of Directors regularly reflects upon the desirable balance of its composition and that of its specialized Committees, particularly from a diversity perspective.

The diversity policy applied to the Board of Directors aims to achieve a mix of complementary profiles, careers and experience among its members, so they bring a variety of different perspectives and points of view, enriching the Board's discussions and ensuring a high quality of decision-making. A Board with a diverse composition is in the best position to fulfill its duties with the requisite independence, objectivity and critical thinking.

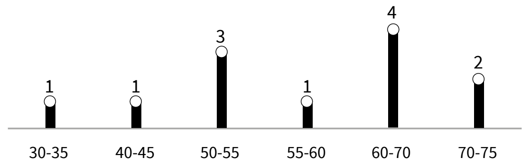
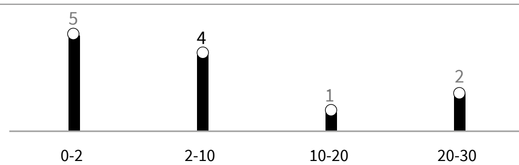
In particular, the Board of Directors is careful to make sure its members possess the most effective skills and expertise for addressing the Group's strategic priorities and challenges. It endeavors to maintain a balanced composition in terms of the Board's gender, independence, age, length of service, nationality and cultural background.

Pursuant to article L. 22-10-10 of the French Commercial Code and the recommendations of the AFEP-MEDEF Code, the table below describes the diversity policy applied to members of the Board of Directors. It indicates the criteria taken into consideration, the objectives set by the Board, the measures implemented and the results achieved during 2023. The information is presented as of December 31, 2023 and thus includes Tidjane Thiam, who left his role as a Director on January 9, 2024.

Diversity policy applied to the Board of Directors

Criteria	Objectives	Measures implemented and results achieved in 2023
Balanced representation of women and men on the Board	Conformity with the Copé-Zimmermann Law, which requires each gender to account for at least 40% of Directors Drive to maintain gender balance within the Board	**Proportion of women**(1) 
Professional qualifications and experience	Complementary nature and diversity of profiles in terms of professional expertise and experience, both in terms of positions held and sector of activity	**Experience:** • Finance/Executive Management: Véronique Weill, Tidjane Thiam, Serge Weinberg, Jean-Pierre Denis, Financière Pinault represented by Héloïse Temple-Boyer, and Baudouin Prot. • Industry knowledge: Emma Watson, Maureen Chiquet and Financière Pinault represented by Héloïse Temple-Boyer. • Marketing: Véronique Weill, Maureen Chiquet and Yonca Dervisoglu. • Technology, digital and cybersecurity: Véronique Weill, Yonca Dervisoglu and Vincent Schaal. • Innovation: Véronique Weill, Maureen Chiquet and Yonca Dervisoglu. • Governance: Véronique Weill, Serge Weinberg, Concetta Battaglia and Financière Pinault represented by Héloïse Temple-Boyer. • Corporate social and environmental responsibility: Emma Watson, Jean-Pierre Denis, Concetta Battaglia, Maureen Chiquet and Yonca Dervisoglu.
International diversity	Nurture a diverse mix of nationalities and international experience to replicate as far as possible the geographical diversity of the Group's activities	The Board strengthened its international profile in 2023 by coopting US citizen Maureen Chiquet as a Director. As of December 31, 2023, six nationalities – French, Italian, British, Ivorian, Turkish and American – were represented on the Board of Directors. As of February 28, 2024, the number fell to five with the departure of Tidjane Thiam (Ivorian citizen). In addition, the Directors have significant international experience and exposure, as they hold, or have held, positions or directorships in international companies or key positions outside France.
Director independence	At least one-third independent members, in line with the AFEP-MEDEF Code's recommendation for controlled listed companies	**Degree of independence of the Board of Directors**(1) 

(1) Percentage not counting Directors representing employees, in accordance with article L. 225-27 of the French Commercial Code and the recommendations of the AFEP-MEDEF Code.

Criteria	Objectives	Measures implemented and results achieved in 2023
Age profile of the Board of Directors	Diverse age profile of Directors to be maintained No more than one third of members over 70 (Article 10 of the Articles of Association)	 **Average age: 58 years**
Average length of service on the Board	Drive to maintain a balance between Directors with in-depth, long-standing knowledge of the Group and newly appointed Directors, who bring a fresh perspective on the Group	 **Average seniority (years): 8.9 years**
Directors representing employees	Conformity with the obligation to appoint two Directors representing employees	Since 2014, one Director representing employees has been appointed by Kering's Social and Economic Committee. In 2020, appointment of a second Director representing employees by the European Works Council, in compliance with the Company's Articles of Association and the requirements of France's PACTE law.

2.3.2 Director independence

In accordance with the recommendations of the AFEP-MEDEF Code, Independent Director status is reviewed by the Appointments and Governance Committee and ratified by the Board of Directors when a new director is appointed and, in any event, every year for all members of the Board of Directors.

For the purpose of assessing whether a Director can be classified as independent and avoiding possible risks of conflicts of interest, the Board applies as an analytical framework the criteria defined in the AFEP-MEDEF Code, which states that a Director is considered to be independent if they satisfy all the following independence criteria. They must not:

- be an employee or executive corporate officer of the Company, or have been in such position in the past five years;
- be an employee, executive corporate officer or Director of the Company's parent company or of a company that the latter consolidates, or have been in such a position in the past five years;
- be an executive corporate officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or a corporate officer of the Company (currently in office or having held office within the past five years) is a Director;
- be a significant customer, supplier, investment banker or commercial banker of the Company or the Group, or for which the Company or the Group represents a significant portion of the activity;
- have any close family ties with a corporate officer;
- have been the auditor of the Company within the past five years;
- have been a Director of the Company for more than twelve years, the maximum period for which a Director is considered independent.

In reviewing independence with regard to the direct or indirect business relationship criteria, an additional quantitative and qualitative analysis is performed, if necessary, in order to determine the independence of individual Directors where any such business relationship exists.

In 2023, further to a review by the Appointments and Governance Committee, the Board of Directors meticulously analyzed – along with all other criteria – any business relationships between the Kering group and the entities or groups in which each Independent Director holds a directorship or exercises their executive responsibilities. Based on the Board's analysis, other than Tidjane Thiam, Serge Weinberg and Yonca Dervisoglu, none of the Directors and none of the entities or groups in which they hold a directorship or executive responsibilities have a business relationship with the Company, its group or its management team. The relevant Directors did not take part in discussions or the vote concerning their own position.

The Board of Directors analyzed the situation of Tidjane Thiam, the founder and chairman of Freedom Acquisition Corporation I, a special purpose acquisition company (SPAC) in which Artémis (Kering's controlling shareholder) has invested alongside other investors. The Committee found that the company in which Tidjane Thiam is a corporate officer has a business relationship with Artémis, which is an investor in the SPAC, but not with Kering. Accordingly, the Board of Directors considers Tidjane Thiam to be an Independent Director.

The Board of Directors also conducted a quantitative and qualitative review of Serge Weinberg's status. The Group has invested in investment funds managed by Weinberg Capital Partners, the asset management company Mr. Weinberg founded and in which he serves as chairman of the board of directors. After analyzing the situation, the Appointments and Governance Committee concluded that as of the date of Mr. Weinberg's appointment, the amount of those investments was not material and they did not fall within the scope of the business relationship referred to by the AFEP-MEDEF Code. Accordingly, the Board of Directors considers Serge Weinberg to be an Independent Director.

The Board of Directors conducted a quantitative and qualitative review regarding the status of Yonca Dervisoglu, Vice-President, Marketing at Google for the EMEA region, and of business relations between Google and Kering in 2023.

Global business between these two companies for all activities and for each of the parties was well below the 1% materiality threshold set by the Board of Directors, and is not likely to influence the way Ms. Dervisoglu votes at the Board's meetings. Furthermore, Ms. Dervisoglu does not herself have any business connections and is not a member of any governance body capable of giving rise to a conflict of interest. For these reasons, the Board of Directors considers Yonca Dervisoglu to be an Independent Director.

Lastly, in connection with the decision to coopt Maureen Chiquet as a Director, the Board of Directors reviewed her status under the criteria for independence laid down in the AFEP-MEDEF Code and with due consideration given to the service agreement entered into subject to authorization under article L. 225-38 of the French Commercial Code. The Board of Directors noted that the remuneration to be paid to Maureen Chiquet for conducting the consulting assignment was well below the 1% materiality threshold set by the Board of Directors and that the short length of the assignment (six-month duration, non-renewable) was unlikely to compromise the new Director's independent judgment. Accordingly, the Board of Directors considers Maureen Chiquet to be an Independent Director.

In February 2024, the Appointments and Governance Committee conducted a fresh review of each Director's independence. This analysis came to the conclusion that the 2023 assessment remains valid, taking into account the fact that Tidjane Thiam resigned from his role as Director on January 9, 2024.

In the case of Serge Weinberg, the Appointments and Governance Committee noted that the management fees paid by Kering in relation to assets managed by Weinberg Capital Partners amounted to €490,240 in 2023, equal to 2.51% of Weinberg Capital Partners' revenue. This figure is above the 1% materiality threshold set by the Board of Directors as a guideline for carrying out a more in-depth analysis. In Mr. Weinberg's case, the Board confirmed that he is an Independent Director in view of the general principle set out in the AFEP-MEDEF Code, according to which a Director ceases to be independent if their business relationship with the company is capable of affecting their judgment. The Appointments and Governance Committee and subsequently the Board of Directors carried out a specific assessment of Mr. Weinberg's commitment and freedom of expression and found that, in any event, the amount of assets managed on Kering's behalf by the various investment funds referred to above is likely to decrease in the near future, automatically reducing the fees paid by Kering to Weinberg Capital Partners.

Accordingly, five of the nine Directors serving on the Board as of February 28, 2024, other than the two Directors representing employees[2] it being specified that Tidjane Thiam's term of office came to an end on January 9, 2024, were therefore classified as independent pursuant to the AFEP-MEDEF Code's independence criteria (Maureen Chiquet, Yonca Dervisoglu, Emma Watson, Veronique Weill and Serge Weinberg), representing a degree of independence of 56%. The Group thus satisfies the recommendations of the AFEP-MEDEF Code, namely that "at least one third" of Board members should be independent directors in companies with controlling shareholders.

(2) The Directors representing employees are not counted in the calculation of the degree of independence, as per the recommendations of the AFEP-MEDEF Code.

The following table shows the status of each Director as of February 28, 2024 based on the AFEP-MEDEF Code's independence criteria:

	Not an employee or executive corporate officer	No cross-directorships	No material business relationships	No close family ties with a corporate officer	Not a Statutory Auditor	Term of office of less than 12 years	No variable compensation paid in cash or in shares or linked to Kering's performance	Not a representative of a major shareholder
François-Henri Pinault	x	✓	✓	✓	✓	x	x	x
Concetta Battaglia[(1)]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maureen Chiquet	✓	✓	✓	✓	✓	✓	✓	✓
Yonca Dervisoglu	✓	✓	✓	✓	✓	✓	✓	✓
Jean-Pierre Denis	✓	✓	✓	✓	✓		✓	✓
Financière Pinault, represented by Héloïse Temple-Boyer	✓	✓	✓	✓	✓	✓	✓	x
Baudouin Prot	✓	✓	✓	✓	✓	x	✓	✓
Vincent Schaal[(1)]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Emma Watson	✓	✓	✓	✓	✓	✓	✓	✓
Véronique Weill	✓	✓	✓	✓	✓	✓	✓	✓
Serge Weinberg	✓	✓	✓	✓	✓	✓	✓	✓

In this table ✓ represents an independence criterion that is satisfied and x represents an independence criterion that is not satisfied.
(1) Director representing employees.

2.3.3 Skills and expertise of the Directors

Other than ability to act in the interest of all shareholders and, more generally, all of the Company's stakeholders, the Directors are also chosen for their skills, expertise, experience and understanding of the Group's strategic challenges. Accordingly, the members of the Board of Directors possess a wide and diverse mix of experience, are renowned for the quality of their career achievements and endowed with the relevant skills to guide and support the Group in the development and execution of all dimensions of its strategy.

Main skills required

Risk management
Prior roles demonstrating advanced proficiency in managing business risks

Governance
Experience in executive management positions or as a director of major listed groups or world-class groups

Industry
Solid expertise and/or experience of the Luxury, Fashion or Beauty sectors, in-depth knowledge of the Group's competitive environment

Finance and accounting
Experience in corporate finance, M&A or market finance gained during career

Corporate social and environmental responsibility
Career experience in managing environmental or social challenges, major public commitment in these areas

Leadership
Significant influence in the public/professional domain

Marketing
Expertise in marketing acquired through training or during career

Technology, digital and cybersecurity
Experience in new technologies or digital or in companies with a strong technological and/or digital dimension

Innovation
Technical or managerial experience in innovation or R&D roles or in companies with a strong innovation or R&D dimension

Economics
Expertise in economics, gained either by training or during career

Skills matrix for members of the Board of Directors

	Risk management	Governance	Industry	Finance and accounting	Corporate social and environmental responsibility (CSR)	Leadership	Marketing	Technology, digital and cybersecurity	Innovation	Economics
François-Henri Pinault	●	●	●	●	●	●				
Véronique Weill	●	●		●		●	●	●	●	●
Serge Weinberg	●	●		●		●				●
Emma Watson			●		●	●				
Jean-Pierre Denis	●			●	●	●				●
Concetta Battaglia	●	●			●					
Maureen Chiquet	●		●		●	●	●		●	
Yonca Dervisoglu					●	●	●	●	●	
Baudouin Prot	●			●		●				●
Vincent Schaal	●							●		
Héloïse Temple-Boyer	●	●	●	●		●				●
Number of Directors	**9**	**5**	**4**	**6**	**6**	**9**	**3**	**3**	**3**	**5**
Percentage of Directors	**82%**	**45%**	**36%**	**55%**	**55%**	**82%**	**27%**	**27%**	**27%**	**45%**

2.3.4 Selection process for Directors

Definition of selection criteria

- Definition by the Board of the desired profile and skills based on the work performed by the Appointments and Governance Committee (the "Committee") and Board's diversity policy
- Drafting of the selection criteria by the Committee

Recruitment

- Identification of candidates, where appropriate with the support of a specialized external firm
- Discussions between the Chair of the Committee and its members concerning the shortlisted candidates
- Meetings arranged with the Chair of the Committee to assess the skills, availability and motivation of shortlisted candidates
- List of candidates drafted for submission to the Committee

Selection

- Analysis by the Committee of the candidates put forward: suitability based on the needs identified, confirmation of conformity with the recommendations of the AFEP-MEDEF Code (independence, number of corporate offices that may be held simultaneously, etc.)
- Committee's recommendation to the Board of Directors

Decision by the Board

- Review by the Board of Directors of the shortlisted candidates
- Decision by the Board: appointment or, where appropriate, cooption, of the selected Director subject to approval by the Annual General Meeting

The Board of Directors pays particular attention to selecting its members with the constant aim of achieving an optimal composition in line with its diversity policy (as presented above).

The Board of Directors regularly considers desirable changes in its composition over the short to medium-term, drawing on the work undertaken by the Appointments and Governance Committee. Prior to every reappointment of a Director, when a Director leaves office and, more generally, when the Board of Directors intends to increase its size or modify its composition, the Appointments and Governance Committee reviews the composition of the Board and its specialized Committees and assesses the requirements in terms of skills, experience and profile diversity.

In accordance with the recommendations of the AFEP-MEDEF Code, the Appointments and Governance Committee introduced a Director selection procedure. It applies to all Board members, other than the Directors representing employees who are chosen, pursuant to article 10 of the Company's Articles of Association and in line with the relevant statutory provisions, by the Social and Economic Committee or the European Works Council.

With the support of the Appointments and Governance Committee, the Board of Directors lays down the types of profile and skills it is looking for, giving consideration to the findings of the annual internal assessment of the Board. During this process, the Directors are invited to give their opinion on the composition of the Board and any needs that have come to their attention. Also taken into account are the conclusions of the external assessment carried out at least once every three years, whereby an independent external consultant is entrusted with mapping the skills and expertise and identifying any potential requirements. Investor expectations and observations stated during the shareholder dialogue, recommendations from the market authorities and best practices are also taken into account.

The Appointments and Governance Committee draws up the selection criteria for new Directors based on the wishes stated by the Board and in view of the diversity policy concerning its composition. Under the Committee Chairman's oversight, in some cases with the support of an external executive search firm, it leads the recruitment process.

The shortlisted candidates meet with the Chair of the Appointments and Governance Committee. During these conversations, the candidate's career, motivations and availability are discussed at length.

A list of candidates is then put forward to the Appointments and Governance Committee, which analyzes the experience, professional and personal attributes and talents of each candidate given the requirements identified and the diversity policy applied to the Board of Directors (international diversity, balanced representation of women and men, skills and expertise, age profile, etc.). The candidates' skills are assessed based on factors, such as training, career and professional accomplishments. The Committee also confirms the suitability of the candidate profiles selected in view of the recommendations of the AFEP-MEDEF Code concerning the Board's composition (independence, number of corporate offices that may be held simultaneously, etc.). Following this analysis, the Committee formulates a recommendation for the Board of Directors.

The Board reviews the various shortlisted applications and decides, on a case-by-case basis whether to coopt the candidate, with any such decision being subject to ratification by the Annual General Meeting or to propose their appointment at the Annual General Meeting.

3 - CONDITIONS OF PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

3.1 Duties of the Board of Directors

3.1.1 Role and duties of the Board of Directors

The Board of Directors performs the duties and exercises the powers granted to it by law and the Company's Articles of Association.

It determines and assesses the strategic direction, objectives and performance of the Company and makes sure they are implemented by Executive Management, in line with the Company's interest, with consideration given to the social and environmental issues linked to its activities.

Subject to the powers expressly granted to Annual General Meetings and within the limits of the corporate purpose, the Board reviews all issues concerning the smooth running of the Company and acts on all matters over which it has authority. It carries out the controls and verifications it deems appropriate.

In compliance with AMF recommendation no. 2012-05, the Board has adopted internal guidelines on the identification, control and evaluation of related-party agreements and agreements entered into in the ordinary course of business and at arm's length to ensure that agreements entered into in the ordinary course of business and at arm's length actually meet the required criteria, in accordance with article L. 22-10-12 of the French Commercial Code.

In addition to reiterating the regulations applicable to the identification and classification of related-party agreements and agreements entered into in the ordinary course of business and at arm's length (notably by the Company's Legal Department, with the assistance of the Finance Department), the guidelines also provide for the regular control and evaluation of such agreements by the Audit Committee and the Board of Directors. Anyone directly or indirectly involved in an agreement cannot participate in its evaluation.

3.1.2 Board's commitment to non-financial performance

The Board of Directors determines the strategic direction of the Company and ensures it is pursued in accordance with its corporate purpose, while paying close attention to the social and environmental issues linked to its activities.

The four specialized Board Committees play a role in formulating and monitoring the non-financial strategy. Each operates within its respective area of expertise, while coordinating their activities to provide a cross-disciplinary approach to CSR issues, as described below.

Audit Committee:

- ensures the effectiveness of internal control and risk management systems in the Group;
- pursuant to Order no. 2023-1142 of December 6, 2023 transposing the European Corporate Sustainability Reporting Directive (CSRD) into French law, the Audit Committee has been given a remit to review the process for the preparation and certification of sustainability information.

Remuneration Committee:

- makes recommendations to the Board of Directors concerning the remuneration of the executive corporate officers, including the non-financial targets for annual and long-term remuneration.

Appointments and Governance Committee:

- discusses governance issues related to the operation and organization of the Board, including the gender diversity policy applied to the Board and to the senior management bodies.

Sustainability Committee:

- makes proposals to the Board concerning the Group's strategic direction on the sustainability front.

Minutes of each Committee meeting are provided to the Board of Directors, ensuring that the Board receives information and maintains a regular dialogue concerning the non-financial issues studied by the Committee. Board meetings may also include a separate agenda point to discuss certain issues.

In accordance with the AMF recommendation no. 2012-02, a decision was made in 2023 to organize on an annual basis a joint meeting between the Audit Committee and the Sustainability Committee. The goal is to enable members to discuss issues relevant to both Committee, such as the Group's non-financial risks and reporting and to coordinate their work on these common areas of interest more effectively. The first joint meeting was held on January 31, 2024. Its agenda included a discussion of the Corporate Sustainability Reporting Directive (CSRD) and the new sustainability reporting regime (regulatory environment and implementation of these obligations within the Group).

In addition, the Board of Directors has introduced two positions held by its members who have been given special ESG (environmental, social, governance) responsibilities to ensure greater consideration of these issues in the Board's work:

- the Climate Change Lead, whose role and duties are described in section 1.5 of this chapter, ensures climate issues are addressed by the Board of Directors as part of a long-term approach, in coordination with the various Committees;
- the Lead Independent Director, whose role and duties are described in section 1.4 of this chapter, represents the Board, in coordination with the Chairman of the Board, in its dealings with investors concerning environmental, social and governance (ESG) matters and reports investors' concerns and observations in this area to the Board. Véronique Weill has held this role since 2022, and her membership of the four specialized Board Committees ensures these issues are a factor in all the work undertaken by the Board of Directors and its Committees.

In addition, Kering created in 2022 a department focused on Sustainable Finance. Its mission includes:

- overseeing non-financial performance (social and environmental), which helps with financial planning relating to energy transition and the decarbonization of the Group's business;
- ensuring that the Group complies with the current and future non-financial reporting and green finance regulatory framework; and
- ensuring that social and environmental issues are addressed in the Group's management and decision-making processes, particularly regarding investments and M&A.

Its work has helped to enhance the quality and level of granularity of the Group's non-financial data and feeds into the non-financial information provided to the Board of Directors, thereby enriching its discussions.

3.1.3 Gender diversity policy applied to the Group's senior management bodies

The Board sets gender diversity targets for the Group's management bodies on the recommendation of Executive Management. The diversity principles applied to composition of the Board of Directors are also applied more broadly across the Group via a gender diversity policy for its senior management bodies. Pursuant to this policy, as of the date of this report on corporate governance, the Executive Committee included five women out of a total of 12 members.

The establishment in 2019 of a Diversity and Inclusion Department marked a new milestone in Kering's commitment to accelerating and expanding its actions in support of diversity, equality and inclusion – in the broadest sense of the term. In addition, in line with the Group's 2025 sustainability strategy, a diversity in the workforce criterion, with a particular emphasis on achieving an effective gender balance, is incorporated in the process of determining the annual and multi-annual variable remuneration of the Group's executive corporate officers. These criteria are described in section 5 of this chapter.

Alongside its commitment to social responsibility, the Group believes that diversity and inclusion are a source of creativity and innovation and as such of economic performance. This is why Kering makes every effort to establish a culture of equality at all levels of the organization.

Kering has defined and put in place an action plan to achieve a balanced gender mix – by 2025 – especially within the Group's senior management (Top 450 roles). This will notably involve:

- measuring the representation of women in talent pools and succession plans;
- promoting equality in recruitment processes by introducing training on unconscious bias at the highest level ("Kering Perspectives" program) (see section 3.2.2 of chapter 4 of this Universal Registration Document);
- monitoring promotions within the Group by gender and management level;
- measuring gender parity at each management level on a quarterly basis in all the Group's Houses using key indicators;
- implementing a global parental policy;
- giving women a voice via the Diversity & Inclusion Committees put in place at all of the Group's Houses.

As of December 31, 2023, 45.2% of Top 450 roles were held by women.

3.2 Functioning of the Board of Directors

The operating rules and procedures of the Board of Directors are defined by law and the Company's Articles of Association, along with the internal rules of the Board and its four specialized Committees (Audit Committee, Remuneration Committee, Appointments and Governance Committee, and Sustainability Committee).

The internal rules are revised on a regular basis to bring them into line with changes in governance rules and practices. They are published in full on the Company's website, were updated at the Board meeting of February 16, 2021 to reflect the amendments to the Articles of Association approved by the Annual General Meeting of June 16, 2020 (remit and powers of the Board in view of social and environmental issues; reduction in the number of shares that Directors must hold; removal of the role of non voting director (censor)) and to add a new section concerning the Lead Independent Director, including his/her remit and powers, and special remuneration. Each Committee's internal rules are also reviewed on a regular basis. The most recent update concerned the internal rules of the Audit Committee, which now include rules for the approval of non-audit services that may be provided by Statutory Auditors and their networks.

3.2.1 Length and staggering of terms of office

The Directors are appointed by the Annual General Meeting of the shareholders for a renewable four-year term of office.

In order to avoid reappointing the entire Board simultaneously and to facilitate a smooth renewal process, shareholders at the Combined General Meeting held on May 7, 2009 adopted an amendment to article 10 of the Company's Articles of Association staggering appointments of Directors over time.

Accordingly, two terms of office will come to an end in 2024, three in 2025 and four in 2026.

Note that Directors representing employees are chosen, pursuant to article 10 of the Company's Articles of Association and in line with the relevant statutory provisions, by the Social and Economic Committee or the European Works Council for a four-year term of office.

3.2.2 Meetings

The Board of Directors meets when convened by its Chairman, as frequently as the Company's interests require and at least four times per year, by means of videoconferencing or conference call technology where appropriate, in accordance with the Board's internal rules. In 2023, the Board of Directors met 14 times.

In addition, all Directors are entitled to attend specific meetings of Committees of which they are not a member if they so wish, but without voting rights.

3.2.3 Executive sessions

In accordance with the internal rules of the Board of Directors, an executive session – a meeting of the Directors with no executive corporate officer present – is organized at least once a year by the Lead Independent Director. This type of meeting format enables the Directors to discuss, without the Chairman and Chief Executive Officer or, up until October 3, 2023 the Group Managing Director, being there, issues such as the functioning and composition of the Board of Directors, the Group's strategy and performance and the performance and remuneration of Executive Management, alongside any other issues they wish to raise. The Board of Directors unanimously considers this to be a best corporate governance practice.

The Lead Independent Director arranged two executive sessions in 2023. The first, which was held on March 22, 2023, gave Directors an opportunity to consider the late 2022 internal assessment of the Board of Directors and its Committees and to discuss desirable changes in the composition of the Board and the organization of its work. The second executive session was held on December 7, 2023. Directors engaged in an in-depth discussion of the analysis conducted by Maureen Chiquet, the newly appointed independent Director, as part of the six-month consulting assignment entrusted to her by Kering under a service agreement entered into on July 28, 2023. In it, she focused on the Houses' brand positioning and practices in terms of elevation, product ranges, communication, customer experience and services and on investments in the Luxury industry.

3.2.4 Information provided to Directors

To allow Directors to prepare as effectively as possible for the topics to be considered at a meeting, a comprehensive information pack is sent to them in due time ahead of the meeting; it includes the necessary information on all items on the agenda and draft minutes of the previous meeting. These documents are made available to the Directors on a secure digital platform.

The Directors can take up matters with Executive Management at any time and with complete transparency, and Executive Management keeps the Directors regularly informed of all important events concerning the Company's business affairs. The Directors are in regular contact with the Group's senior executives, who take part at the strategic seminars and other meetings of the Board of Directors and specialized Committees, according to the items on the agenda and the Group's latest developments.

Each Director is also entitled, if they so wish, to meet with the Group's senior executives and House CEOs outside Board meetings in order to gain a better insight into the Group's businesses or certain operational issues.

Throughout the year, Directors receive a daily press review featuring articles about Kering and its competitive environment, plus regular briefings on financial analysts' reports. A weekly press review focused on the strategic aspects of the Group's activities is also made available to Directors on the secure digital platform.

The Board of Directors may also call on any external advisors or consultants to obtain an independent expert opinion on any topics presented to it by the Company.

3.2.5 Director induction and training

Special attention is paid to inducting and training Directors.

When they join the Board of Directors, new Directors follow an induction program familiarizing them with the Group's activities, strategic challenges and priorities, its internal organization, its culture and the culture of its Houses, and its governance. To help achieve this goal:

- they are given a welcome pack containing the requisite documents to understand the Group's business activities, the Board's internal rules, the stock market code of conduct and conflicts of interest prevention rules, the Articles of Association, the minutes of meetings over the past five years of the Board and of the specialized Committees of which they are members; and
- individual meetings are arranged with the Chairman and Chief Executive Officer, the Lead Independent Director and the Group's senior executives (Houses' CEOs, Group Chief Financial Officer, Chief Sustainability and Institutional Affairs Officer, Chief Communications Officer, Chief People Officer, Internal Audit Director and Group General Counsel).

Throughout their term of office, Directors may receive training tailored to their specific needs within the Board, should they deem it necessary. Training specially designed for Directors representing employees is also arranged. These internal and external training sessions are arranged and paid for solely by the Company.

In 2023, a special climate seminar was organized on May 4, 2023 (for more details, see section 3.4.1 below), in line with the wishes stated by Directors during the internal assessment of the Board of Directors and the specialized Committees carried out in late 2022.

3.2.6 Ethics of Directors

Directors must act in the interest of the Company in all circumstances.

Directors are expected to attend meetings and be fully committed to the work of the Board and its Committees. They should attend the Annual General Meeting of the shareholders.

Every Director (it being specified for all relevant purposes that no distinction is made between an individual Director and the permanent representative of a legal-entity Director) is bound by a confidentiality obligation with regard to information not in the public domain to which they are privy in the course of their duties. This same confidentiality obligation shall apply to any person invited to attend meetings of the Board and/or its specialized Committees. It goes beyond the mere duty of discretion provided for in article L. 225-37 of the French Commercial Code and a general obligation not to disclose information about the affairs of the Board and the Group, without prejudice to the statutory provisions applicable to the disclosure of inside information.

In line with the relevant regulatory requirements, the internal rules of the Board of Directors also set the rules in relation to restrictions on trading in the securities of the Company, or more generally the Group. Accordingly:

- the Directors must refrain from trading directly or indirectly in the listed securities and financial instruments of the Company and the Group for a period of 30 calendar days preceding each of the periodic publications relating to the annual and half-year consolidated financial statements and 15 calendar days preceding each of the quarterly publications relating to consolidated revenue and ending at the close of the trading day following the publication of the relevant official press release. This closed period does not replace the statutory and regulatory provisions regarding insider trading with which each member of the Board must comply at the time they decide to trade, no matter when this might occur outside the defined closed periods;
- the same obligations apply to each Director insofar as they are privy to inside information;
- the Directors are bound, in accordance with the regulations in force, to report to the Company and to the French Financial Markets Authority (*Autorité des marchés financiers*), any transactions effected in the Company's securities by themselves or by persons closely related to them as defined by the regulations. The transactions that fell under this heading during 2023 are presented in section 4.5 below.

Pursuant to the internal rules of the Board of Directors, the Directors must hold at least 50 Company shares for their own personal account in accordance with article 10 of the Company's Articles of Association. This requirement does not apply to Directors representing employees pursuant to article L. 225-25 of the French Commercial Code. Should they not hold these shares already, Directors are obliged to acquire them within six months of their appointment.

3.2.7 Prevention of conflicts of interest

Under the internal rules of the Board, each Director is required to inform the Chairman of the Board and the Lead Independent Director of any conflicts of interest, even potential conflicts, between their duties to the Company and their private interests and/or other duties. A Director must not participate in proceedings or vote on any matters that concern them directly or indirectly.

The Chairman of the Board of Directors may ask the Directors at any time for a written statement confirming that they do not face any conflicts of interest.

Each year, the Board of Directors assesses the independence of Directors with regard to conflicts of interest.

To the best of the Company's knowledge, none of the corporate officers faces a potential conflict of interest between their duties with regard to the Company and their private interests or other duties or has family ties with another corporate officer of the Company.

3.2.8 Honorary Chairman

In accordance with the option provided for under the Company's Articles of Association, at its meeting on April 26, 2018, which followed the Combined General Meeting, the Board of Directors decided to confirm François Pinault, founder of the PPR group, since renamed Kering, as Honorary Chairman of the Board of Directors. In this capacity, François Pinault is invited to attend the meetings of the Board of Directors on a consultative basis.

He did not attend any of these meetings in 2023.

3.3 Assessment of the functioning of the Board of Directors and its specialized Committees

Since 2004, in accordance with its internal rules, the Board of Directors has dedicated one item on its agenda, at least once a year, to a discussion of its operating arrangements and those of its Committees, as well as the individual contribution made by each Director. Every three years, a formal assessment is carried out, if need be with the support of an independent external consultant.

3.3.1 Process for assessing the functioning of the Board of Directors and specialized Committees

The processes for each type of assessment (i.e., internal and external) are presented below:

	INTERNAL ASSESSMENT	EXTERNAL ASSESSMENT
Launch of the assessment process	Preparation of the assessment by the Lead Independent Director, in conjunction with the Board Secretary (Group General Counsel)	Selection of an independent external consultant and definition of the assessment process by the Lead Independent Director, with the support of the Board Secretary
Written questionnaire	Written questionnaire sent out to the Directors	External consultant sends the Directors a written questionnaire
Individual meetings	Individual meetings arranged between the Lead Independent Director and the Directors, during which the responses to the written questionnaire and the individual contribution made by each Director are discussed	Individual meetings arranged between the external consultant and the Directors, during which the responses to the written questionnaire and the individual contribution made by each Director are discussed
Compilation	Compilation of the results by the Board Secretary and review by the Lead Independent Director	Compilation of the results by the external consultant and review by the Lead Independent Director and the Board Secretary
Feedback	Feedback on the results of the assessment by the Lead Independent Director to the Appointments and Governance Committee and to the Board of Directors and discussion of the results Individual feedback, where appropriate, on a voluntary basis	Feedback on the results of the assessment by the external consultant to the Appointments and Governance Committee and to the Board of Directors and discussion of the results Individual feedback, where appropriate, on a voluntary basis
Action plan	Definition by the Board of a roadmap based on the areas for improvement identified and follow-up on its implementation	

3.3.2 External assessment held in 2023

In 2022, the Lead Independent Director carried out the annual internal assessment of the functioning of the Board of Directors and its Committees. The conclusions drawn from this assessment were presented in Kering's 2022 Universal Registration Document, which can be downloaded from its website.

Following this assessment, in line with the wishes stated by the Directors, the following measures have been implemented by the Group:

- a climate training seminar was organized on May 4, 2023 (for further details, see section 3.4.1 of this chapter);
- an additional executive session was organized, so non-executive Directors met twice during the year, namely on March 22 and December 7, 2023 (for further details, see section 3.4.1 of this chapter);
- the Board of Directors increased its industry expertise and its international profile with the arrival of US citizen Maureen Chiquet, previously Chanel's Global CEO, who joined as an Independent Director.

In 2023, the Board of Directors decided, acting on the recommendation of the Appointments and Governance Committee, to carry out a formal assessment by an independent external consultant and entrusted this assignment to Egon Zehnder. This formal assessment took place one year ahead of schedule given the recent changes in the Board's composition. Since Egon Zehnder had conducted the previous external assessment in 2021, the rationale for the decision was that it would be able to compare and contrast these two assessments very usefully. In addition, the consulting firm's working methods are highly reputed, and it is independent of the Company and its senior executives, since it has not been retained to hire new Directors or for any other assignments related to Kering's governance.

The assessment covered the following points:

- the composition and role of the Board of Directors;
- the role and actions of the Chairman of the Board of Directors;
- the role and actions of the Lead Independent Director;
- the meetings of the Board of Directors;
- the contribution by the Board to the Group's strategy;
- the Board's relationships with Executive Management;
- the contribution performed by the Committees;
- the individual contribution made by each Director; and
- induction arrangements for new Directors.

The results of the assessment were reported by the external consultant to the Appointments and Governance Committee on January 31, 2024 and then to the Board of Directors on February 28, 2024. The conclusions of the assessment are summarized below:

Main strengths

- Satisfactory composition in terms of diversity of Director profiles and independence, enhanced by the addition since 2022 of top-level new Directors, whose arrival has injected fresh momentum into the Board and raised the quality of its discussions.
- Atmosphere of trust and freedom of speech encouraged by the Chairman and Chief Executive Officer, whose leadership qualities are unanimously recognized.
- Significant progress has been achieved since the previous external assessment in 2021:
  - Frequency and fluidity of interactions between Directors have been increased;
  - The Lead Independent Director's commitment and contribution were highlighted and unanimously acclaimed. Her role in governance-related dialogue with shareholders has a positive impact on how the Board deals with these subjects;
  - Directors view the new Executive Management structure unveiled on July 18, 2023 in a positive light, considering it may enhance the dialogue with operational and functional departments.
- Quality of the management presentations and working papers provided to the Directors.
- Quality of the Board discussions and work performed by the Committees.
- Fluid and effective decision-making process.
- Annual strategic seminar and climate seminar appreciated by Directors.

Areas for improvement identified

- Enhance the composition of the Board in terms of industry expertise and knowledge of the Group's key markets (especially the United States and Asia) with a special focus on candidates with CEO experience.
- Broaden the range of participants at Board meetings to encourage more regular input from the Houses' senior executives.
- Continue the work already done to systematically devote a portion of meeting time to strategy and M&A-related issues.
- Increase the length of Board meetings to allow for longer discussions and concurrently adjust the time set aside for management presentations.
- Devote more time to business and commercial aspects, as well as cybersecurity, compliance and human resources.

3.4 Activity of the Board of Directors and its specialized Committees

3.4.1 Work performed by the Board of Directors in 2023 and through to February 28, 2024

In 2023, the Board of Directors met 14 times (including videoconference and conference calls).

During 2023 and through February 28, 2024, the Board dealt with the following issues:

Financial statements and financial management	• Review and approval of the 2022 and 2023 parent company and consolidated financial statements • Decision to appropriate net income, set the size of the dividend and payment date • Review and approval of the 2023 interim financial statements • Review of the quarterly results • Review and approval of the 2023 and 2024 budget • Share buyback program (authorization to reduce the share capital by canceling 650,000 shares under the fourth and final tranche of the share buyback program launched in 2021) • Interim dividend • Renewal of the annual authorizations granted to Executive Management (share buyback program, endorsements, suretyships, guarantees, authorizations to carry out certain transactions) • Annual review of the related-party agreements • Renewal of the EMTN program • Information about the bond issues • Review of the Statutory Auditors' reports • Review of the Audit Committee's work and recommendations
Corporate governance	• Review and adoption of the Board of Directors' management report and the report on corporate governance • Review of the results of the internal assessment of the Board of Directors carried out in late 2022 by the Lead Independent Director and results of the formal assessment of the Board led in 2023 by an independent external consultant • Preparations for the 2023 and 2024 Annual General Meetings: setting of the agenda, draft resolutions for submission to the Annual General Meeting and report of the Board of Directors on resolutions; convening of the meeting; response to shareholders' written questions in connection with the 2023 Annual General Meeting; proposal to appoint new independent Directors at the 2024 Annual General Meeting, after reviewing the candidacies selected by the Appointments and Governance Committee • Review of the composition of the Board of Directors and its specialized Committees, especially following the departures during the year and in view on the terms of office expiring in 2024 • Maureen Chiquet coopted as an independent Director to replace Daniela Riccardi for the latter's remaining term of office, and appointment of Maureen Chiquet as a member of the Sustainability Committee • Review and authorization of a service agreement with Maureen Chiquet pursuant to the related-party agreements procedure (she did not take part in the discussions or vote) • Annual review of Directors' independence based on the criteria laid down in the AFEP-MEDEF Code • Follow-up on discussions with the main shareholders on governance issues in connection with the ESG roadshow at which the Lead Independent Director participates • Update on organizational changes within Executive Management • Review of the work and recommendations made by the Appointments and Governance Committee
Remuneration	• Determination of the annual variable compensation of the Chairman and Chief Executive Officer and the Group Managing Director in office until October 3, 2023, in respect of 2022 and 2023, while reviewing the achievement rate of the applicable performance targets • Determination of the remuneration policy for executive corporate officers after reviewing the remuneration components • Review of the proposed allocation of the remuneration granted to members of the Board of Directors and determination of the Directors' remuneration policy • Assessment of achievement of the performance targets applicable to the performance shares awarded in 2020 • Free awards of shares subject to performance conditions to the Chairman and Chief Executive Officer and to Group employees • Review of the pay ratios • Review and approval of the proposals of the Remuneration Committee on the changes to be made to the remuneration policy for executive corporate officers for the formulation of the 2024 policy • Review of the Remuneration Committee's work and recommendations

Activity of the Group and strategy	• Regular updates on business trends • Analysis, authorization and follow-up on acquisition-led growth transactions: acquisition of Creed by Kering Beauté and purchase of a 30% stake in Valentino • Review and authorization of real estate acquisitions • Follow-up on the action taken following the controversy over a Balenciaga advertising campaign in late 2022 • Climate seminar (for further details, see below) • Review of the Non-Financial Information Statement • Approval of the Modern Slavery Statement (anti-slavery statement) • Review of the Sustainability Committee's work and recommendations **Annual strategic seminar:** Every year, one Board meeting is set aside for a presentation on strategic issues by operational and functional teams, in addition to matters presented regularly during the year at other Board meetings. This annual session provides an ideal opportunity for meetings and discussions between Directors and the management teams of the Group and its Houses. In 2023, the strategic seminar focused on the following matters: • Strategy of Gucci and Kering Beauté, with a presentation by Gucci's President and CEO and Kering Beauté's Chief Executive Officer • Presentation of the dynamics in the Luxury industry, the competitive environment and Group's relative positioning • Group's operating and financial review, with a special focus on its financing and debt strategy • Annual review of the risk map (including environmental, social and cyber risks)
Executive sessions organized by the Lead Independent Director	• Consideration of the results of the internal assessment of the Board of Directors carried out in late 2022 by the Lead Independent Director and the measures to be implemented following this assessment • Update on the composition of the Board of Directors and the specialized Committees • In-depth discussion of the analysis conducted by Maureen Chiquet, the newly appointed independent Director, as part of the six-month consulting assignment entrusted to her by Kering under a service agreement entered into on July 28, 2023. In her analysis, she focused on the Houses' brand positioning and and practices in terms of product ranges, communication, customer experience and services and on investments in the Luxury industry. These meetings took place on March 22 and December 7, 2023 without the Chairman and Chief Executive Officer and the Group Managing Director in office until October 3, 2023 being present.

Climate seminar

On May 4, 2023, the Directors got together for a Board training seminar on climate issues. A decision had been made to organize this seminar following the internal assessment of the Board of Directors in late 2022, during the course of which the Directors had requested specialized climate training. The goal of the seminar was, firstly, to provide the Directors with a common knowledge base on climate-related issues and, secondly, to present the 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.

The Board of Directors met 14 times in 2023 with an average attendance rate of 88%, breaking down by meeting as follows:

Date	Attendance rate
February 1, 2023	92%
February 14, 2023	100%
March 2, 2023	100%
April 27, 2023 (before the Annual General Meeting)	92%
April 27, 2023 (after the Annual General Meeting)	83%
May 4, 2023	75%
June 9, 2023	92%
June 19, 2023	75%
July 18, 2023	83%
July 27, 2023	100%
October 3, 2023	92%
October 26 and 27, 2023	83%
December 7, 2023	83%
December 21, 2023	75%

The following persons attended Board meetings:

- Directors;
- the Board Secretary (Group General Counsel);
- the Social and Economic Committee representative;
- at certain meetings and depending on the topics addressed, the Statutory Auditors, both the Deputy CEOs from the date of their appointment, the Group's Chief Financial Officer (change of incumbent during the year), the Strategy Director, the Chief Audit Executive, the Chief Sustainability and Institutional Affairs Officer, the Chief People Officer, the CEOs of certain Houses and external speakers.

Board meeting agendas are drawn up by the Board Secretary following discussions with the Chairman and Chief Executive Officer and taking into account the agendas of specialized Committee meetings, as well as proposals from the Lead Independent Director, who can add specific items to the agenda of Board meetings.

Several days before each Board meeting, each Director receives a copy of the agenda, the draft minutes of the previous meeting, and documentation relevant to the items on the agenda via a secure file-sharing system.

The minutes of each Board meeting are submitted for approval at the subsequent meeting.

In compliance with the Board's internal rules, certain matters undergo preliminary examination by the relevant Committees according to their area of expertise to shed light on the Board's work and decisions. The relevant Committee Chair reports on these preliminary meetings at each Board meeting.

3.4.2 Specialized committees

Audit Committee

Members as of February 28, 2024

Jean-Pierre Denis	Chair (Climate Change Lead)
Financière Pinault, represented by Héloïse Temple-Boyer	Director
Véronique Weill	Lead Independent Director
Serge Weinberg	Independent Director

50%
independent Directors

89%
attendance rate in 2023

5
meetings in 2023

In 2023, the Audit Committee was chaired by Tidjane Thiam, who had held that role since he was appointed as an independent Director by the Annual General Meeting of June 16, 2020. As of December 31, 2023, 60% of Audit Committee members classified as Independent Directors based on the criteria for independence laid down in the AFEP-MEDEF Code.

After Tidjane Thiam resigned from his duties as a Director on January 9, 2024, a decision was made to appoint Jean-Pierre Denis, former Chair of the Committee (2012-2020), as the Chair of the Committee on an interim basis. The composition of the Committees will be reviewed after the Annual General Meeting on April 25, 2024, subject to shareholder approval of the proposed appointments.

As of February 28, 2024, half the members of the Audit Committee classified as Independent Directors. This temporary situation linked to a Director's departure will be rectified by means of the appointments to be proposed at the Annual General Meeting of April 25, 2024, as presented in section 2.2.2 above.

No executive corporate officer is a member of the Committee, in line with the recommendations of the AFEP-MEDEF Code.

Duties

The main role of the Audit Committee, which was established in December 2002, within the limit of the duties of the Board of Directors, is to review the annual and interim financial statements, to verify the relevance, consistency and reliability of accounting methods applied by the Company and at the Group's main subsidiaries and the implementation of internal control and risk management procedures in the Group, to be familiar with the policies implemented within the Group in relation to sustainability and environmental protection, and to hear from and put questions to the Statutory Auditors. The Committee is notified of the main issues identified by the Kering group's Internal Audit Department.

The Audit Committee reports to the Board on a regular basis and provides it with opinions or recommendations on all matters within its scope of duties. Meetings of the Audit Committee are recorded in a written and approved report.

In exercising its role, the Committee is supported, in addition to the external auditors, by the Finance department and the Group's Internal Audit Director, plus the General Counsel, who are brought in to present their work and answer the Committee's questions. The Committee can also retain external specialists and hear from any other individuals.

Each year, it reviews the fees charged by the Company's Statutory Auditors and assesses their independence. The Audit Committee also considers potential Statutory Auditors for appointment.

In addition, the Committee issues recommendations to the Board of Directors in relation to the regular assessment of the terms of the Group's related-party and ordinary agreements. Accordingly, it reviews on an annual basis payments made under the agreement entered into between Kering and Artémis (described in Note 31.1 to the consolidated financial statements, included in this Universal Registration Document), as well as any changes in such payments.

The Audit Committee members all possess recognized financial or accounting skills, bringing to bear their combined expertise in general and operational management of banks and businesses as evidenced by their professional career. Jean-Pierre Denis was previously Chairman of Crédit Mutuel Arkéa and a Finance Inspector, and has gained considerable executive management experience. Véronique Weill has held various responsibilities in financial services, with investment banking her key focus. Héloïse Temple-Boyer, Deputy General Manager of Artémis, and Serge Weinberg, founder and Chairman of an asset management company, also possess respected financial expertise combined with executive management experience. Given their professional experience (described in section 2.1 of this chapter) and their first-class knowledge of the accounting and financial procedures applicable to groups of companies, all the Audit Committee's members have the requisite skills for their roles.

Work performed by the Audit Committee in 2023 and through to February 28, 2024

The Committee met five times in 2023, with an average attendance rate of 89%.

The Chief Financial Officer (incumbent changed effective September 1, 2023) and the Chief Audit Executive were invited to each Committee meeting to present their work and answer the Committee's questions. The Financial Control Director, the Treasury Director, the Chief Sustainability and Institutional Affairs Officer, the General Counsel, the Chief Information Security Officer, the Group Privacy Officer and the Intellectual Property Director also appeared before the Committee.

During 2023 and through February 28, 2024, the Audit Committee dealt with the following issues:

Process of preparing accounting and financial information	• Review of the annual and interim parent company and consolidated financial statements, off-balance sheet commitments, and the activity report • Annual review of invoicing under the agreement between Kering and Artémis • Update on Group financing and treasury • Review of the Company's share price performance
Internal audit	• Review of the internal audit activities (audit engagements, results and follow-up on action plans) during 2023 • Presentation and approval of the 2024 audit plan
Internal control and risk management	• Review of the internal control activities • Presentation of the 2022 results from the internal control self-assessment questionnaire campaign, plus those from the Houses and stores and the campaign carried out in the first quarter of 2023 at the stores • Review of the Group's risk map and presentation of the risk hierarchy (including environmental and social risks) • Annual compliance update: review of the risk map (anti-corruption, duty of care and human rights), the Group's compliance policies and action plans
Statutory Auditors	• Review of the scope of the Statutory Auditors' engagement, the independence of the Statutory Auditors, and their general program for audit work • Presentation by the Statutory Auditors of their work on the annual and interim financial statements
Other issues	• Review of disputes • Annual update on the Group's intellectual property policy – examination of the protection of the brand portfolio • Follow-up on the Group's data privacy risks, challenges and strategy • Annual review and follow-up on the Group's cybersecurity (cyber risk map and action plans) • Annual review of the non-financial information statement • Joint meeting with the Sustainability Committee: update on the CSRD and the new sustainability reporting regime (regulatory environment, impact for Kering, action plans to be implemented by the Group).

Each meeting of the Audit Committee is reported to the next Board meeting so that the Board is fully apprised of the Committee's work and can discuss the issues it covers.

Remuneration Committee

Members as of February 28, 2024

Véronique Weill	Chair (Lead Independent Director)
Jean-Pierre Denis	Director (Climate Change Lead)
Financière Pinault, represented by Héloïse Temple-Boyer	Director
Vincent Schaal	Director representing employees
Serge Weinberg	Independent Director

50%
independent Directors[(1)]

92%
attendance rate
in 2023

6
meetings
in 2023

As of December 31, 2023, the Remuneration Committee had six members, 60% of whom were independent Directors based on the independence criteria laid down in the AFEP-MEDEF Code. Following the resignation of Tidjane Thiam, who had sat on the Committee since his appointment as an independent Director by the Annual General Meeting of June 16, 2020, the Remuneration Committee had five members as of February 28, 2024, 50% of them independent (the Director representing employees is not counted in this percentage). This temporary situation linked to a Director's departure will be rectified by means of the appointments to be proposed at the Annual General Meeting of April 25, 2024, as presented in section 2.2.2 above.

The Committee is chaired by the Lead Independent Director. In accordance with the recommendations of the AFEP-MEDEF Code, one Director representing employees is a member of the Committee.

(1) Excluding the Directors representing employees in accordance with the AFEP-MEDEF code.

Duties

The Remuneration Committee's role is to review and make proposals to the Board of Directors on all components and terms of remuneration of the executive corporate officers, the remuneration policy for corporate officers, the method of allocating remuneration awarded to members of the Board by the Annual General Meeting, the remuneration policy for senior executives, and the remuneration and benefits received or deferred, stock options, free share grants, including performance shares and/or similar benefits, including retirement benefits and benefits in kind, granted to members of the Group's Executive Committee.

Work performed by the Remuneration Committee in 2023 and through to February 28, 2024

The Committee met six times in 2023, with an average attendance rate of 92%.

The Group's Chief People Officer and Compensation & Benefits Director were regularly invited to present their work and answer the Committee's questions.

During 2023 and through February 28, 2024, the Remuneration Committee dealt with the following issues:

Remuneration of the Group's corporate officers	• Review of the 2022 and 2023 annual variable compensation of the Chairman and Chief Executive Officer and the Group Managing Director in office until October 3, 2023, with analysis of the achievement rate of the applicable performance targets • Recommendation to the Board of Directors on the remuneration policy for executive corporate officers for 2023 after reviewing the remuneration components • Review of the allocation rules for the remuneration allocated to members of the Board of Directors and recommendation to the Board of Directors on the remuneration policy for Directors • Review of the pay ratios • For the purpose of formulating the 2024 remuneration policy for the executive corporate officer: analysis of observations and expectations stated by investors during the dialogue with shareholders, in particular at the December 2023 ESG roadshow; review of the components of the Chairman and Chief Executive Officer's remuneration; consideration of possible changes to the 2024 remuneration policy; recommendation to the Board of Directors
Other issues	• Review of the variable remuneration and principles of the Executive Committee members' remuneration • Analysis of the Chief Compliance Officer's remuneration • Review of the variable compensation mechanisms for employees

Each meeting of the Remuneration Committee is reported to the next Board meeting so that the Board is fully apprised of the Committee's work and can discuss the issues it covers.

Appointments and Governance Committee

Members as of February 28, 2024

Serge Weinberg	Independent Chair
Concetta Battaglia	Director representing employees
Yonca Dervisoglu	Independent Director
Financière Pinault, represented by Héloïse Temple-Boyer	Director
Baudouin Prot	Director
Véronique Weill	Lead Independent Director

60%
independent Directors[1]

100%
attendance rate in 2023

2
meetings in 2023

Duties

The role of the Appointments and Governance Committee, which was established in March 2003, is to review the proposed appointments of Directors, particularly in light of the Board's diversity policy, as well as their status with regard to the independence criteria defined by the AFEP-MEDEF Code. This review must be carried out prior to each appointment and annually. It may also be conducted at any time deemed appropriate by the Committee. The Committee provides its opinions and recommendations on these matters to the Board. This Committee also conducts a regular analysis on the Company's governance structure. It is also responsible for preparing a succession plan for executive corporate officers and members of the Group Executive Committee, which it reviews regularly, in order to be able to propose succession solutions at any time in the event of an unforeseen vacancy.

(1) Excluding the Directors representing employees in accordance with the AFEP-MEDEF code.

In line with the independence criteria laid down in the AFEP-MEDEF Code, a majority of the Appointments and Governance Committee's members are independent Directors. It is chaired by an Independent Director.

Work by the Appointments and Governance Committee in 2023 and through to February 28, 2024

The Committee met two times in 2023, with an average attendance rate of 100%.

During 2023 and through February 28, 2024, the Appointments and Governance Committee dealt with the following issues:

Appointment	• Study of the desirable adjustments to the composition of the Board of Directors and its specialized Committees based on the needs identified by the Board, including in connection with its internal assessment in 2022, its diversity policy and the terms of office coming to an end in 2024 • Follow-up on the process for selecting new independent Directors and recommendations to the Board of Directors
Assessment	• Presentation by the Lead Independent Director of the conclusions of the internal assessment she carried out in 2022 • Annual review of Directors' independence based on the criteria laid down in the AFEP-MEDEF Code • Review of the results of the formal assessment of the Board led in 2023 by an independent external consultant
Succession planning	• Review of the succession plan for the Chairman and Chief Executive Officer • Review of succession planning for Executive Committee members, House CEOs and Creative Directors
Other issues	• Update on the special remuneration for the Lead Independent Director • Review of gender diversity policy applied to the senior management bodies

The composition of the Board and its Committees is continuously analyzed by the Appointments and Governance Committee.

Each meeting of the Appointments and Governance Committee is reported to the next Board meeting so that the Board is fully apprised of the Committee's work and can discuss the issues it covers.

Sustainability Committee

Members as of February 28, 2024

Emma Watson	Independent Chair
François-Henri Pinault	Chairman and Chief Executive Officer
Concetta Battaglia	Director representing employees
Maureen Chiquet	Independent Director
Jean-Pierre Denis	Director (Climate Change Lead)
Yonca Dervisoglu	Independent Director
Véronique Weill	Lead Independent Director

67% independent Directors[1]

93% attendance rate in 2023

2 meetings in 2023

Duties

The Sustainability Committee's role is to support the Company and the Group in the establishment, implementation and monitoring of good corporate governance in terms of sustainable development, social responsibility and ethics.

Work performed by the Sustainability Committee in 2023 and through to February 28, 2024

The Committee met two times in 2023, with an average attendance rate of 93%.

During 2023 and through February 28, 2024, the Sustainability Committee dealt with the following issues:

- update on the Group's roadmap toward the target announced in 2023 of reducing its overall greenhouse gas emissions by 40% (Scopes 1, 2 and 3 under the GHG Protocol) by 2035;
- presentation of the European regulatory changes relating to the new sustainability regime ("CSRD") and efforts to combat deforestation and forest degradation ("EUDR regulation");

(1) Excluding the Directors representing employees in accordance with the AFEP-MEDEF code.

- joint meeting with the Audit Committee: update on the CSRD and the new sustainability reporting regime (regulatory environment and implementation of these obligations within the Group);
- update on Kering's participation in the Science Based Targets for Nature program under the Group's biodiversity strategy;
- presentation of projects undertaken by the Regenerative Fund for Nature;
- follow-up on the Group's non-financial performance and rating;
- follow-up on ethics, compliance and sustainability training programs for the Group's employees;
- update on the Fashion Pact, a global initiative launched by Kering targeting the fashion and textile industries with the aim of reducing their environmental impact;
- follow-up on the Kering Foundation's initiatives: change in status to become an endowment fund to amplify its impact; extension of its commitment to combat violence against children; Caring For Women campaign in 2023 that raised over $3 million for non-profits tackling violence against women; establishment of an endowment fund in the United States; two women's houses opened in Rennes and in Le Havre.

The Group's Chief Sustainability and Institutional Affairs Officer attended the Committee's meetings and answered its members' questions.

Each meeting of the Sustainability Committee is reported to the next Board meeting so that the Board is fully apprised of the Committee's work and can discuss the issues it covers.

Attendance rate of Directors at Board and Committee meetings in 2023

	Attendance at Board of Directors' meetings	Attendance at Audit Committee meetings	Attendance at Remuneration Committee meetings	Attendance at Appointments and Governance Committee meetings	Attendance at Sustainability Committee meetings	Overall attendance rate
François-Henri Pinault	100%	n.m.	n.m.	n.m.	100%	100%
Véronique Weill	93%	100%	100%	100%	100%	97%
Serge Weinberg	86%	100%	100%	100%	n.m.	93%
Emma Watson	43%	n.m.	n.m.	n.m.	100%	50%
Jean-Pierre Denis	100%	100%	100%	n.m.	100%	100%
Concetta Battaglia	100%	n.m.	n.m.	100%	100%	100%
Maureen Chiquet(1)	75% (2)	n.m.	n.m.	n.m.	100%	83%
Yonca Dervisoglu	79%	n.m.	n.m.	100%	100%	83%
Financière Pinault, represented by Héloïse Temple-Boyer	100%	100%	100%	100%	n.m.	100%
Baudouin Prot	93%	n.m.	n.m.	100%	n.m.	94%
Vincent Schaal	100%	n.m.	100%	n.m.	n.m.	100%
Jean-François Palus(3)	100%	n.m.	n.m.	n.m.	0%	92%
Daniela Riccardi(4)	100%	0%	n.m.	n.m.	n.a.	67%
Tidjane Thiam(5)	64%	80%	50%	n.m.	n.m.	64%

(1) Term of office began on September 1, 2023.
(2) Maureen Chiquet was unable to attend an additional meeting of the Board of Directors, which did not appear in the original schedule of meetings. She thus attended three of the four meetings held after she joined the Board.
(3) Duties as a Director ended on October 3, 2023.
(4) Duties as a Director ended on April 27, 2023.
(5) Duties as a Director ended on January 9, 2024.

Number of meetings of the Board of Directors: 14

Number of Audit Committee meetings: 5

Number of Remuneration Committee meetings: 6

Number of Appointments and Governance Committee meetings: 2

Number of Sustainability Committee meetings: 2

n.m.: Not a member

n.a.: Not applicable (termination of the directorship prior to the meetings)

4 - OTHER CORPORATE GOVERNANCE DISCLOSURES

4.1 Application of the AFEP-MEDEF Corporate Governance Code of Listed Corporations

Since 2008, Kering has referred to the AFEP-MEDEF Corporate Governance Code of Listed Corporations (the "AFEP-MEDEF Code").

Note that in accordance with article L. 22-10-10, paragraph 4 of the French Commercial Code, Kering complies with all the recommendations of the AFEP-MEDEF Code, except for the following points:

Recommendations of the AFEP-MEDEF Code	Kering's approach/Explanation
Proportion of independent members of the audit committee (paragraph 17.1 of the Code) *The proportion of independent directors on the audit committee should be at least equal to two-thirds* **Proportion of independent members of the compensation committee (paragraph 19.1 of the Code)** *It must mostly consist of independent directors*	Throughout 2023, the Audit Committee and the Remuneration Committee had a proportion of independent Directors in line with the recommendations of the AFEP-MEDEF Code, pursuant to the independence criteria laid down in the code. As of December 31, 2023, the Audit Committee and the Remuneration Committee had five and six members, respectively, 60% of whom were independent Directors in both Committees. Tidjane Thiam chaired the Audit Committee and had been a member of the Remuneration Committee since he was appointed as an independent Director by the Annual General Meeting of June 16, 2020. Following Mr. Thiam's resignation from his duties as a Director on January 9, 2024, as he wanted to have the necessary time to devote to his political commitments, the Audit Committee and the Remuneration Committee had four and five members respectively as of the date of this Universal Registration Document, with 50% of Directors on both Committees classified as independent. This temporary situation linked to a Director's departure will be rectified by means of the appointments to be proposed at the Annual General Meeting of April 25, 2024, as presented in section 2.2.2 above.

4.2 Attendance at Annual General Meetings

All shareholders are entitled to attend Annual General Meetings in accordance with the conditions provided for by law. The terms and conditions of their attendance are specified in the provisions of article 19 of the Articles of Association and are set out in chapter 8 of this Universal Registration Document.

4.3 Information likely to have an impact in the event of a public offer

No information other than that related to (i) Kering's current shareholding structure (Artémis being the majority shareholder, with 42.23% of the share capital and 58.99% of the theoretical voting rights of Kering as of December 31, 2023), (ii) the double voting right provided for under the Articles of Association for shareholders who have held their shares in registered form for at least two years, (iii) the Company's share buyback program, and (iv) the authorizations given by the Annual General Meeting to increase the share capital, as expressly described in this Universal Registration Document, is liable to have an impact in the event of a public tender offer for the Company's shares or could have the effect of delaying, deferring or preventing a change of control of the Company.

To the best of the Company's knowledge, there are no agreements between the Company's shareholders that could restrict the transfer of Kering shares or the exercise of the corresponding voting rights.

4.4 Statement concerning the corporate officers

To the best of the Company's knowledge:

- none of the corporate officers has been convicted of fraud in the last five years;
- none of the Directors or corporate officers has been associated in the last five years with insolvency, receivership, liquidation or court-ordered administration proceedings as a member of an administrative, management or supervisory body or as Chief Executive Officer or managing partner;
- no court order has been made over the last five years against any of the corporate officers that prohibits them from acting as a member of an administrative, management or supervisory body of an issuer or from being involved in the management or running of the business of an issuer;
- no charge and/or official public penalty has been made or ordered against any of the corporate officers of the Company by statutory or regulatory authorities (including designated professional bodies);
- none of the corporate officers has been given a commitment by the Company or any of its subsidiaries corresponding to components of remuneration, indemnities or benefits payable or potentially payable on account of the commencement, termination or change of their duties or subsequent thereto;
- none of the corporate officers has indicated the existence of an agreement with a main shareholder, customer or supplier of the Company pursuant to which they were designated as corporate officer.

Moreover, no service contract providing for the granting of benefits at the end of such an agreement binds the Directors to the Group. Nonetheless, for all intents and purposes, please note that concomitantly with its decision to coopt Maureen Chiquet as a Director effective September 1, 2023, Kering's Board of Directors authorized, after conducting a review, a service agreement to be entered into between Kering and Ms. Chiquet pursuant to article L. 225-38 of the French Commercial Code. Said agreement was entered into on July 28, 2023 and provides in consideration for the services provided for a one time, all-inclusive fee of two hundred thousand euros (€200,000.00) before taxes to be paid in two installments, one in 2023 and one in 2024, separately from any remuneration that shall be due to her in respect of her duties as a Director. This agreement is presented in the Statutory Auditors' report in chapter 6 of this Universal Registration Document and shall be submitted for shareholder approval at the Annual General Meeting of April 25, 2024.

No assets belonging directly or indirectly to the Company's senior executives are used in Group operations.

To the best of the Company's knowledge, none of the corporate officers faces a potential conflict of interest between their duties with regard to the Company and their private interests or other duties or has family ties with another corporate officer of the Company.

4.5 Trading in Kering securities by senior executives, their families and similar parties

Pursuant to the provisions of article 223-26 of the AMF's General Regulations, trading in the Company's securities reported to the AMF in 2023 by senior executives and equivalent as well as persons closely related to the senior executives, as referred to in article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*), is summarized below:

	Type of transaction	Transaction date	Average price
Maureen Chiquet, member of the Board of Directors	Purchase of 50 shares	February 19, 2024	€422.40
Concetta Battaglia, member of the Board of Directors	Purchase of 30 shares	November 7, 2023	€396.96
Artémis	Pledge of 450,000 shares	October 18, 2023	–
François-Henri Pinault, Chairman and Chief Executive Officer	Definitive vesting of 940 free shares granted subject to performance conditions(1)	October 5, 2023	
Francesca Bellettini, Deputy CEO in charge of Brand Development	Definitive vesting of 553 free shares granted subject to performance conditions(1)	October 5, 2023	–
Jean-Marc Duplaix, Deputy CEO in charge of Operations and Finance	Definitive vesting of 465 free shares granted subject to performance conditions(1)	October 5, 2023	–
Jean-François Palus, President and CEO of Gucci	Definitive vesting of 706 free shares granted subject to performance conditions(1)	October 5, 2023	–
Armelle Poulou, Chief Financial Officer	Definitive vesting of 48 free shares granted subject to performance conditions(1)	October 5, 2023	–
Jean-François Palus, President and CEO of Gucci	Donation of 815 shares	September 29, 2023	–
Artémis	Pledge of 3,500,000 shares	September 26, 2023	–
Jean-François Palus, Group Managing Director	Donation of the usufruct of 30,000 shares	June 19, 2023	–
Jean-François Palus, Group Managing Director	Donation of the bare ownership of 10,000 shares	June 19, 2023	–

(1) Definitive vesting on October 5, 2023 of the performance shares awarded in 2020 by the Board of Directors under the 2020 Plan.

4.6 Related-party agreements

The support agreement between Kering and Artémis, which was approved in a previous fiscal year, remained in force in 2023. This agreement remunerates the management of the group and various services provided directly or indirectly, as well as the provision of the resources necessary to carry out theses tasks. This agreement is presented in the Statutory Auditors' report in chapter 6 of this Universal Registration Document.

In addition, concomitantly with its decision to coopt Maureen Chiquet as an independent Director effective September 1, 2023, the Board of Directors authorized at its meeting on July 18, 2023, after conducting a review, a service agreement to be entered into between Ms. Chiquet and the Company. In consideration for the services provided, this agreement provides for a one-time, all-inclusive fee of two hundred thousand euros (€200,000.00) before taxes, to be paid in two installments, one in 2023 and one in 2024, separately from any remuneration that shall be due to her in respect of her duties as a Director. This agreement was entered into on July 28, 2023 and announced the Company's website, in accordance with the provisions of article L.22-10-13 and R.22-10-17 of the French Commercial Code. It is presented in detail in the Statutory Auditors' report in chapter 6 of this Universal Registration Document and shall be submitted for the approval of the Annual General Meeting of the shareholders on April 25, 2024.

5 - REMUNERATION OF CORPORATE OFFICERS

The information contained in this section sets out Kering's remuneration policy for corporate officers, which is defined by the Board of Directors based on recommendations from the Remuneration Committee. The policy takes account of the recommendations set out in the AFEP-MEDEF Corporate Governance Code of Listed Corporations, the guide to developing universal registration documents published by the French Financial Markets Authority (*Autorité des marchés financiers – AMF*) and the reports on corporate governance and executive remuneration in listed companies issued by the AMF and the High Committee on Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*). The remuneration policy for all corporate officers is an integral part of Kering's report on corporate governance.

5.1 Remuneration policy applicable to the Chairman and Chief Executive Officer (executive corporate officer) for 2024 subject to approval by the Annual General Meeting of April 25, 2024 (*ex-ante* vote)

Acting on a recommendation of the Remuneration Committee, the Board of Directors approved on February 28, 2024 the remuneration policy applicable to the Chairman and Chief Executive Officer, Kering's sole executive corporate officer, for 2024.

In compliance with the provisions of Articles L.22-10-8 and R.22-10-14 of the French Commercial Code, the 2024 remuneration policy described below includes the general principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components making up total remuneration and benefits in kind granted to the Chairman and Chief Executive Officer in respect of his duties. It will be submitted for the approval of the shareholders at Kering's Annual General Meeting to be held on April 25, 2024.

5.1.1 General principles of the remuneration policy for the Chairman and Chief Executive Officer

Principles for determining the Chairman and Chief Executive Officer's remuneration

The Company's remuneration policy for its executive corporate officer is set by the Board of Directors, based on recommendations from the Remuneration Committee, in compliance with the Company's interests to ensure the long-term success and development of the business and embeds social and environmental issues arising from its activities.

An exhaustive approach is taken when determining the Chairman and Chief Executive Officer's remuneration, taking into account all its elements in order to achieve a comprehensive assessment.

The Board of Directors seeks to maintain a balance between the various components of remuneration, with most remuneration consisting of short- and long-term variable elements related to the Group's performance and that of the Chairman and Chief Executive Officer.

The remuneration structure and the criteria on which the Chairman and Chief Executive Officer's variable remuneration is based are therefore defined and modified over time to ensure that the amounts paid are closely aligned with the extent to which the Group's strategic objectives (including social and environmental objectives) have been met.

84% of the Chairman and Chief Executive Officer's remuneration is subject to performance conditions, reflecting his obligation to create medium- and long-term value.

His variable remuneration (annual and long-term) depends on the achievement of financial, environmental and social targets that reflect the Group's major ambitions in these areas. The performance criteria are precise, varied, directly linked to the Group's strategic priorities, and mostly quantifiable.

A significant proportion of variable remuneration is awarded in the form of shares subject to demanding performance conditions. This is intended to encourage the Chairman and Chief Executive Officer to make decisions and take actions with a view to achieving sustainable profitability over a long period, and aligns his interests with those of the Company's shareholders and other stakeholders. The requirement for him to retain a large proportion of the performance shares awarded to him throughout his term of office also fosters a long-term vision and close correlation with shareholder interests.

Through these principles, the remuneration policy is intended to establish a clear, motivating framework that serves the Group's ambitions.

Process for determining the Chairman and Chief Executive Officer's remuneration

Process for determining the Chairman and Chief Executive Officer's remuneration involves three of the Board of Directors' Committees.

Remuneration Committee

The Remuneration Committee makes recommendations to the Board of Directors regarding:

- the remuneration policy for executive corporate officers and Directors;
- the determination and weighting of the quantifiable and qualitative criteria of the variable remuneration, both annual and long-term, of executive corporate officers;
- the performance target achievement rate applicable to the variable remuneration, both annual and long-term, of executive corporate officers.

The Remuneration Committee regularly examines the remuneration policy, and is particularly attentive to its compliance with the key principles set out above.

A review of the existing remuneration mechanisms is carried out annually to assess whether changes should be made.

Where appropriate, it may be supported by an assignment conducted by external consultants. In particular, market practices may be benchmarked, allowing objective consideration of the remuneration policy and a better understanding of Kering's relative position in terms of remuneration. Where such benchmarking takes place (both in terms of remuneration levels and the principles for determining and managing remuneration), comparisons are made principally with the benchmark panel used by Kering when awarding long-term variable remuneration in the form of performance shares, made up of eight listed companies in the Luxury sector: Burberry, Ferragamo, Hermès, LVMH, Moncler, Prada, Richemont and Swatch. Other companies may also be taken into account based on their size and business sector.

In fulfilling its remit, the Remuneration Committee also relies on work done by the Group's Human Resources and Legal departments which, in conjunction with the Secretary of the Board of Directors, make recommendations to the Committee in their respective fields of expertise: the Human Resources Department formulates proposals on the structure of remuneration, the weighting of its components and the choice of performance targets for variable remuneration, making sure that they are aligned with the Group's strategy; the Legal Department ensures that the remuneration policy complies with applicable legislative and regulatory provisions and with the principles set out in the AFEP-MEDEF Code; it also ensures that the Committee is fully informed of market best practice and the expectations and observations expressed by investors as part of shareholder dialogue and their voting policies, as well as by proxy advisors.

Decisions about the composition of the executive corporate officers' remuneration and its modification over time – whether in relation to the balance between fixed and variable components or the choice of performance criteria – are based on proposals made by the Remuneration Committee. These proposals are predicated, in turn, on analyses and recommendations provided by the Group's Sustainability, Human Resources, Remuneration and Employee Benefits, and Legal Departments.

The level of achievement of the financial targets for the executive corporate officer's annual and long-term variable remuneration is determined by the Group's Finance Department. The level of achievement of the non-financial targets is first assessed by the Remuneration Committee, which reports thereupon to the Board of Directors. This assessment is based on information provided by the Legal, Sustainability and Human Resources Departments, members of which may be present during the meeting to provide commentary.

Audit Committee

As part of the process for determining variable remuneration, the Audit Committee examines each year the level of achievement of the applicable financial performance targets.

Sustainability Committee

In addition to financial performance targets, the executive corporate officer's annual and long-term variable remuneration is also based on the achievement of non-financial performance targets aligned with the Group's strategic priorities in this area, as established by the Board of Directors on the basis of work done by the Sustainability Committee.

Board of Directors

The Board of Directors determines the remuneration policy applicable to the Chairman and Chief Executive Officer. In particular, it ensures that the performance indicators and targets for annual and long-term variable remuneration components are aligned with the Group's strategy.

In addition, the Board of Directors discusses and approves payment of variable elements payable in accordance with the principles adopted, after the consolidated financial statements for the relevant year have been approved.

The Chairman and Chief Executive Officer does not take part in discussions or votes relating to his remuneration.

Annual General Meeting

In accordance with legislative and regulatory provisions in force, shareholders are invited to vote on the following matters each year as part of the Annual General Meeting:

- the remuneration policy for the executive corporate officer(s) (*ex-ante* vote);
- the content of the corporate governance report setting out details of remuneration paid or granted to corporate officers during the last financial year (global *ex-post* vote);
- the fixed, variable and exceptional components of total remuneration and benefits in kind paid during or awarded in respect of the last financial year to each executive corporate officer (individual *ex-post* vote).

5.1.2 Components of the remuneration policy for the Chairman and Chief Executive Officer

In the Annual General Meeting of April 27, 2023, the resolution relating to remuneration paid during or awarded in respect of 2022 to the Chairman and Chief Executive Officer (5th resolution) was approved by shareholders, with 77.44% voting in favor, and the remuneration policy for executive corporate officers for 2023 (7th resolution) was also approved by shareholders, with 94% voting in favor. Since the approval rate for 2022 remuneration was less than 80%, the Remuneration Committee, which pays careful attention to the views of shareholders and takes them into account as part of Board-level discussions regarding remuneration, took the view that it was necessary to understand the reasons behind that approval rate and consider any action to be taken in response. The Remuneration Committee has met twice for that purpose. After an in-depth analysis of investor expectations and comments as part of the shareholder dialogue process, both before the AGM and afterwards and during the ESG roadshow (for more details about shareholder dialogue regarding governance, please see section 1.6 of the present chapter), and after examining the existing remuneration policy in the light of those responses, the Remuneration Committee made proposals to the Board of Directors to change the policy, taking into account some of the salient points made by shareholders.

As a result, after hearing the analysis and recommendations of the Remuneration Committee, the Board of Directors, in its February 28, 2024 meeting, decided to make the following changes to the Chairman and Chief Executive Officer's remuneration policy for 2024:

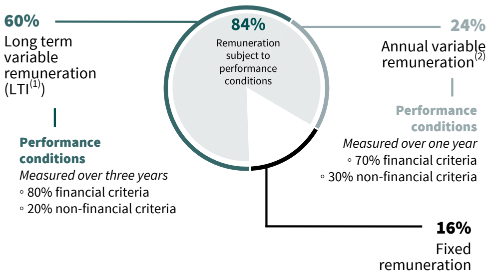
Main changes proposed regarding the Chairman and Chief Executive Officer's 2024 remuneration policy

Inclusion of a quantitative climate criterion in the determination of the Chairman and Chief Executive Officer's annual and long-term variable remuneration	The Board of Directors proposes to include in the variable remuneration of the Chairman and Chief Executive Officer, a performance criterion based on the Group's target, announced in 2023, to reduce its greenhouse gas emissions (scopes 1, 2 and 3 of the GHG Protocol) by 40% in absolute terms by 2035 compared to 2021. That target would constitute a new performance indicator when determining annual variable remuneration and would supplement the criterion based on protecting biodiversity used to determine long-term variable remuneration. To recap, the Chairman and Chief Executive Officer's annual variable remuneration for 2023 included a target relating to a commitment to reduce in absolute terms the carbon footprint of the Group's supply chain (Scope 3 of the GHG Protocol). The Climate criterion proposed for inclusion in the 2024 remuneration policy follows on from that target. Its inclusion in the determination of the Chairman and Chief Executive Officer's short- and long-term variable remuneration is intended to ensure that the Group's Climate Strategy is implemented immediately and on an ongoing basis, and to allow its fulfillment to be assessed over time. The Climate criterion would account for 10% of the Chairman and Chief Executive Officer's annual variable remuneration and 5% of his long-term variable remuneration, putting it on a par with the Biodiversity criterion. As a result, the "environment" criteria used to determine the Chairman and Chief Executive Officer's remuneration would be assessed on the basis of criteria that are solely quantitative, aligned with the Group's sustainability strategy, clear and measurable with reference to the Group's targets.
Ongoing use of a criterion relating to the protection of intangible assets in the determination of the Chairman and Chief Executive Officer's annual variable remuneration	In line with the implementation in 2023 of a process to protect the Houses' intangible assets and reputation, the Board of Directors proposes to maintain a target in this area, which would become a performance indicator, in order to align the Chairman and Chief Executive Officer's remuneration as far as possible with the Group's priorities and strategic issues. This target would account for 10% of the Chairman and Chief Executive Officer's annual variable remuneration for 2024.
Inclusion of a criterion relating to the gender pay gap within the Group in the determination of the Chairman and Chief Executive Officer's annual variable remuneration	In line with Kering's long-standing commitment to women, and as a continuation of the pay equity certification process initiated in 2023, the Board of Directors also proposes to include a new performance criterion aimed at reducing by more than a third the fixed pay gap between men and women that cannot be explained by factors likely to legitimately influence pay levels (such as level of responsibility, level of experience, geographical location, professional field practiced, etc.). The target would account for 6% of the Chairman and Chief Executive Officer's annual variable remuneration.
Inclusion of a criterion relating to succession planning in the determination of the Chairman and Chief Executive Officer's annual variable remuneration	The Board of Directors proposes to include a new performance target based on updating and strengthening succession plans for the two Deputy CEOs and other members of the Executive Committee, the House CEOs, and the Creative Directors. This target would account for 4% of the Chairman and Chief Executive Officer's annual variable remuneration.
Discontinuation of remuneration paid in respect of duties as a Director	The Board of Directors proposes to discontinue, starting in 2024, the remuneration granted to the Chairman and Chief Executive Officer in respect of his duties as a Director and as a member of the Sustainability Committee, which mainly depends on his participation in Board and Sustainability Committee meetings. With respect to 2023, that remuneration amounted to €95,284, due to his participation in 14 Board meetings and two meetings of the Sustainability Committee.

For information, based on a recommendation from the Remuneration Committee, the Board of Directors also decided in its February 28, 2024 meeting that the amount payable to the Chairman and Chief Executive Officer in respect of the 5,411 KMUs granted to him in 2018 as multi-annual variable remuneration in accordance with the corresponding remuneration policy approved in the Annual General Meeting and exercised by the Chairman and Chief Executive Officer in 2022, payment of which was deferred, will be paid to him in stages.

For 2024, the remuneration structure for the Chairman and Chief Executive Officer will comprise three components: fixed remuneration, annual variable remuneration (short-term) and long-term variable remuneration (in the form of performance shares).

The relative weight of each component will be as follows:



(1) LTI: 150% of the fixed remuneration for year Y + target annual variable remuneration for year Y-1.
(2) Annual variable remuneration: 150% of fixed remuneration.

Fixed remuneration

The fixed remuneration of the Chairman and Chief Executive Officer is determined by taking into account the following factors:

- the level and complexity of the tasks and responsibilities of the Chairman and Chief Executive Officer compared with those of an executive corporate officer of a group of comparable size;
- the incumbent's experience, background and level of expertise;
- market research and analyses relating to the remuneration of people in similar positions in comparable companies.

In line with recommendation 26.3.1 of the AFEP-MEDEF Code, the Chairman and Chief Executive Officer's annual fixed remuneration is reviewed at relatively long intervals, and is used as a reference for calculating his annual variable remuneration and determining the value of his long-term remuneration.

For 2024, the Board of Directors proposes leaving the annual fixed remuneration of the Chairman and Chief Executive Officer at €1,200,000, i.e., the same level as for the last seven years[1].

Annual variable remuneration

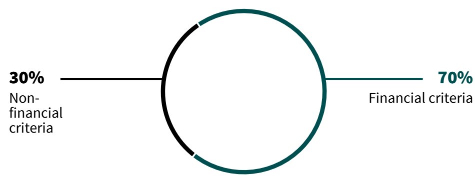
Annual variable remuneration is designed to align the executive corporate officer's remuneration with the Group's short-term financial and non-financial performance, and to encourage the achievement of its long-term strategic objectives. It is stated as a percentage of annual fixed remuneration and has no guaranteed minimum amount.

If all targets are hit, the Chairman and Chief Executive Officer's annual variable remuneration equals 150% of his annual fixed remuneration. In accordance with the recommendations of the AFEP-MEDEF Code, annual variable remuneration is capped at 203% of his annual fixed remuneration if targets are exceeded (achievement rate of over 125% for financial targets and of 100% for non-financial targets).

The Chairman and Chief Executive Officer's annual variable remuneration for 2024 depends on:

- the achievement of financial targets based on the Group's recurring operating income and free cash flow from operations, which determine 70% of the total, and
- the achievement of non-financial targets based on indicators relating to the climate (10%), organization and talent management (10%) and the protection of the Group's intangible assets (10%), which determine 30% of the total.

Criteria for annual variable remuneration



[1] In light of the COVID-19 pandemic and its impact on business activity, and following the decision made by the Chairman and Chief Executive Officer, at its meeting of April 21, 2020, the Board of Directors decided, as an exceptional measure, to reduce the amount of the fixed remuneration proposed for the Chairman and Chief Executive Officer for 2020 to an amount of €960,000.

The various performance criteria (financial and non-financial) are distributed as follows:

Financial criteria	Weighting
Consolidated recurring operating income Achievement of the budget target, comparing the recurring operating income as defined in the budget (remeasured at the average exchange rates of the year) to the published recurring operating income (excluding non-budgeted scope impacts).	35%
Consolidated free cash flow from operations Achievement of the budget target, comparing the free cash flow from operations as defined in the budget to the published free cash from operations (excluding non-budgeted scope impacts).	35%
Subtotal	**70%**

Non-financial criteria	2024 targets	Weighting
Climate	• 4% reduction in greenhouse gas emissions in absolute terms (scopes 1, 2 and 3 of the GHG Protocol) as part of the overall target of reducing them by 40% by 2035	10%
Organization and talent management	• Reduction in the unexplained gap(1) between the fixed salaries of men and women within the Group (as calculated as part of the *Universal Fair Pay Check* certification approach) from 1.6% to 1% in 2024	6%
	• Strengthening of succession plans for the two Deputy CEOs and other members of the Executive Committee, the House CEOs, and Creative Directors	4%
Protection of the Group's intangible assets (image, reputation, intellectual property, compliance)	• Strict compliance with the new internal control framework put in place for marketing and communications activities in order to protect the Group's reputation, and an absence of observed incidents	10%
Subtotal		**30%**
TOTAL		100%

(1) The unexplained gap is the residual difference between the remuneration of men and women that cannot be explained by factors that may legitimately influence remuneration levels (such as the level of responsibility, the level of experience, geographical location, the profession concerned, etc.).

The Chairman and Chief Executive Officer's annual variable remuneration for a given year is calculated and decided on by the Board of Directors after the end of the financial year to which it relates.

Criteria for the non-financial targets defined for 2024 are listed above. For confidentiality reasons, the targets associated with financial criteria are not disclosed at the time they are set but disclosed *ex-post* as part of reporting on their level of achievement.

The assessment of each performance target's level of achievement is based on a detailed proposal prepared by the Remuneration Committee, which relies in particular on objective information reported by the Group's Finance Department, Human Resources Department, Sustainability Department and Legal Department in relation to the predefined targets.

The above-described principles for the determination of annual variable remuneration of the Chairman and Chief Executive Officer will be pursued in 2024 subject to the approval of the shareholders at the Annual General Meeting on April 25, 2024.

Annual variable remuneration due for 2024 will be paid in 2025, following the 2025 Annual General Meeting's approval of the financial statements. Payment is also subject to the approval of the 2024 remuneration policy in the Annual General Meeting on April 25, 2024.

Factors determining the payment of annual variable remuneration

The factors determining payment of annual variable remuneration are the same as for previous years and function as described in the table below.

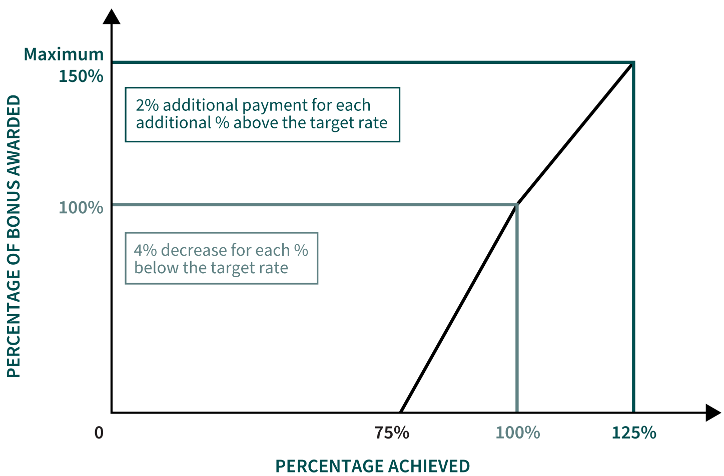
For the financial targets (70% of annual variable remuneration), the achievement rate must be at least 75% for each target for variable remuneration to be paid. If targets are met exactly, the variable remuneration awarded corresponds to 100% of the target amount. If the achievement rate reaches or exceeds 125%, 150% of the target amount is paid out.

The percentage payment for the non-financial targets (30% of annual variable remuneration) may vary between 0% and 100% depending on the assessment made by the Board of the achievement rate of the targets.

	Percentage of bonus awarded	As a % of fixed remuneration[1]
Achievement rate of financial targets (70% of the bonus)[2]		
≤ 75%	0%	0%
1	100%	105%
≥ 125%	150%	158%
Achievement rate of non-financial targets (30% of the bonus)		
Criterion 1	0% to 100%	0% to 15%
Criterion 2	0% to 100%	0% to 15%
Criterion 3	0% to 100%	0% to 15%
Maximum bonus (for achieving 125% of the financial targets and 100% of the non-financial targets)		**203%**

(1) The Chairman and Chief Executive Officer's annual variable remuneration equals 150% of his annual fixed remuneration.
(2) See graph below illustrating the rate of payment of the bonus depending on the achievement of financial targets.

Share of the bonus relating to financial targets



Any achievement falling between the minimum (75%) and the target (100%) achievement rates or between the target and the maximum (125%) achievement rates will give rise to annual variable remuneration calculated on a straight-line basis between the relevant thresholds. For example, for 90% achievement of the target, an executive corporate officer would receive 60% of the annual variable remuneration; or for 110% achievement of the target, 120% of the annual variable remuneration.

Long-term variable remuneration

Awards of performance shares

Since 2020, the Chairman and Chief Executive Officer's long-term remuneration has been based on free grants of shares subject to performance conditions assessed over three years, replacing Kering Monetary Units (KMUs).

This system serves to tighten the link between the Chairman and Chief Executive Officer's remuneration and his direct contribution to the long-term performance of the company, while also aligning its interests with the interests of shareholders.

Free awards of performance shares are accompanied by share awards for employees in key positions within the Group. The award of performance shares to the Chairman and Chief Executive Officer is capped at 20% of the total shares granted by the Board of Directors during each fiscal year, subject to an overall limit on awards equal to 1% of the Company's share capital on the award date.

The Chairman and Chief Executive Officer's long-term variable remuneration equals 150% of his annual fixed remuneration and his annual variable remuneration due in respect of the previous year. It is aimed at encouraging him to take decisions with a long-term view, thereby strengthening the close link between his overall remuneration and Group performance in line with best practice in the international market. The Chairman and Chief Executive Officer's long-term variable remuneration does not include any guaranteed minimum amount.

The duration of vesting period of the shares is three years, in line with the period over which the performance conditions are assessed and with customary market practice.

Performance conditions

The long-term variable remuneration granted in the form of performance shares to the Chairman and Chief Executive Officer is subject to dual mechanism of performance conditions that is intended to:

- make the number of shares actually obtained following the three-year vesting period conditional on the achievement of financial and non-financial targets, in line with the Group's strategic priorities;
- maintain the emphasis on the performance of the Kering share relative to that of a reference panel of luxury goods companies.

Accordingly, the number of performance shares awarded to the Chairman and Chief Executive Officer that ultimately vest is initially subject to the criteria and weightings indicated in the table below:

Criteria	Performance assessment method	Relative weighting
Consolidated recurring operating income	Increase observed between the average amount over the three-year vesting period and the amount observed for the year preceding the year of the grant • No increase: 0 shares • Increase of less than 5%: 50% of the shares relating to the criterion • Increase of 5% or more: 100% of the shares relating to the criterion	40%
Consolidated free cash flow from operations	Increase observed between the average amount over the three-year vesting period and the amount observed for the year preceding the year of the grant • No increase: 0 shares • Increase of less than 5%: 50% of the shares relating to the criterion • Increase of 5% or more: 100% of the shares relating to the criterion	40%
Proportion of women in executive management roles	Maintain the proportion of women in Top 500 roles at 50% after the end of the vesting period • Representation rate of women less than 42%: 0 shares • Representation rate of women at least 42% but less than 48%: 50% of the shares relating to the criterion • Representation rate of women at least 48% but less than 50%: 80% of the shares relating to the criterion • Representation rate of women at least 50%: 100% of the shares relating to the criterion	10%
Biodiversity	Regenerative agriculture practices adopted by 2026 on 1,300,000 hectares of land linked to Kering's supply chain and protection of 1,000,000 hectares in key areas that are not part of the supply chain • No targets met: 0 shares • One target met: 50% of the shares relating to the criterion • Both targets met: 100% of the shares relating to the criterion	5%
Climate	10% reduction in greenhouse gas emissions in absolute terms (scopes 1, 2 and 3 of the GHG Protocol) by 2026 as part of the overall target of reducing them by 40% by 2035 • Reduction of less than 3%: 0 shares • Reduction of at least 3% but less than 10%: 50% of the shares relating to the criterion • Reduction of at least 10%: 100% of the shares relating to the criterion	5%
Subtotal - shares vested	**0% to 100%**	
Kering share performance	+/- 50% impact See comment below	
TOTAL shares vested	0% to 150% of shares awarded	

The number of performance shares that ultimately vest subject to the fulfillment of the financial and non-financial performance conditions described above and the service condition described below is then adjusted upward or downward by a maximum proportion of 50%, depending on the performance of the Kering share price (difference in price between the twenty days before the award date of the performance shares and the twenty days before the date of vesting) relative to the performance of a reference panel over the same period. The reference panel comprises the shares of the following eight listed companies in the Luxury sector: Burberry, Ferragamo, Hermès, LVMH, Moncler, Prada, Richemont and Swatch.

It follows that the number of vested shares based on the achievement of financial and non-financial targets may be reduced by half if the Kering share underperforms the reference index by more than 50%. Conversely, if the Kering share price outperforms, the number of vested shares based on financial and non-financial criteria may be increased in proportion to this outperformance by up to 50%.

As a result, the number of shares vesting at the end of the vesting period may vary from 0% to 150% of the number of shares awarded under the plan based on the assessment of financial performance, non-financial performance and share price performance.

Service condition

Vesting of the performance shares awarded to the Chairman and Chief Executive Officer is also subject to his continued presence within the Group on the vesting date.

If the Chairman and Chief Executive Officer leaves before the end of the vesting period, the reasons for his departure will determine whether he retains or loses his entitlement to the performance shares granted to him but not yet vested, as described below:

Reason for departure	Consequence on performance shares not yet vested
Termination (resignation, non-renewal of term of office, dismissal)	Entitlement lost, barring a reasoned decision to the contrary by the Board of Directors and except where the person becomes an employee or corporate officer of another Group company.
Disability	Entitlement retained, with accelerated vesting. Performance criteria are deemed to be met in full, except for the adjustment mechanism based on share-price performance, which will be determined *prorata temporis*.
Death	Entitlement retained, with accelerated vesting. Performance criteria are deemed to be met in full, except for the adjustment mechanism based on share-price performance, which will be determined *prorata temporis*.

Lock-in obligation

In compliance with the provisions of article L. 225-197-1 of the French Commercial Code, the Chairman and Chief Executive Officer must hold, in registered form, throughout his term of office, a number of performance shares awarded representing the value of two years of his annual fixed and variable remuneration at the date of delivery of the shares, as determined by the Board of Directors.

In addition, the Chairman and Chief Executive Officer undertakes to refrain from using hedging instruments, throughout his term of office, on any of the shares awarded to him under the performance share award mechanism.

Exceptional remuneration

The Chairman and Chief Executive Officer will not be awarded any exceptional remuneration for 2024.

Remuneration due in respect of duties as a Director (formerly known as Directors' fees)

The Chairman and Chief Executive Officer will not be awarded any remuneration in respect of his duties as a Director for 2024.

Benefits for taking up a position or termination payments

The Chairman and Chief Executive Officer will not be eligible for any benefits for taking up a position or termination payments.

Supplementary pension plan

The Chairman and Chief Executive Officer will not be eligible for any supplementary pension plans.

Non-compete indemnities

The Chairman and Chief Executive Officer will not be eligible for any non-compete indemnities.

Benefits in kind

The Chairman and Chief Executive Officer will benefit from international health insurance policy and a company car with a driver.

Draft resolution regarding the remuneration policy for the executive corporate officer

15th resolution: Approval of the remuneration policy for the executive corporate officer

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings and having reviewed the Board of Directors' report on corporate governance, the Annual General Meeting approves, pursuant to the provisions of article L. 22-10-8 of the French Commercial Code, the remuneration policy for the executive corporate officer as described in the aforementioned report, which is included in the 2023 Universal Registration Document, chapter 3 "Corporate governance", section 5.1 "Remuneration policy applicable to the Chairman and Chief Executive Officer (executive corporate officer) for 2024, subject to approval by the Annual General Meeting of April 25, 2024 (*ex-ante* vote)".

5.2 Remuneration policy applicable to the Directors for 2024 subject to approval by the Annual General Meeting of April 25, 2024 (*ex-ante* vote)

5.2.1 General principles of the remuneration policy for members of the Board of Directors

The remuneration policy for Directors is determined by the Board of Directors, based on the recommendation of the Remuneration Committee, and subject to approval in the Annual General Meeting. It is established in accordance with article L. 22-10-8 of the French Commercial Code and with the recommendations of the AFEP-MEDEF Code.

Accordingly, Directors' remuneration consists of a fixed portion (40%) and a larger variable portion (60%) that depends on Directors' actual attendance in meetings of the Board of Directors and of the Committees of which they are members. The remuneration policy for Directors is consistent with the Company's corporate interest.

The variable remuneration allocated to the Directors depends on their actual attendance at meetings of the Board and of the specialized Committees of which they are members, and on the time and effort required of them to prepare for and participate in these meetings. The Lead Independent Director also receives additional remuneration, which is subject to the achievement of predefined objectives relating to her duties, as described in section 1.4 of this chapter. The Climate Change Lead also receives a higher level of remuneration for performing his duties, as described in section 1.5 of this chapter.

The Remuneration Committee prepares and monitors the remuneration policy for Directors. The total amount of remuneration allocated to the Directors and its apportionment are approved by shareholders at the Annual General Meeting.

The Board and Remuneration Committee meetings that deal with the remuneration policy for Directors are carried out in strict compliance with the procedures for preventing and managing conflicts of interest, which are described in the Board's internal rules, and Directors do not participate in discussions or votes on resolutions that relate to their own remuneration.

Financière Pinault, which controls Kering, has waived all remuneration in respect of its duties as a Director within the Group (including as a Director of Kering SA) and as a member of the specialized Board Committees.

Concetta Battaglia and Vincent Schaal, the Directors representing employees, both have a permanent employment contract with the Company or a Group company.

5.2.2 Components of the remuneration policy for members of the Board of Directors

In the Annual General Meeting of April 22, 2021, the maximum total annual remuneration that may be paid to members of the Board of Directors in respect of their duties was set at €1,400,000.

It is proposed that:

- the total annual remuneration paid to Directors be maintained at €1,400,000;
- the special remuneration awarded to the Lead Independent Director be increased from €50,000 to €75,000 given her increased responsibilities, particularly in view of her participation, from 2024, in the roadshow for significant investors in the Company ahead of the AGM, together with her participation in the ESG roadshow, and in view of the time and effort she is required to invest in those events and to prepare for meetings of the Board of Directors and specialized Committees, and to ensure that the remuneration offered by Kering remains competitive with that offered by other CAC 40 companies;
- except for the change relating to the special remuneration awarded to the Lead Independent Director as presented above, the apportionment of Director remuneration, described below, be left unchanged.

The apportionment between the fixed portion (40%) and the variable portion (60%) that depends on members' attendance in meetings of the Board of Directors and of the specialized Committees, remains unchanged.

Directors' remuneration is thus allocated in the following manner:

- a fixed portion, minus (i) a special portion corresponding to the remuneration of the Chairs of the Audit, Remuneration, Appointments and Governance, and Sustainability Committees, respectively (€23,000 each), (ii) a special portion allocated to the Lead Independent Director for her role on the Board (€75,000 for 2024), and (iii) a special portion allocated to the Climate Change Lead (€23,000), with the remainder being allocated with a coefficient of 1 per Board membership, increased by 0.5 per Committee;
- a variable portion, allocated with a coefficient of 1 per presence at each meeting of the Board and 0.5 for each attendance of a Committee meeting.

The remuneration allocated to the Lead Independent Director will be subject to the achievement of objectives set in advance by the Board of Directors. The Lead Independent Director's objectives for 2024 will be the following:

- promote and maintain a good relationship between the Board and its shareholders and investors;
- coordinate the internal assessment of the Board and its members;
- facilitate and build relationships within the Board, including by holding meetings without executive corporate officers;
- ensure the effective implementation of mechanisms to prevent and resolve potential conflicts of interest;
- report, on a regular basis, to the Chairman of the Board on the performance of her duties.

This remuneration policy applies to all members of the Board of Directors, including those who represent employees but excluding the Chairman and Chief Executive Officer who from 2024 will no longer receive remuneration in respect of his role as a Director, in accordance with the 2024 remuneration policy for the executive corporate officer described above and subject to approval in the April 25, 2024 AGM.

Draft resolution regarding the remuneration policy for Directors

16th resolution: Approval of the remuneration policy for Directors

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings and having reviewed the Board of Directors' report on corporate governance, the Annual General Meeting approves, pursuant to the provisions of article L. 22-10-8 of the French Commercial Code, the remuneration policy for Directors as described in the aforementioned report, which is included in the 2023 Universal Registration Document, chapter 3 "Corporate governance", section 5.2 "Remuneration policy applicable to the Directors for 2024, subject to approval by the Annual General Meeting of April 25, 2024 (*ex-ante* vote)".

5.3 Report on the remuneration paid during or awarded for 2023 to corporate officers in respect of their duties (*ex-post* vote)

In accordance with article L. 22-10-34 of the French Commercial Code, this report sets out below the information mentioned in article L. 22-10-9 of the French Commercial Code, which is covered by the 12th resolution put to shareholders for approval in the April 25, 2024 Annual General Meeting.

5.3.1 Remuneration paid during or awarded for 2023 to the Chairman and Chief Executive Officer and to the Group Managing Director who was in post until October 3, 2023 (executive corporate officers) in respect of their duties

To recap, Jean-François Palus, who had been Group Managing Director and a Director since 2008, resigned from those roles on October 3, 2023 after being appointed President and CEO of Gucci, so that he could fully focus on his new role within the Group.

In 2023, the Company's executive corporate officers were:

- François-Henri Pinault, Chairman and Chief Executive Officer, and
- Jean-François Palus, Group Managing Director until October 3, 2023.

The components of remuneration payable to the executive corporate officers with respect to 2023 were established in compliance with the remuneration policy for the executive corporate officers approved by shareholders at the Annual General Meeting of April 27, 2023 (7th resolution). The remuneration awarded to Jean-François Palus with respect to his role as Group Managing Director was established *prorata temporis*.

The tables below set out the remuneration components awarded or paid to François-Henri Pinault in respect of his role as Chairman and Chief Executive Officer and to Jean-François Palus in respect of his role as Group Managing Director until October 3, 2023.

The payment of variable and exceptional remuneration components due with respect to 2023 is subject to their approval in the April 25, 2024 AGM, in accordance with article L. 22-10-34(II) of the French Commercial Code.

Summary of remuneration and performance shares awarded to each executive corporate officer

(Table 1 pursuant to the recommendations of the AFEP-MEDEF Code)

François-Henri Pinault ***Chairman and Chief Executive Officer*** **Gross amounts** *(in €)*	**2023**	**2022**
Remuneration awarded[1] (see details in Table 2)	1,972,881	2,289,899
Value of performance shares awarded during the year[2] (see details in Table 6)	2,825,274	4,282,717
Value of other long-term remuneration plans	N/A	N/A
TOTAL	4,798,155	6,572,616

(1) The amounts awarded for the year correspond to components of remuneration for services rendered during the year.
(2) This amount is based on the number of performance shares awarded, measured at their fair value on the date of the award. In the consolidated financial statements, this amount is spread over the KMU vesting period, in accordance with IFRS 2.

Jean-François Palus *Group Managing Director until October 3, 2023* **Gross amounts** *(in €)*	**2023**	**2022**
Remuneration awarded[1] (see details in Table 2)	1,578,429	2,421,718
Value of performance shares awarded during the year[2] (see details in Table 6)	0 [2]	2,567,046 [3]
Value of other long-term remuneration plans	N/A	N/A
TOTAL	1,578,429	4,988,764

(1) The amounts awarded for the year correspond to components of remuneration for services rendered during the year. The remuneration granted to Jean-François Palus with respect to his role as Group Managing Director in 2023 was established *prorata temporis*.
(2) No performance shares were awarded to Jean-François Palus with respect to or during his role as Group Managing Director in 2023. Performance shares were awarded to him with respect to his role as President and CEO of Gucci as part of the 2023 plan for certain Group employees.
(3) This amount is based on the number of performance shares awarded in 2022, measured at their fair value on the date of the award. In the consolidated financial statements, this amount is spread over the KMU vesting period, in accordance with IFRS 2.

Table summarizing the remuneration of the Chairman and Chief Executive Officer (Table 2 pursuant to the recommendations of the AFEP-MEDEF Code)

	2023		**2022**	
François-Henri Pinault *Chairman and Chief Executive Officer* **Gross amounts** *(in €)*	**Amounts awarded for the year**	**Amounts paid during the year**	**Amounts awarded for the year**	**Amounts paid during the year**
Fixed remuneration	1,200,000	1,200,000	1,200,000	1,200,000
Annual variable remuneration	612,000	943,200 [1]	943,200	1,844,208 [2]
Multi-annual variable remuneration				
2018 Plan	–	705,057 [3]	–	–
2019 Plan	–	1,991,952 [4]	–	–
Exceptional remuneration				
2018 Plan	–	–	–	5,840,000 [5]
Remuneration paid in respect of duties as a Director (Kering)	95,284	93,931 [1]	93,931	91,527 [2]
Benefits in kind[6]	65,597	65,597	52,768	52,768
TOTAL	1,972,881	4,999,737	2,289,899	9,028,503

(1) For 2022.
(2) For 2021.
(3) 5,411 KMUs were awarded to the Chairman and Chief Executive Officer under the 2018 plan with respect to multi-annual variable remuneration subject to performance conditions, at €581 per KMU, corresponding to a value of €3,143,791 at the date of the award. These 5,411 KMUs were exercised by the Chairman and Chief Executive Officer in April 2022 based on a value of €1,387 per unit at December 31, 2021, corresponding to an amount of €7,505,057. Following the decision by the Board of Directors on March 2, 2023, payment of this amount was deferred in full. A first payment of €705,057 was made in November 2023. On February 28, 2024, the Board of Directors, on the recommendation of the Remuneration Committee, decided that the remainder would be paid in stages.
(4) 4,175 KMUs were awarded to the Chairman and Chief Executive Officer under the 2019 plan with respect to multi-annual variable remuneration subject to performance conditions, at €753 per KMU, corresponding to a value of €3,143,775 at the date of the award. Just one of the three performance criteria was met (relating to recurring operating income), leading to the cashing-in of 50% or 2,088 KMUs. Those 2,088 KMUs were exercised by the Chairman and Chief Executive Officer in October 2022 based on a value of €954 per unit at June 30, 2022, corresponding to an amount of €1,991,952. Following the decision made by the Board of Directors of March 2, 2023 to defer payment, the sum was paid out in full in May 2023.
(5) 5,000 KMUs were awarded to the Chairman and Chief Executive Officer under the 2018 plan with respect to exceptional remuneration without performance conditions, following the major transformation of the Group, at €581 per KMU, corresponding to a value of €2,905,000 at the date of the award. These 5,000 KMUs were exercised by the Chairman and Chief Executive Officer in April 2020 based on a value of €1,168 per unit at December 31, 2019, corresponding to an amount of €5,840,000. Following the decision made by the Board of Directors of February 16, 2021 to defer payment, the sum was paid out in full in 2022.
(6) The Chairman and Chief Executive Officer benefits from a company car with a driver and an international health insurance.

Table summarizing the remuneration of the Group Managing Director until October 3, 2023 (Table 2 pursuant to the recommendations of the AFEP-MEDEF Code)

Jean-François Palus *Group Managing Director until October 3, 2023* **Gross amounts** *(in €)*	2023		2022	
	Amounts awarded for the year (1)	**Amounts paid during the year**	**Amounts awarded for the year**	**Amounts paid during the year**
Fixed remuneration	900,000	900,000	1,200,000	1,200,000
Annual variable remuneration	459,000	943,200 (2)	943,200	1,536,840 (3)
Multi-annual variable remuneration:				
2018 Plan	–	–	–	5,808,725 (4)
2019 Plan	–	–	–	2,113,788 (5)
Exceptional remuneration				
Remuneration paid in respect of duties as a Director (Kering)	68,113 (6)	93,931 (2)	93,931	98,301 (1)
Remuneration paid in respect of duties as a director (subsidiaries)	48,750	48,750	60,000	60,000
Benefits in kind(7)	102,566	102,566	124,587	124,587
TOTAL	1,578,429	2,088,447	2,421,718	10,942,241

(1) The remuneration granted to Jean-François Palus with respect to his role as Group Managing Director in 2023 was established *prorata temporis*.
(2) For 2022.
(3) For 2021.
(4) 3,809 KMUs were awarded to the Group Managing Director under the 2018 plan with respect to multi-annual variable remuneration subject to performance conditions, at €581 per KMU, corresponding to a value of €2,213,029 at the date of the award. Those 3,809 KMUs were exercised by the Group Managing Director in October 2021 based on a value of €1,525 per unit at June 30, 2021, corresponding to an amount of €5,808,725. Following the decision made by the Board of Directors of February 16, 2022 to defer payment, the sum was paid out in full in 2022.
(5) 3,047 KMUs were awarded to the Group Managing Director under the 2019 plan with respect to multi-annual variable remuneration subject to performance conditions, at €753 per KMU, corresponding to a value of €2,294,391 at the date of the award. Just one of the three performance criteria was met (relating to recurring operating income), leading to the cashing-in of 50% or 1,524 KMUs. These 1,524 KMUs were exercised in April 2022 based on a value of €1,387 per unit at December 31, 2021, corresponding to an amount of €2,113,788, which was paid out in full in 2022.
(6) With respect to his role as Director of Kering until October 3, 2023, Jean-François Palus took part in all 11 meetings of the Board of Directors that took place during 2023 until that date, and was absent from the September 15, 2023 meeting of the Sustainability Committee, of which he was a member.
(7) As part of his role, the Group Managing Director had the benefit of a company car with a driver, as well as international health, disability and life insurance.

Annual remuneration due in respect of duties as a Director of Kering in 2022 was paid in March 2023, and annual remuneration due in respect of duties as a Director of Kering in 2023 was paid in March 2024.

Details relating to annual variable remuneration awarded for 2023

Achievement rate of targets in 2023 – François-Henri Pinault, Chairman and CEO

Indicator	Target weighting	Targets and objectives *(in € millions)*	Thresholds: Minimum achievement rate *as a % of the target*	Thresholds: Payment *as a % of the index*	Thresholds: Target *as a % of the target*	Thresholds: Payment *as a % of the index*	Thresholds: Maximum achievement rate *as a % of the target*	Thresholds: Payment *as a % of the index*	Achieved *as a % of the target*	Rate of payment	Corresponding amount in €
Financial criteria											
Consolidated recurring operating income	35%	5,959	75%	0 %	100%	100%	125%	150%	80% (1)	20%	126,000
Consolidated free cash flow from operations	35%	4,175	75%	0 %	100%	100%	125%	150%	47% (2)	0%	0%
TOTAL FINANCIAL CRITERIA	**70%**								**64%**	**10%**	**126,000**
Non-financial criteria											
Sustainability	10%	See description on pages 157 to 162			100%	100%	100%	100%	70%	70%	126,000
Compliance	10%				100%	100%	100%	100%	100%	100%	180,000
Organization and talent management	10%				100%	100%	100%	100%	100%	100%	180,000
TOTAL NON-FINANCIAL CRITERIA	**30%**								**90%**	**90%**	**486,000**
TOTAL VARIABLE REMUNERATION AWARDED											612,000
Variable remuneration achieved *(in €)*										612,000	
Variable remuneration achieved *(as % of fixed remuneration)*										51%	
Target variable remuneration *(in €)*										1,800,000	
Target variable remuneration *(as % of fixed remuneration)*										150%	

(1) Recurring operating income achieved: €4,746 millions.
(2) Free cash flow from operations achieved: €1,983 million.

Achievement rate of targets in 2023 – Jean-François Palus, Group Managing Director until October 3, 2023

			Thresholds								
Indicator	**Target weighting**	**Targets and objectives** *(in € millions)*	**Minimum achievement rate** *as a % of the target*	**Payment** *as a % of the index*	**Target** *as a % of the target*	**Payment** *as a % of the index*	**Maximum achievement rate** *as a % of the target*	**Payment** *as a % of the index*	**Achieved** *as a % of the target*	**Rate of payment**	**Corresponding amount in €**
Financial criteria											
Consolidated recurring operating income	35%	5,959	75%	—%	100%	100%	125%	150%	80% (1)	20%	126,000
Consolidated free cash flow from operations	35%	4,175	75%	—%	100%	100%	125%	150%	47% (2)	0%	0%
TOTAL FINANCIAL CRITERIA	**70%**								**64%**	**10%**	**126,000**
Non-financial criteria											
Sustainability	10%	See description on pages 157 to 162			100%	100%	100%	100%	70%	70%	126,000
Compliance	10%				100%	100%	100%	100%	100%	100%	180,000
Organization and talent management	10%				100%	100%	100%	100%	100%	100%	180,000
TOTAL NON-FINANCIAL CRITERIA	**30%**								**90%**	**90%**	**486,000**
TOTAL VARIABLE REMUNERATION											**612,000**
Variable remuneration achieved *(in €)*										612,000	
Variable remuneration achieved *(as % of fixed remuneration)*										51%	
Target variable remuneration *(in €)*										1,800,000	
Target variable remuneration *(as % of fixed remuneration)*										150%	
TOTAL VARIABLE REMUNERATION AWARDED(3)											**459,000**

(1) Recurring operating income achieved: €4,746 million.
(2) Free cash flow from operations achieved: €1,983 million.
(3) The variable annual remuneration awarded to Jean-François Palus, Group Managing Director until October 3, 2023, in respect of year 2023, has been established *prorata temporis*.

Achievement of non-financial targets in 2023

For each target, the Remuneration Committee drew up a list of criteria to help determine the achievement rate of the non-financial targets, in order to align the remuneration of executive corporate officers with the Group's long-term strategy.

On this basis, the Board of Directors then assessed the achievement rate of each of the targets.

Non-financial criteria used to calculate annual variable remuneration	2023 targets	Review of achievements	% of achievement
Sustainability Objective: sustainability and, more particularly, a reduction in Kering's environmental impact, in line with the strategy for 2025	• Establish in 2023 a quantified medium-term commitment to reduce in absolute terms the carbon footprint of the Group's supply chain (Scope 3 of the GHG Protocol)	• In 2023, Kering committed to reducing its greenhouse gas emissions across its supply chain by 40% in absolute terms by 2035 compared with 2021. This target covers scopes 1, 2 and 3 of the GHG Protocol. • To factor this target into their operations, each House has drawn up a roadmap and a detailed plan of action for 2024, 2025 and 2026.	70%
	• Raise a total of €180 million in funding for the Climate Fund For Nature by year-end 2023	• At the end of 2023, the Climate Fund for Nature had attracted €195 million of investment.	
	• Achieve a high level of employee engagement on sustainability issues and train at least 90% of Kering's head office employees at the Kering Sustainability Academy	• Less than 90% of Kering's head office employees completed the voluntary "Sustainability basics" module of the Kering Sustainability Academy. However, it has been taken up by a large number of Corporate and House employees. • In addition, 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: – Environment and Climate module of the Ethics & Compliance e-training in 2023; – "Climate Fresk" and "2tonnes" workshops, notably as part of Earth & Climate Week, to raise awareness of the challenges of climate change and understand the collective and individual levers of ecological transition; – "Eat your greens" lunches combining theoretical presentations and practical workshops.	

Non-financial criteria used to calculate annual variable remuneration	2023 targets	Review of achievements	% of achievement
Compliance	• Strengthen the implementation of the Group compliance program within the recently acquired eyewear companies Lindberg and Maui Jim, and ensure their integration into the Group corruption risk map	• The following initiatives have been implemented, overseen by the Chairman and Chief Executive Officer and Group Managing Director, and in accordance with the framework they defined: – a complete compliance review of Kering Eyewear; – a review of operations and compliance practices at Lindberg and Maui Jim, an assessment of how integrated they are within Kering Eyewear and a gap analysis to identify action that needs to be taken; – an update of Kering Eyewear's risk map, taking into account risks and controls at Lindberg and Maui Jim; – definition of an action plan to optimize compliance measures. • The Chairman and Chief Executive Officer and Group Managing Director regularly monitored these various initiatives and held discussions with Kering Eyewear's President and Chief Executive Officer throughout the process. • As part of an initiative adopted by the Chairman and Chief Executive Officer and Group Managing Director, a plan of action was given to Kering Eyewear, Lindberg and Maui Jim to make existing controls more effective and make them more aligned with the Group's compliance program. • The role of Brand Compliance Officer was created at both Lindberg and Maui Jim. • The Chairman and Chief Executive Officer and Group Managing Director encouraged the adoption of training programs for management and staff at Lindberg and Maui Jim.	100%
	• Push ahead with efforts to embed the compliance culture within the Group by issuing messages and reminders about compliance issues (i) during strategy meetings, and (ii) for all employees worldwide	• The Chairman and Chief Executive Officer and Group Managing Director discussed compliance in meetings to discuss strategy (e.g., meetings of the Executive Committee, Luxury Committee etc.) and in internal strategy meetings, stressing the importance of compliance and the Group's culture of integrity, the crucial role played by Luxury companies in terms of ethics and social responsibility, and focusing on themes such as respect for human rights. • The Chairman and Chief Executive Officer and Group Managing Director sought to raise awareness among all Group employees about certain more specific compliance matters. The Chairman and Chief Executive Officer communicated with all employees through Kering's Workplace intranet, reiterating the commitments that each Group employee must fulfill in terms of ethics and integrity, along with the essential rules, available resources and key tools enabling them to do so. He also reasserted Kering's ambitions as regards respecting human rights and protecting the environment, along with its various initiatives in these areas. As regards the most specific aspect of existing compliance programs, the Group Managing Director underlined the need to conduct business with integrity and in an ethical and transparent way. He also reminded Kering's staff about compliance requirements, including as regards combating corruption, and reasserted the importance of undertaking the Ethics & Compliance training.	

Non-financial criteria used to calculate annual variable remuneration	2023 targets	Review of achievements	% of achievement
	• Increase awareness of human rights by adding a section about this issue to the Ethics & Compliance e-training program and ensure at least 90% of the Group's employees complete this module	• At the initiative of the Chairman and Chief Executive Officer and Group Managing Director, the Ethics & Compliance e-training program was strengthened to address the day-to-day issues faced by Kering employees more effectively. A module dealing with respecting human rights in the Group's operations and in its supply chain was added to this training program, in order to raise the awareness of all staff members about this topic. In their communication with employees, the Chairman and Chief Executive Officer and Group Managing Director reminded them that those commitments must also be met by Kering's stakeholders and suppliers. In addition, the other aspects of the e-training program were adjusted to allow all employees to select the environment (production, retail or corporate) and issues that correspond with their roles, in order to raise their awareness of these topics even further. • Employees were reminded of the importance of the new Ethics & Compliance e-training program on "Workplace" via videos and messages intended for all Group staff members. • On November 13, 2023, the Chairman and Chief Executive Officer launched Kering's annual Ethics & Compliance training campaign with a video in which he addressed all Group employees, reiterating the Group's ambitions in this area, the need to comply with the Code of Ethics and to participate in the e-training program so that all Group staff members increase their knowledge and understanding of the issues involved. He also encouraged employees to publicize their training completion certificate, having done so with his own certificate. • Members of the Executive Committee and the Presidents and Chief Executive Officers of the Houses also communicated on these topics. • In 2023, 98% of Group staff members took the Ethics & Compliance e-training course. The Chairman and Chief Executive Officer also announced this participation rate internally on Workplace, thanking and congratulating Kering's teams for their commitment in this area.	

Non-financial criteria used to calculate annual variable remuneration	2023 targets	Review of achievements	% of achievement
Organization and talent management	• Increase the number of women on the Group's Executive Committee by 25% in 2023	• In 2023, the number of women on the Executive Committee increased by 25% compared to 2022. As a result, as of December 31, 2023, the Executive Committee comprised 12 members, 42% oh whom were women, two in operational roles while the other three in strategic functional roles (Sustainability and Institutional Affairs, Human Resources, Communications and Image).	100%
	• Arrange training in inclusive leadership during 2023 for 100% of the central management committees	• Under an initiative adopted by the Chairman and Chief Executive Officer, 140 members of the central management committees (Houses' Executive Committees and Heads of certain functional departments – out of the 143 people invited) took part in one of the seven inclusive leadership seminars called Kering Perspectives, aimed at raising managers' awareness of human bias and its impact.	
	• Increase by 10% in 2023 the number of Group employees who attend training to learn new skills	• To speed up skills development and support the Group's learning culture, a worldwide day dedicated to training was launched in 2023: Global Learning Day. This first Global Learning Day took place at all of the Group's Houses, and won the Culture and Marketing training award from Learn Assembly. It involved master classes (attended by 4,000 people), local in-person events held by the Houses (attended by 750 people) and online conferences (attended by 4,500 people). Assuming that the same person participated in 2 or 3 of these formats, the initiative brought together the expected 4,700 people (10% of Kering's workforce).	
	• Introduce certification in 2023 for the wage parity monitoring process within the Group	• In 2023, the Group decided to go further in its analysis of gender pay gaps by initiating an ad hoc study with a specialist independent consulting firm. This initiative was conducted worldwide as well as at the level of each of the Houses and each region, with the aim of identifying any gender pay gaps that cannot be explained by factors that may have a legitimate influence on pay levels, such as level of experience, level of responsibility, professional area or job location. The study concluded that the unexplained gender pay gap was 1.6%, and enabled the Group to identify priority actions to be taken to achieve its target in terms of equal pay. • On the basis of this initial analysis and the proposed action plan, the Fair Pay Innovation Lab – an independent body promoting wage equality – awarded its *Universal Fair Pay Check* certification to Kering and each of its Houses.	

Non-financial criteria used to calculate annual variable remuneration	2023 targets	Review of achievements	% of achievement
	• Guarantee the introduction during 2023 of a process to protect the Houses' intangible assets and reputation by: – establishing internal control mechanisms for the various marketing events[1]; – promoting a culture that nurtures both independent judgment and collective discussion.	• A comprehensive review of all existing processes and procedures across the Group took place. A new internal control framework was defined to limit risks related to communications and marketing activities. The framework includes a new policy for these activities, along with guidelines about how to deal with sensitive subjects. • The Group provided the Houses with reference materials to help them validate processes, which they adapted to their own organizational structures. The processes formally adopted by the Houses are currently being audited by the Internal Audit Department. • The function of Brand Trust was created. The Brand Trust Officer reports directly to the Deputy CEO in charge of Brand Development, and is tasked with formulating recommendations regarding the Houses' marketing activities and with guiding them in their assessment of risks. • The topic of protecting Kering's intangible assets and the post-mortem of the Balenciaga controversy, resulting in a new internal process, were presented in detail in the March 2023 Board meeting by Group Managing Director Jean-François Palus. Within Kering, management is committed to promoting a culture that nurtures both independent judgment and collective discussion. This is reflected by the importance placed on annual, mandatory training in the fields of ethics and compliance ("Our culture of integrity"), which was undertaken by 98% of the Group's employees in 2023.	
Subtotal			**90%**

(1) Advertising campaigns, fashion shows, public events, partnerships with celebrities and artists.

History of annual variable remuneration payments

François-Henri Pinault – Chairman and Chief Executive Officer

(in €)	2019 (for 2018)	2020 (for 2019)	2021 (for 2020)	2022 (for 2021)	2023 (for 2022)
	1,944,000	947,088	0	1,844,208	943,200

Jean-François Palus – Group Managing Director until October 3, 2023

(in €)	2019 (for 2018)[1]	2020 (for 2019)	2021 (for 2020)	2022 (for 2021)	2023 (for 2022)
	1,667,426	816,699	0	1,536,840	943,200

(1) Data restated to reflect the exchange rate as of December 31, 2023 (0.86905) in order to provide information at comparable exchange rates.

Details relating to long-term variable remuneration for 2023

Since 2020, the executive corporate officers' long-term variable remuneration has consisted of free grants of shares subject to performance conditions, which have replaced the Kering Monetary Units (KMUs).

For the Chairman and Chief Executive Officer, the award value of his target long-term annual variable remuneration is equal to 150% of the sum of his fixed remuneration and annual variable remuneration due with respect to year Y-1.

Acting pursuant to the authorization granted through the 16th resolution of the Annual General Meeting of April 28, 2022, the Board of Directors decided at its meeting of October 3, 2023 to award 7,004 performance shares to the Chairman and Chief Executive Officer, subject to a three-year vesting period.

Performance shares were awarded to Jean-François Palus with respect to his role as President and CEO of Gucci as part of the 2023 share plan for certain Group employees. No performance shares were awarded to him with respect to or during his role as Group Managing Director in 2023.

In addition, in accordance with the terms of the plans concerned as determined by the Board of Directors, and since Jean-François Palus' resignation from his role as Group Managing Director was part of his appointment as a corporate officer of a Group company (President and CEO of Gucci), Jean-François Palus retains the benefit of the performance shares awarded to him with respect to 2020, 2021 and 2022, and all applicable performance conditions under the remuneration policy for executive corporate officers for 2020, 2021 and 2022 remain in force.

Performance shares awarded to executive corporate officers during the year

(Table 6 pursuant to the recommendations of the AFEP-MEDEF Code)

	Plan number and date	Number of shares awarded during the year	Value of shares based on the method used in the consolidated financial statements (1)	Vesting date	Availability date	Performance conditions
François-Henri Pinault ***Chairman and Chief Executive Officer***	2023 Plan of October 3, 2023	7,004	€2,825,274	October 3, 2026	October 4, 2026	100%
Jean-François Palus ***Group Managing Director until October 3, 2023***	N/A(2)	N/A(2)	N/A(2)	N/A(2)	N/A(2)	N/A(2)

(1) The unit value of the performance shares awarded is assessed by an independent expert applying the Black & Scholes and Monte Carlo methods. It amounts to €403.38.

(2) No performance shares were awarded to Jean-François Palus with respect to or during his role as Group Managing Director in 2023. Performance shares were awarded to him with respect to his role as President and CEO of Gucci as part of the 2023 plan for certain Group employees.

The performance shares awarded in 2023 to the Chairman and Chief Executive Officer are, in accordance with the remuneration policy approved in the April 27, 2023 AGM, subject to the following performance conditions:

Criteria	Relative weighting	Performance assessment method
Consolidated recurring operating income	40%	Increase observed between the average amount over the three-year vesting period (2023, 2024 and 2025) and the amount observed for the year preceding the year of the grant (2022) • No increase: 0 shares • Increase of less than 5%: 50% of the shares relating to the criterion • Increase of 5% or more: 100% of the shares relating to the criterion
Consolidated free cash flow from operations	40%	Increase observed between the average amount over the three-year vesting period (2023, 2024 and 2025) and the amount observed for the year preceding the year of the grant (2022) • No increase: 0 shares • Increase of less than 5%: 50% of the shares relating to the criterion • Increase of 5% or more: 100% of the shares relating to the criterion
Proportion of women in executive management roles	10%	Increase the proportion of women in Top 500 roles to 50% by the end of the vesting period • Proportion less than 42%: 0 shares • Proportion at least 42% but less than 48%: 50% of the shares relating to the criterion • Proportion at least 48% but less than 50%: 80% of the shares relating to the criterion • Proportion at least 50%: 100% of the shares relating to the criterion
Biodiversity	10%	Switchover to regenerative agriculture practices by 2025 on 1,000,000 hectares of land linked to Kering's supply chain and protection of 1,000,000 hectares in key areas that are not part of the supply chain • No targets met: 0 shares • One target met: 50% of the shares relating to the criterion • Both targets met: 100% of the shares relating to the criterion
Subtotal - shares vested	**0% to 100%**	
Kering share performance	+/- 50% impact See comment below	
TOTAL shares vested	0% to 150% of shares awarded	

Provided that the above-described performance conditions and the service condition have been met, the number of vested performance shares will be adjusted upward or downward by a maximum proportion of 50%, depending on the performance of the Kering share price (difference in price between the period before the initial award and the period before the final vesting) relative to the performance of a reference panel (followed in the same way) over the same period. The reference panel comprises the shares of the following eight listed companies: Burberry, Ferragamo, Hermès, LVMH, Moncler, Prada, Richemont and Swatch.

It follows that the number of vested shares based on financial performance may be reduced by half if the Kering share underperforms the reference index by more than 50%. Conversely, if the Kering share outperforms, the number of vested shares based on financial performance may be increased in proportion to this outperformance by up to 50%.

As a result, the number of shares vesting at the end of the vesting period may vary from 0% to 150% of the number of shares awarded under the plan based on the assessment of financial performance, non-financial performance and share price performance.

The performance shares awarded to the Chairman and Chief Executive Officer in 2023 represent 0.006% of the Company's share capital on the date of the award.

Performance shares vested during the year for each executive corporate officer

(Table 7 pursuant to the recommendations of the AFEP-MEDEF Code)

Executive corporate officers	Plan number and date	Number of shares vested during the year
François-Henri Pinault ***Chairman and Chief Executive Officer***	Plan of October 1, 2020	940
Jean-François Palus ***Group Managing Director until October 3, 2023***	Plan of October 1, 2020	706 [1]

(1) In accordance with the terms of the plans concerned as determined by the Board of Directors, and since Jean-François Palus' resignation from his role as Group Managing Director on October 3, 2023 was part of his appointment as a corporate officer of a Group company (President and CEO of Gucci), Jean-François Palus retains the benefit of the performance shares awarded to him with respect to 2020, 2021 and 2022, and all applicable performance conditions under the remuneration policy for executive corporate officers for 2020, 2021 and 2022 remain in force.

Achievement of performance conditions applicable to performance shares awarded to executive corporate officers in 2020 and vested during the year

Indicator	Amount recognized in the 2019 consolidated financial statements	Average level in 2020, 2021 and 2022 compared to 2019(1)
Consolidated recurring operating income	€4,778 million	-€198 million
Consolidated free cash flow from operations	€1,521 million	+€1,566 million
Consolidated recurring operating margin	30.1%	-3.5 pts
Achievement		*50% due to the increase in one of the three performance indicators (free cash flow from operations)*
		Comparative change in Kering's share price(2)
Kering's share-price performance relative to that of a reference panel(3)		Difference of 81.3 points, leading to an adjustment ratio of 18.7% (applying the mechanism for adjusting awards up or down by a maximum of 50%)
Total achievement rate		**25%**

(1) Increase in the average amount reported for the three years of the vesting period (2020, 2021 and 2022) relative to the amount reported in Kering's consolidated financial statements for 2019.
(2) The number of shares vested depending on the achievement of performance conditions based on the Group's consolidated recurring operating income, free cash flow from operations and recurring operating margin is then adjusted according to Kering's share-price performance between the period before the initial award and the period before the final vesting date of the performance shares, relative to that of a reference panel over the same period.
(3) The reference panel comprises the following eight listed companies in the Luxury sector: Burberry, Ferragamo, Hermès, LVMH, Moncler, Prada, Richemont and Swatch.

Past awards of performance shares

(Table 9 pursuant to the recommendations of the AFEP-MEDEF Code)

	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Date of Annual General Meeting	June 16, 2020	June 16, 2020	April 28, 2022	April 28, 2022
Date of Board meeting	October 1, 2020	October 1, 2021	October 4, 2022	October 3, 2023
Total number of shares granted, o/w to:	46,596	42,752	74,274	73,222
François-Henri Pinault, Chairman and CEO	3,760	4,018	9,281	7,004
Jean-François Palus, Group Managing Director until October 3, 2023	2,825	2,922	5,563	N/A (1)
o/w to the top ten employee beneficiaries (not corporate officers)	13,415	11,402	18,686	20,486
Vesting date of the shares	October 1, 2023	October 1, 2024	October 4, 2025	October 3, 2026
End date of the lock-in period	N/A (2)	N/A (2)	N/A (2)	N/A (2)
Performance conditions	100%	100%	100%	100%
Number of shares vested as of February 28, 2024	16,928	N/A	N/A	N/A
Aggregate number of shares canceled or forfeited	29,668	12,300	18,220	1,395
Performance shares remaining at the end of the reporting period	0	30,452	56,054	71,827

(1) No performance shares were awarded to Jean-François Palus in 2023 with respect to or during his role as Group Managing Director. Performance shares were awarded to him with respect to his role as President and CEO of Gucci as part of the 2023 plan for certain Group employees.
(2) Performance shares are subject to a three-year vesting period, with no lock-in period. In compliance with the provisions of article L. 225-197-1 of the French Commercial Code, the Chairman and Chief Executive Officer must hold a number of the performance shares awarded in this way throughout his term of office, in registered form, corresponding to the amount set by the Board of Directors on February 11, 2020, which is two years of his annual fixed and variable remuneration at the date of delivery of the shares.

Performance conditions applicable to the 2020, 2021, 2022 and 2023 performance shares plans

2020 Plan

The performance conditions applicable to executive corporate officers under the 2020 plan were based on the following three indicators: consolidated recurring operating income, consolidated free cash flow from operations and consolidated recurring operating margin), and on the following methods assessment:

- if all three performance criteria increase over the vesting period, 100% of the performance shares will vest;
- if two out of three performance criteria increase over the vesting period, 75% of the performance shares will vest;
- if only one out of the three performance criteria increases over the vesting period, 50% of the performance shares will vest; and
- if none of the performance criteria increase over the vesting period, none of the performance shares will vest.

Subject to the achievement of the performance conditions described above and the service condition, the number of vested performance shares will be adjusted upward or downward depending on the performance of the Kering share price between the initial award date and the day preceding the vesting date, relative to the performance of a reference index over the same period. The reference panel comprises the shares of the following listed companies: Burberry, Ferragamo, Hermès, LVMH, Moncler, Prada, Richemont and Swatch.

The level of achievement of the performance conditions applicable to performance shares granted in 2020 to executive corporate officers and vested in 2023 is detailed on page 165 above.

2021 Plan

The performance conditions applicable to executive corporate officers under the 2021 plan are based on four indicators and the following methods of assessment:

Criteria	Relative weighting	Performance assessment method
Consolidated recurring operating income	40%	Increase observed between the average amount over the three-year vesting period and the amount observed for the year preceding the year of the grant • No increase: 0 shares • Increase of less than 5%: 50% of the shares relating to the criterion • Increase of at least 5%: 100% of the shares relating to the criterion
Consolidated free cash flow from operations	40%	Increase observed between the average amount over the three-year vesting period and the amount shown for the year preceding the year of the grant • No increase: 0 shares • Increase of less than 5%: 50% of the shares relating to the criterion • Increase of at least 5%: 100% of the shares relating to the criterion
Proportion of women in executive management roles	10%	Increase the proportion of women in Top 450 roles to 45% by 2023 • Proportion less than 40%: 0 shares • Proportion between 40% and 45%: 50% of the shares relating to the criterion • Proportion at least 45%: 100% of the shares relating to the criterion
Biodiversity	10%	Switchover to regenerative agriculture practices by 2023 on 200,000 hectares of land linked to Kering's supply chain and protection of 500,000 hectares in key areas that are not part of the supply chain • No targets met: 0 shares • One target met: 50% of the shares relating to the criterion • Both targets met: 100% of the shares relating to the criterion
Subtotal - shares vested	**0% to 100%**	
Kering share performance	+/- 50% impact Please see comment below	
TOTAL shares vested	0% to 150% of shares awarded	

Provided that the above-described performance conditions and the service condition have been met, the number of vested performance shares will be adjusted upward or downward by a maximum proportion of 50%, depending on the performance of the Kering share price (difference in price between the period before the initial award and the period before the final vesting) relative to the performance of a reference panel (followed in the same way) over the same period. The reference panel comprises the shares of the following eight listed companies: Burberry, Ferragamo, Hermès, LVMH, Moncler, Prada, Richemont and Swatch.

2022 Plan

The performance conditions applicable to executive corporate officers under the 2022 plan are based on four indicators and the following methods of assessment:

Criteria	Relative weighting	Performance assessment method
Consolidated recurring operating income	40%	Increase observed between the average amount over the three-year vesting period and the amount observed for the year preceding the year of the grant • No increase: 0 shares • Increase of less than 5%: 50% of the shares relating to the criterion • Increase of at least 5%: 100% of the shares relating to the criterion
Consolidated free cash flow from operations	40%	Increase observed between the average amount over the three-year vesting period and the amount shown for the year preceding the year of the grant • No increase: 0 shares • Increase of less than 5%: 50% of the shares relating to the criterion • Increase of at least 5%: 100% of the shares relating to the criterion
Proportion of women in executive management roles	10%	Lift the proportion of women in Top 450 roles to 48% by 2024 • Proportion less than 40%: 0 shares • Proportion between 40% and 48%: 50% of the shares relating to the criterion • Proportion ≥ 48%: 100% of the shares relating to the criterion
Biodiversity	10%	Switchover to regenerative agriculture practices by 2024 on 400,000 hectares of land linked to Kering's supply chain and protection of 500,000 hectares in key areas that are not part of the supply chain • No targets met: 0 shares • One target met: 50% of the shares relating to the criterion • Both targets met: 100% of the shares relating to the criterion
Subtotal - shares vested	**0% to 100%**	
Kering share performance	+/- 50% impact Please see comment below	
TOTAL shares vested	0% to 150% of shares awarded	

Provided that the above-described performance conditions and the service condition have been met, the number of vested performance shares will be adjusted upward or downward by a maximum proportion of 50%, depending on the performance of the Kering share price (difference in price between the period before the initial award and the period before the final vesting) relative to the performance of a reference panel (followed in the same way) over the same period. The reference panel comprises the shares of the following eight listed companies: Burberry, Ferragamo, Hermès, LVMH, Moncler, Prada, Richemont and Swatch.

2023 Plan

The performance conditions applicable to executive corporate officers under the 2023 plan are described in Table 6 on page 164 above.

Past awards of Kering Monetary Units (KMU)

The previous long-term remuneration system (which applied from 2013 to 2019) was based on Kering Monetary Units (KMUs), which have now been replaced with free grants of performance shares.

The value of these KMUs was indexed equally to both absolute changes in the Kering share price and to changes in the Kering share price relative to a panel of seven luxury stocks (Burberry, Ferragamo, LVMH, Prada, Richemont, Swatch and Tod's).

These KMUs had a vesting period of three years as from January 1 of the year in which they are granted, after which they could be cashed in by the beneficiaries over a two-year period (during two windows each year). At that point, the beneficiaries could receive the cash equivalent of their KMUs based on the last assessed value. A table summarizing the KMUs granted to each executive corporate officer that are still vesting or are available to be cashed in, is shown below.

To align the multi-annual variable remuneration system with the Group's long-term performance, vesting of the KMUs awarded to the Chairman and Chief Executive Officer and the Group Managing Director was subject to the fulfillment of performance criteria based on three financial indicators assessed at Group level:

- recurring operating income;
- free cash flow from operations;
- recurring operating margin.

Under this system put in place in 2017, if an increase was observed in at least one of these three indicators between the average amount over the three-year vesting period and the amount shown in Kering's consolidated financial statements for the year preceding the year of the grant, 100% of the KMUs granted were cashed in (the change in each indicator is measured at constant scope and as reported). Failing this, the KMUs were definitively forfeited.

Starting in 2019, in line with the remuneration policy approved by shareholders at the Annual General Meeting of April 24, 2019, the following system applied:

- three criteria met: 100% of the KMUs vest;
- two of three criteria met: 75% of the KMUs vest;
- one of three criteria met: 50% of the KMUs vest;
- no criteria met: no KMUs may be cashed in.

Note that the KMUs awarded in 2019 to the executive corporate officers represented the final award of KMUs before they were replaced by free performance share grants starting in 2020.

In accordance with the recommendations of the AFEP-MEDEF Code and of the Remuneration Committee, the Board of Directors decided on March 10, 2017 to remove the lock-in obligation on Kering shares obtained by cashing in KMUs, because these instruments provided exclusively for a cash settlement.

Method applied to value KMUs

Changes in the KMU value were assessed on a six-monthly basis (as of June 30 and December 31 each year), based on the Kering share price during the last 30 trading days. This value was then weighted for the performance of the Kering share relative to the basket of benchmark stocks.

At the end of each six-month period, the value of a KMU was calculated as follows:

UVs+1 = UVs x ([1+VKs+1] + ([1+VKs+1] x [1+VKs+1] / [1+VPVs+1])) / 2

Where:

UV = Unit of Value.

s+1 = the six-monthly closing date at which the unit of value is assessed (06/30 or 12/31).

s = the previous six-monthly closing.

VK = the change in the Kering share price over the six-month period, using the average share price over the 30 days preceding the six-monthly closing as the reference price.

VPV = the change in the price of a panel of stocks over the six-month period, equal to the arithmetic average change in these stocks, using the average share price over the 30 days preceding the six-monthly closing as the reference price.

The following companies were used to compile the benchmark: Burberry, Ferragamo, LVMH, Prada, Richemont, Swatch and Tod's.

Between 2018 and 2022, the value of the KMUs fluctuated as follows:

Date	KMU Value
June 30, 2018	€885
December 31, 2018	€753
June 30, 2019	€988
December 31, 2019	€1,168
June 30, 2020	€1,095
December 31, 2020	€1,219
June 30, 2021	€1,525
December 31, 2021	€1,387
June 30, 2022	€954
December 31, 2022	€910

Table summarizing KMUs cashed in and paid or yet to be paid in 2023

François-Henri Pinault – Chairman and Chief Executive Officer

Awards	2018	2019
KMUs granted[1]	5,411	4,175
Unit value at grant *(in €)*[2]	581 [3]	753 [4]
Grant value *(in €)*	3,143,791	3,143,775
Vesting date[5]	January 2021	January 2022
Target/Threshold[6]	Increase in one of the following three criteria: ROI, FCF or ROM[7]	Increase in the following three criteria: ROI, FCF or ROM[7]
Achievement	Increase in two criteria: ROI (+45%) and ROM (+3.3 points). FCF decreased by 7%.	Increase in one of the three criteria: ROI (+7.9%). FCF decreased by 8.5% and ROM by 1.5 points.
Threshold	Met. Entitlements 100% vested.	One criterion met (ROI). Entitlements 50% vested.
Exercise value	€7,505,057 (see comment below)	€1,991,952 (see comment below)

(1) The value of the KMUs awarded was equal to 100% of the total annual cash-based remuneration paid to the Chairman and Chief Executive Officer.
(2) The value of the KMUs is indexed equally to both absolute changes in Kering's share price and to changes in the Kering share price relative to a panel of seven luxury stocks.
(3) Unit value as of December 31, 2017.
(4) Unit value as of December 31, 2018.
(5) The KMU vesting period is three years as from January 1 of the year in which they are granted.
(6) For 2018, 100% of the KMUs could vest if the average amount over the three-year vesting period was higher than the amount shown in Kering's consolidated financial statements for the year preceding the year of the grant for one of the three indicators. If one of the three indicators did not increase over the period in question, the KMU entitlement was lost for good.
For 2019, these performance criteria became progressive and cumulative, applying as follows: increase in all three criteria: 100% of the KMUs vest, increase in two of the three criteria: 75% of the KMUs vest; increase in one of the three criteria: 50% of the KMUs vest; no increase in any of the criteria: entitlement lost.
(7) ROI: recurring operating income; FCF: free cash flow from operations; ROM: recurring operating margin.

5,411 KMUs were awarded in 2018 to the Chairman and Chief Executive Officer with respect to multi-annual variable remuneration under the 2018 plan, at €581 per KMU, corresponding to a value of €3,143,791 at the date of the award. These 5,411 KMUs were exercised by the Chairman and Chief Executive Officer in April 2022 based on a value of €1,387 per KMU as of December 31, 2021, corresponding to an amount of €7,505,057. Following the decision by the Board of Directors on March 2, 2023, payment of this amount was deferred in full. A first payment of €705,057 was made in November 2023. On February 28, 2024, the Board of Directors, on the recommendation of the Remuneration Committee, decided that the remainder would be paid in stages.

4,175 KMUs were awarded in 2019 to the Chairman and Chief Executive Officer with respect to multi-annual variable remuneration under the 2019 plan, at €753 per KMU, corresponding to a value of €3,143,775 at the date of the award. Just one of the three performance criteria was met (relating to recurring operating income), leading to the cashing-in of 50% or 2,088 KMUs. Those 2,088 KMUs were exercised in October 2022 based on a value of €954 per unit at June 30, 2022, corresponding to an amount of €1,991,952. Following the decision made by the Board of Directors of March 2, 2023 to defer payment, the sum was paid out in full in May 2023.

Jean-François Palus – Group Managing Director until October 3, 2023

The former Group Managing Director had no KMUs that were yet to vest or available for cashing-in in 2023.

The cashing-in of KMUs awarded under the 2019 plan was completed in April 2022 based on a value of €1,387 per KMU at December 31, 2021, corresponding to an amount of €2,113,788, which was paid out in full in May 2022, as shown in Table 2 on page 155 above.

Summary of multi-annual variable remuneration granted to each executive corporate officer

(Table 10 pursuant to the recommendations of the AFEP-MEDEF Code)

Given the change in the structure of long-term variable remuneration made in 2020, information about the KMUs is provided in the summary of KMUs granted to each executive corporate officer that have become available presented above. Information about performance share grants is presented in Table 9 below.

Stock options awarded during the year to each executive corporate officer by Kering or any Group company

(Table no. 4 pursuant to the recommendations of the AFEP-MEDEF Code)

	Plan number and date	Type of option (purchase or subscription)	Value of options based on the method used in the consolidated financial statements	Number of options awarded during the year	Exercise price	Exercise period
François-Henri Pinault ***Chairman and Chief Executive Officer***	N/A	N/A	N/A	N/A	N/A	N/A
Jean-François Palus ***Group Managing Director until October 3, 2023***	N/A	N/A	N/A	N/A	N/A	N/A

Stock options exercised during the year by each executive corporate officer

(Table 5 pursuant to the recommendations of the AFEP-MEDEF Code)

	Plan number and date	Number of options exercised during the year	Exercise price
François-Henri Pinault ***Chairman and Chief Executive Officer***	N/A	N/A	N/A
Jean-François Palus ***Group Managing Director until October 3, 2023***	N/A	N/A	N/A

Past awards of stock subscription or purchase options

(Table no. 8 pursuant to the recommendations of the AFEP-MEDEF Code)

Not applicable. No stock subscription or purchase options are outstanding for François-Henri Pinault or Jean-François Palus.

Exceptional remuneration

No exceptional remuneration was awarded or paid to the Chairman and Chief Executive Officer or Group Managing Director in 2023.

Summary of the benefits awarded to executive corporate officers
(Table 11 pursuant to the recommendations of the AFEP-MEDEF Code)

Executive corporate officers	Employment contract		Supplementary pension plan		Indemnities or benefits owed or that may be payable on termination or change of duties		Indemnities relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
François-Henri Pinault ***Chairman and Chief Executive Officer*** Start of term of office: May 19, 2005 Expiry of term of office: 2025 AGM		X		X		X		X
Jean-François Palus ***Group Managing Director until October 3, 2023*** Start of term of office: February 26, 2008 Expiry of term of office: October 3, 2023		X(1)		X		X		X

(1) Employment contract terminated on December 31, 2019.

Other information and commitments

The executive corporate officers have formally undertaken not to use hedges on their performance shares and no such hedges are currently in place.

Pay ratios between the level of remuneration of the Chairman and Chief Executive Officer and the former Group Managing Director and the average and median remuneration of Company employees

In accordance with article L. 22-10-9 of the French Commercial Code, the following table presents the ratios between the level of remuneration of the Chairman and Chief Executive Officer and the former Group Managing Director and the average and median remuneration of Company employees on a full-time equivalent basis over the past five years.

These ratios were established in line with the AFEP guidelines on remuneration multiples published on January 28, 2020 and updated in February 2021.

For the executive corporate officers, the components of remuneration taken into account are:

- fixed remuneration in year Y;
- annual variable remuneration paid in year Y for year Y-1;
- the value of the long-term remuneration granted during the year;
- remuneration paid in respect of duties as a Director (formerly known as Directors' fees) paid in Y;
- exceptional remuneration (where applicable) granted in Y;
- benefits in kind.

In accordance with the AFEP guidelines, the 2023 remuneration of the Group Managing Director in office until October 3 2023 was annualized.

For the employees (on a full-time equivalent basis), the components of remuneration taken into account are:

- fixed remuneration in Y;
- annual variable remuneration paid in year Y for year Y-1;
- individual bonuses paid in Y;
- profit-sharing and incentives paid in year Y;
- the value of performance shares granted during the year at their IFRS value;
- the value of any other long-term incentives awarded;
- benefits in kind.

The ratios are calculated on the basis of remuneration paid and awarded during the year.

To make them more representative, these fairness ratios have been calculated for two different scopes of analysis:

- the legal scope covering Kering SA, the listed company, with 820 employees in 2023;
- a broader scope of analysis including employees of Kering SA as well as employees of all its subsidiaries located in France, over which Kering SA has exclusive control within the meaning of article L. 233-16 of the French Commercial Code, i.e., 5,085 employees in 2023, representing 100% of Kering's workforce in France.

Data for the larger scope of analysis are available only from 2019, when the joint payroll system that can provide such consolidated figures was introduced.

In 2023, following the acquisition of UNT, Usinages & Nouvelles Technologies, and the creation of Kering Beauté, the employees of the concerned French-based subsidiaries have been included in the data for the broader scope.

François-Henri Pinault held the position of Chairman and Chief Executive Officer during the five-year period in question. Jean-François Palus held the position of Group Managing Director until October 3, 2023.

François-Henri Pinault Chairman and CEO	**2019**	**2020**	**2021**	**2022**	**2023**
Remuneration *(in €)*	6,354,479	4,272,823	3,813,206	7,471,220	5,128,002
Kering SA scope of analysis					
Average remuneration *(in €)*	118,587	117,010	97,196	107,506	103,692
Ratio versus average remuneration	53.6	36.5	39.2	69.5	49.5
Median remuneration *(in €)*	71,909	78,859	72,861	74,463	74,836
Ratio versus median remuneration	88.4	54.2	52.3	100.3	68.5
Expanded scope of analysis (Kering SA and all Houses – France)					
Average remuneration *(in €)*	59,527	66,967	65,418	74,261	73,521
Ratio versus average remuneration	106.7	63.8	58.3	100.6	69.7
Median remuneration *(in €)*	40,080	45,876	46,607	56,152	52,904
Ratio versus median remuneration	158.5	93.1	81.8	133.1	96.9

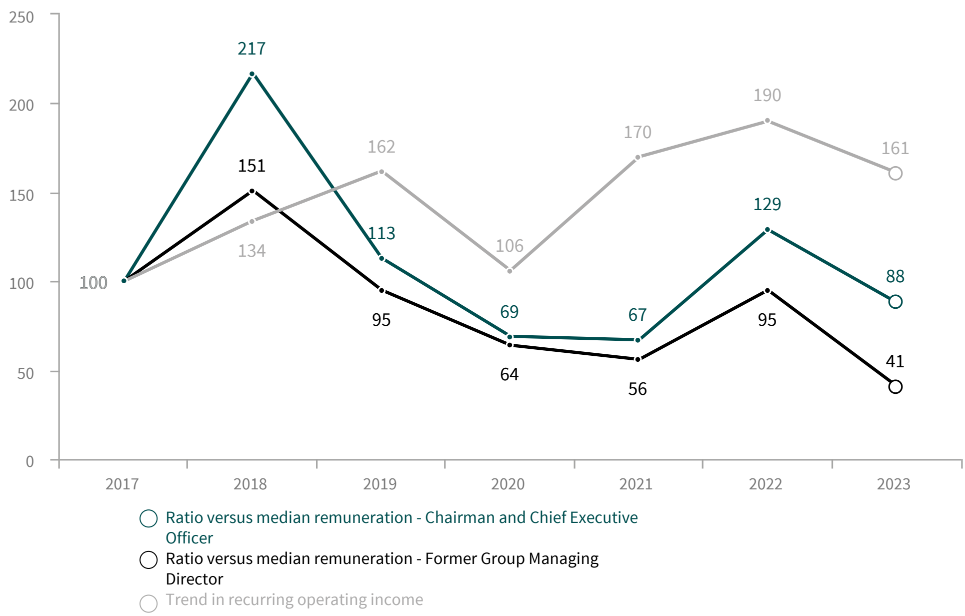
Jean-François Palus Group Managing Director	**2019**	**2020**	**2021**	**2022**	**2023**
Remuneration *(in €)*	5,394,958	3,972,865	3,253,547	5,586,774	2,433,885
Kering SA scope of analysis					
Average remuneration *(in €)*	118,587	117,010	97,196	107,506	103,692
Ratio versus average remuneration	45.5	34.0	33.5	52.0	23.5
Median remuneration *(in €)*	71,909	78,859	72,861	74,463	74,836
Ratio versus median remuneration	75.0	50.4	44.7	75.0	32.5
Expanded scope of analysis (Kering SA and all Houses – France)					
Average remuneration *(in €)*	59,527	66,967	65,418	74,261	73,521
Ratio versus average remuneration	90.6	59.3	49.7	75.2	33.1
Median remuneration *(in €)*	40,080	45,876	46,607	56,152	52,904
Ratio versus median remuneration	134.6	86.6	69.8	99.5	46.0

(in € millions)	**2019**	**2020**	**2021**	**2022**	**2023**
Recurring operating income	4,778	3,135	5,017	5,589	4,746

The following chart shows trends in pay ratios for the Chairman and Chief Executive Officer and the former Group Managing Director (ratio with employees' median salaries) based on the Kering SA scope of analysis together with trends in the Group's recurring operating income.

The levels shown for each year indicate the change versus 2017, which has been converted to a baseline figure of 100.

Comparative trends in the fairness ratio for the Chairman and CEO and the former Group Managing Director and Recurring Operating Income rebased 100 in 2017 (Kering SA scope of analysis)



The significant increase in the ratios for 2018 reflects the exceptional bonus awarded to the Chairman and Chief Executive Officer and the former Group Managing Director in the form of KMUs in recognition of the achievement of the final stage in the creation of a fully integrated Luxury group.

The significant decline in the ratios for 2020 and 2021 is due respectively to:

- the decrease in the variable remuneration paid to the Chairman and Chief Executive Officer and the former Group Managing Director in respect of the 2019 results, based on the level of achievement of the criterion related to the consolidated free cash flow from operations and decisions made by the Board of Directors on April 20, 2020 in the context of the COVID-19 pandemic;
- the absence of any annual variable remuneration being paid in 2021 to the Chairman and Chief Executive Officer and the former Group Managing Director in respect of 2020 (because it was waived in view of the COVID-19 pandemic).

The key factors behind the increase in the ratios seen in 2022 were:

- the payment of annual variable remuneration for 2021, whereas no annual variable remuneration was paid in 2021 for 2020 (because it was waived in view of the COVID-19 pandemic);
- changes to the target amounts for annual variable remuneration and for long-term variable remuneration set for the Chairman and Chief Executive Officer and the former Group Managing Director.

The key factors behind the decrease in the ratios seen in 2023 were:

- the decrease in the annual variable remuneration paid in 2023 to the Chairman and Chief Executive Officer and the Group Managing Director in office until October 3, 2023 with respect to 2022, based on the level of achievement of the applicable performance conditions;
- the award of a lower amount of long-term variable remuneration to the Chairman and Chief Executive Officer in 2023;
- the absence of any long-term variable remuneration awarded to the Group Managing Director in office until October 3, 2023 with respect to or during his role as Group Managing Director.

Draft resolutions regarding the remuneration paid during or awarded for 2023 to executive corporate officers in respect of their duties (*ex-post* vote)

13th resolution: Approval of the fixed, variable and exceptional components of total remuneration and benefits in kind paid during or awarded for the year ended December 31, 2023 to François-Henri Pinault, Chairman and Chief Executive Officer

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings, in application of the provisions of article L.22-10-34, II of the French Commercial Code, and having reviewed the Board of Directors' report on corporate governance, the Annual General Meeting approves the fixed, variable and exceptional components of total remuneration and benefits in kind paid or awarded to François-Henri Pinault, Chairman and Chief Executive Officer, for the year ended December 31, 2023. These components are presented in the 2023 Universal Registration Document in chapter 3, "Corporate governance", section 5.3.1, "Remuneration paid during or awarded for 2023 to the Chairman and Chief Executive Officer and to the Group Managing Director who was in post until October 3, 2023 (executive corporate officers) in respect of their duties".

14th resolution: Approval of the fixed, variable and exceptional components of total remuneration and benefits in kind paid during or awarded for the year ended December 31, 2023 to Jean-François Palus, Group Managing Director until October 3, 2023

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings, in application of Articles L. 22-10-34, II of the French Commercial Code, and having reviewed the Board of Directors' report on corporate governance, the Annual General Meeting approves the fixed, variable and exceptional components of total remuneration and benefits in kind paid or awarded to Jean-François Palus in respect of his role as Group Managing Director, which ended on October 3, 2023, for the year ended December 31, 2023. These components are presented in the 2023 Universal Registration Document in chapter 3, "Corporate governance", section 5.3.1, "Remuneration paid during or awarded for 2023 to the Chairman and Chief Executive Officer and to the Group Managing Director who was in post until October 3, 2023 (executive corporate officers) in respect of their duties".

5.3.2 Remuneration paid during or awarded for 2023 to the members of the Board of Directors in respect of their duties

(Table 3 pursuant to the recommendations of the AFEP-MEDEF Code)

Member of the Board of Directors	Allocation of remuneration	2023 Amounts awarded	2023 Amounts paid	2022 Amounts awarded	2022 Amounts paid
François-Henri Pinault	Remuneration paid in respect of duties as a Director	95,284	93,931	93,931	91,527
	Fixed portion	26,431	27,981	27,981	27,172
	Variable portion	68,853	65,950	65,950	64,355
Jean-François Palus[1]	Remuneration paid in respect of duties as a Director	68,113	93,931	93,931	98,301
	Fixed portion	17,621	27,981	27,981	27,172
	Variable portion	50,492	65,950	65,950	71,129
Concetta Battaglia	Remuneration paid in respect of duties as a Director	113,274	102,066	102,066	90,385
	Fixed portion	35,242	32,645	32,645	22,643
	Variable portion	78,032	69,421	69,421	67,742
Maureen Chiquet[2]	Remuneration paid in respect of duties as a Director	28,639	–	–	–
	Fixed portion	10,279	–	–	–
	Variable portion	18,360	–	–	–
	Other remuneration[3]	200,000	100,000	–	–
Yseulys Costes[4]	Remuneration paid in respect of duties as a Director	–	72,999	72,999	163,125
	Committee Chair (until April 28, 2022)	–	7,667	7,667	23,000
	Fixed portion	–	20,209	20,209	45,287
	Variable portion	–	45,124	45,124	94,839
Jean-Pierre Denis	Remuneration paid in respect of duties as a Director	165,741	140,783	140,783	151,625
	Committee Vice-Chair (until April 28, 2022)	–	3,900	3,900	11,500
	Climate Change Lead	23,000	–	–	–
	Fixed portion	44,052	46,635	46,635	45,287
	Variable portion	98,689	90,248	90,248	94,839
Yonca Dervisoglu[5]	Remuneration paid in respect of duties as a Director	99,504	53,003	53,003	–
	Fixed portion	35,242	21,763	21,763	–
	Variable portion	64,262	31,240	31,240	–
Ginevra Elkann[6]	Remuneration paid in respect of duties as a Director	–	–	–	34,216
	Fixed portion	–	–	–	10,506
	Variable portion	–	–	–	23,710

Member of the Board of Directors	Allocation of remuneration	2023 Amounts awarded	2023 Amounts paid	2022 Amounts awarded	2022 Amounts paid
Financière Pinault, represented by Héloïse Temple-Boyer[7]	Remuneration paid in respect of duties as a Director	–	–	–	–
	Fixed portion	–	–	–	–
	Variable portion	–	–	–	–
Sophie L'Hélias[8]	Remuneration paid in respect of duties as a Director	–	67,057	67,057	227,570
	Lead Independent Director (until March 4, 2022)	–	12,500	12,500	75,000
	Fixed portion	–	23,318	23,318	54,344
	Variable portion	–	31,240	31,240	98,226
Claire Lacaze[9]	Remuneration paid in respect of duties as a Director	–	62,586	62,586	101,688
	Fixed portion	–	13,991	13,991	27,172
	Variable portion	–	48,595	48,595	74,516
Jean Liu[10]	Remuneration paid in respect of duties as a Director	–	17,461	17,461	57,656
	Fixed portion	–	13,990	13,990	27,172
	Variable portion	–	3,471	3,471	30,484
Baudouin Prot	Remuneration paid in respect of duties as a Director	95,284	104,345	104,345	84,753
	Fixed portion	26,431	27,981	27,981	27,172
	Variable portion	68,853	76,364	76,364	57,581
Daniela Riccardi[11]	Remuneration paid in respect of duties as a Director	37,635	91,653	91,653	98,301
	Fixed portion	14,684	32,645	32,645	27,172
	Variable portion	22,951	59,008	59,008	71,129
Vincent Schaal[12]	Remuneration paid in respect of duties as a Director	109,054	34,817	34,817	–
	Fixed portion	26,431	13,991	13,991	–
	Variable portion	82,623	20,826	20,826	–
Tidjane Thiam[13]	Remuneration paid in respect of duties as a Director	120,209	147,085	147,085	137,133
	Committee Chair	23,000	23,000	23,000	23,000
	Fixed portion	35,242	37,308	37,308	36,229
	Variable portion	61,967	86,777	86,777	77,903
Emma Watson	Remuneration paid in respect of duties as a Director	86,153	89,163	89,163	63,720
	Committee Chair	23,000	23,000	23,000	23,000
	Fixed portion	26,431	27,981	27,981	27,172
	Variable portion	36,722	38,182	38,182	13,548
Véronique Weill[5]	Remuneration paid in respect of duties as a Director	224,551	138,765	138,765	–
	Lead Independent Director and Committee Chair	73,000	48,667	48,667	–
	Fixed portion	52,862	31,090	31,090	–
	Variable portion	98,689	59,008	59,008	–
Serge Weinberg[5]	Remuneration paid in respect of duties as a Director	156,560	90,355	90,355	–
	Committee Chair	23,000	15,333	15,333	–
	Fixed portion	44,052	26,427	26,427	–
	Variable portion	89,508	48,595	48,595	–
TOTAL		1,400,000 [14]	1,400,000	1,400,000	1,400,000

(1) The term of office of Jean-François Palus expired on October 3, 2023.
(2) The term of office of Maureen Chiquet began on September 1, 2023.

(3) Remuneration under the service agreement authorized by the Board of Directors in accordance with articles L. 225-38 of the French Commercial Code formed by Kering with Maureen Chiquet on July 28, 2023. In consideration for the services provided, the agreement provides for a one-time, all-inclusive fee of two hundred thousand euros (€200,000.000) to be paid in two installments, one in 2023 and one in 2024, separately from the remuneration due to her in respect of her role as a Director, and so the fee will not be taken from the overall amount of remuneration allocated to the Directors by the AGM. This agreement is presented in detail in the Statutory Auditors' report in chapter 6 of this Universal Registration Document and shall be submitted for the approval of the Annual General Meeting on April 25, 2024.
(4) The term of office of Yseulys Costes expired on April 28, 2022.
(5) The terms of office of Yonca Dervisoglu, Véronique Weill and Serge Weinberg began on April 28, 2022.
(6) The term of office of Ginevra Elkann expired on April 27, 2021.
(7) Financière Pinault, represented by Héloïse Temple-Boyer, waived its remuneration as a Director.
(8) The term of office of Sophie L'Hélias expired on March 4, 2022.
(9) The term of office of Claire Lacaze expired on July 31, 2022.
(10) The term of office of Jean Liu expired on July 27, 2022.
(11) The term of office of Daniela Riccardi expired on April 27, 2023.
(12) The term of office of Vincent Schaal began on August 1, 2022.
(13) The term of office of Tidjane Thiam expired on January 9, 2024.
(14) Excluding the amount allocated to Maureen Chiquet under the service agreement entered into with her, as explained above.

Neither the Company, nor any company that it controls, has made any commitment to its corporate officers on account of the commencement, termination or change of duties or subsequent thereto.

No non-executive Director has been granted any particular benefit or specific pension plan. They are not entitled to any conditional or deferred remuneration.

For 2023, a total amount of €1,400,000 will be paid to the Directors, in accordance with the remuneration policy for Directors approved by the AGM of April 27, 2023 (8th resolution), allocated as follows:

- €560,000 for the fixed portion, of which €92,000 for the special portion awarded to the Chairs of the Audit, Remuneration, Appointments and Governance, and Sustainability Committees, a €50,000 special portion allocated to Véronique Weill for her duties as Lead Independent Director and a €23,000 special portion allocated to Jean-Pierre Denis for his duties as Climate Change Lead, or 40% of the total remuneration awarded to Directors;
- €840,000 for the variable portion (60% of the total remuneration awarded to Directors).

Corporate Board member (and controlling company) Financière Pinault has waived all remuneration in respect of its duties as a Director or participation as a member of the Group's specialized Committees.

The remuneration policy for Directors in 2024, subject to approval in the April 25, 2024 AGM, is presented in section 5.2 of this chapter.

Draft resolution regarding the remuneration paid during or awarded for 2023 to corporate officers

12th resolution: Approval of the information referred to in article L. 22-10-9, I of the French Commercial Code relating to remuneration paid during or awarded for the year ended December 31, 2023 to corporate officers

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings and in application of the provisions of article L. 22-10-34, I of the French Commercial Code, the Annual General Meeting, having reviewed the Board of Directors' report on corporate governance, approves the information referred to in article L. 22-10-9, I of the French Commercial Code relating to the remuneration and benefits in kind paid during or awarded for the year ended December 31, 2023 to corporate officers, as described in the aforementioned report, which is included in the 2023 Universal Registration Document, chapter 3 "Corporate governance", section 5.3 "Report on the remuneration paid during or awarded for 2023 to corporate officers in respect of their duties (*ex-post* vote)".

The Board of Directors.

CHAPTER 4

Sustainability

This chapter – including references to other parts of the Universal Registration Document – constitutes the Kering group's Non-Financial Information Statement (NFIS) for 2023, and provides all of the information required by Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code (Code de commerce) relating to the NFIS and by European Regulation (EU) 2020/852 of June 18, 2020 (the "Green Taxonomy Regulation") and Commission Delegated Regulations (EU) Nos. 2021/2139 and 2021/2178. The Duty of Care Plan is presented in chapter 5 of this document ("Risk management and internal control").

1 - INTRODUCTION: SUSTAINABILITY AT KERING

1.1 A long-standing commitment

For more than 20 years, Kering has developed and reinforced its Sustainability Strategy. Key milestones have included the following:

1996

The Group's **first** Ethics Charter

2001

Creation of SolidarCité, an association promoting education and integration initiatives among employees

2003

Establishment of a Group Sustainability Department and an environmental reporting platform

2005

Deployment of the **Code of Business Practice** and creation of the Ethics and Corporate Social Responsibility Committee (ECSRC)

2006

Definition of the Group's Corporate Social Responsibility (CSR) **commitments**

2007

Creation of a **Group Corporate Social Responsibility Department**, represented within the Executive Committee and reporting directly to the Chairman

2008

Member of the **Global Compact**.
Creation of the **PPR Corporate Foundation** for Women's Dignity and Rights

2009

Worldwide release of Yann Arthus-Bertrand's documentary **HOME**, financed primarily by PPR

2010

Sustainability **criteria** included in **performance evaluations** of PPR group leaders
Launch of PPR's Innovation and Sustainability **Awards**

2011

Publication of the very first **Environmental Profit & Loss** (EP&L) account by PUMA

2012

Publication of sustainability **targets** to be achieved by 2016
Creation of a Sustainability Committee within the Board of Directors

2013

Creation of the **Material Innovation Lab** (MIL)
PPR Corporate **Foundation** for Women's Dignity and Rights becomes the Kering Corporate Foundation, with the slogan "Stop Violence. Improve Women's Lives"

2014

Signature by Kering of a five-year strategic partnership with the London College of Fashion's Centre for Sustainable Fashion to promote more sustainable and innovative design practices in the fashion industry and among its future practitioners

2015

Kering publishes for the first time the results of its **Group EP&L** and shares its methodology

2016

Final report on Kering's 2012-2016 sustainability targets
Kering is the first Luxury group to have its **carbon objectives** validated by the Science Based Targets initiative
Establishment of a **global parental policy** for all Group employees

2017

Publication of Kering's 2025 Sustainability Strategy
Publication of the **Kering Standards** for raw materials and manufacturing processes.
Promotion of high standards of integrity, responsibility and respect toward people through the **Fashion Models Charter**

2018

Release of the Group's first **Integrated Report**

2019

Creation of the **Fashion Pact** by Kering and over 250 global fashion brands, making commitments aimed at halting climate change, restoring biodiversity and protecting the oceans
Publication of **Kering's Animal Welfare Standards**, the first set of such standards for the Luxury and Fashion industry
Adoption of **Baby Leave**, offering 14 weeks' paid leave for every parent worldwide welcoming a new child from January 1, 2020
Launch of Kering's **project on gender equality** in the supply chain in Italy with the *Camera Nazionale della Moda Italiana*

2020

Introduction of **support measures and protocols** for Group employees and suppliers in response to the COVID-19 pandemic
Creation of dedicated **Inclusion and Diversity Committees**
Development and publication by the Kering Foundation of a **global policy on domestic violence** to support victims of domestic violence within the Group
Publication of the **Biodiversity Strategy** and creation of the Kering Regenerative Fund for Nature from 2021

2021

Ending the use of fur across the Group from the Fall 2022 collections onward
Launch of the **Regenerative Fund for Nature** to help drive the transition of a million hectares of land to regenerative agriculture.
Publication of the **Group's Human Rights policy**

2022

KeringForYou, the Group's first employee share ownership plan
Creation of the **Watch & Jewellery Initiative 2030**
Creation of the **Climate Fund for Nature**

2023

The sustainability highlights of 2023 are described and explained in the following pages of this NFIS

1.2 Our vision and business model

Kering's vision – Embracing creativity for a Luxury that combines heritage and boldness – its ambition and the Group's value creation model and strategy are presented in chapter 1 of this Universal Registration Document.

The Group's value chain, simplified in seven key steps, reflects Kering's interactions and collaborations with all of its stakeholders. The aim is to gain a full appreciation of their concerns and expectations, and, as far as possible, to incorporate these aspects into the Group's strategy.

	Suppliers	Innovation players	Employees	Creative talents	Customers	Civil society, NGOs, local communities	Shareholders & financial community	Peers & professional associations	Public authorities & regulators
Raw materials production and processing	●	●				●		●	●
Production and final assembly	●	●	●	●		●		●	●
Transports and logistics	●		●			●			●
Direct operations • Creation • Development • Production • Marketing • Client Experience		●	●	●	●	●	●	●	●
Distribution, retail & e-commerce			●	●	●	●	●		●
Customers & consumer use			●		●	●			●
Product end-of-life		●			●	●		●	●

1.3 Materiality analysis and non-financial risks: our priorities

Kering is rolling out its ambitious 2025 Sustainability Strategy, which builds on three components: the vision and ambition adopted at the highest level of the Group, the materiality assessment and the non-financial risk assessment, which identifies accurately key challenges and risks throughout the value chain.

Vision and ambition
Embracing creativity for a Luxury that combines heritage and boldness
Being the world's most influential Luxury Group in terms of creativity, sustainability and economic performance

Materiality assessment
Identifying priority topics, consistent with the Group's priorities and stakeholder expectations

Non-financial risk assessment
Identifying the main non-financial risks in relation to sustainability

2025 Sustainability Strategy

Crafting tomorrow's Luxury

Three pillars:
• Care
• Collaborate
• Create

1.3.1 Materiality assessment: targeting the main priorities

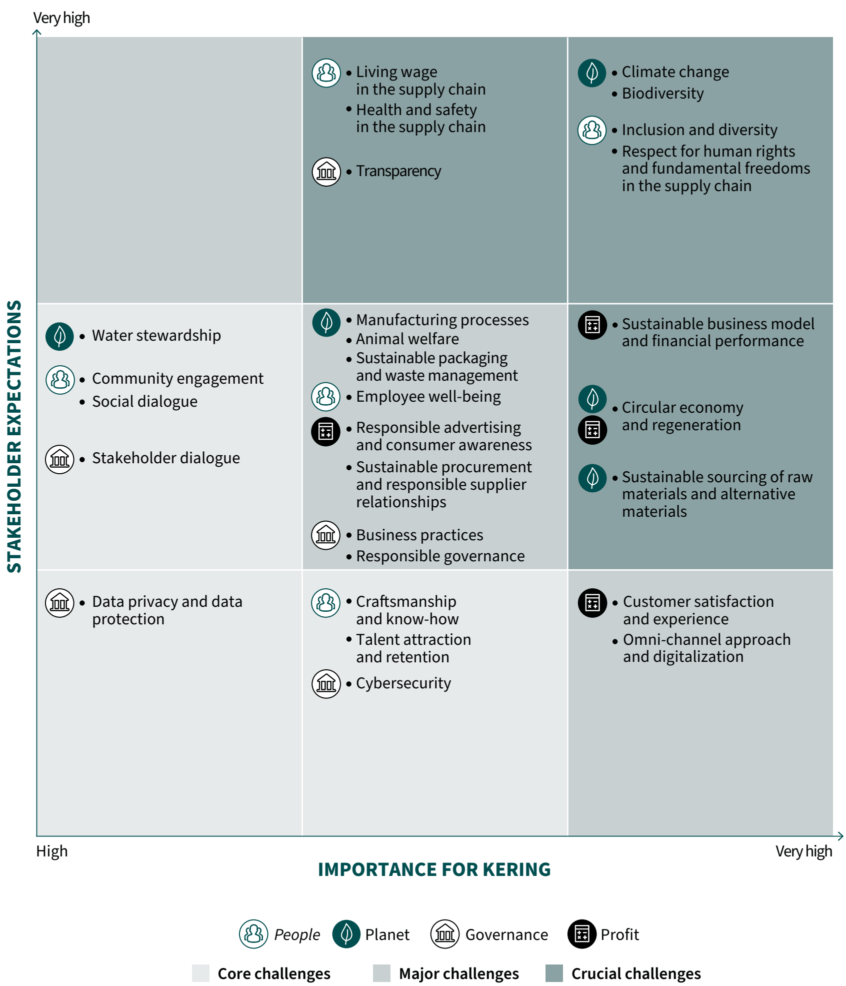
Materiality is at the core of Kering's sustainability approach. Since 2013, this approach has allowed Kering to identify the key topics relating to its vision and its business activities (based on their economic, environmental and social impacts as well as governance), and how key stakeholders assess them.

1.3.1.1 Materiality assessment methodology and stakeholder engagement process

Kering consulted its stakeholders around the world in 2020 in order to feed its materiality assessment. This three-step materiality assessment drew on various existing guidelines for stakeholder engagement (GRI, AA1000 and ISO 26000). The first step enabled to list 28 topics, on which, in a second step, stakeholders were consulted through a quantitative survey and strategic interviews. Almost 70 external stakeholders (investors, suppliers and business partners, distributors and clients, representatives of civil society, local communities and NGOs, academics, public authorities and regulators, peers, professional organizations and innovators) and internal stakeholders (management, top management at Kering and its Houses, functional departments) were consulted. A steering committee made up of members of the Group's main functional departments were involved throughout the project, which was supported by a team of independent consultants. The final step involved consolidating and ranking the results in the materiality matrix.

1.3.1.2 Analysis of results

Kering's materiality matrix includes 28 topics with high overall importance, broken down into four categories: planet, people (social and societal topics), profit (business) and governance. These topics are arranged in a three-level hierarchy, which provides useful information that allows the Group to better understand, manage and prioritize its actions in the short and medium-term.



The results of the assessment confirm that Kering's strategic pillars 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. In 2020, stakeholders identified four topics that were gaining traction – biodiversity, sustainable procurement and responsible supplier relations, employee well-being, and cybersecurity – and this has been confirmed in the light of societal changes and new regulations.

Sustainability topics included in the matrix are therefore covered by action plans and key performance indicators as part of Kering's 2025 Sustainability Strategy (see section 1.4).

In addition, in 2023, Kering began work relating to the entry into force of the Corporate Sustainability Reporting Directive (CSRD), involving all relevant internal stakeholders and functional departments (Sustainability, Risk Management, Finance, Human resources, Legal and Compliance departments, representatives of the Houses, etc.). This work included updating the Group's approach to materiality by adopting a double materiality assessment, establishing the methodology in accordance with the European Sustainability Reporting Standards (particularly ESRS 1 and 2), with the support of an independent consultancy firm. In particular, the materiality assessment was defined in accordance with the Group's risk analysis. Thus, the review of sustainability matters and the associated impacts, risks and opportunities took into account the risk factors already identified by the Group.

1.3.2 Stakeholder dialogue and actions of the Group and its Houses

To stay closely attuned to its stakeholders' priority challenges and contribute to the movement toward more sustainable Luxury, Kering has defined a consultation approach based on dialogue and analysis of stakeholder expectations at the Group level. This analysis is updated annually. It was reviewed in-depth as part of the preparatory work conducted for the CSRD's entry into force, to ensure that relevant stakeholders were considered in the double materiality assessment.

Beyond its materiality assessment, Kering takes multiple actions at the local, national and international levels and participates in many initiatives and associations with its stakeholders or as part of multi-party stakeholder coalitions. Kering encourages each House to develop its own dialogue platforms at a more operational level.

Kering updates annually a thematic factsheet presenting in a synthetic and non-exhaustive way the materiality assessment and the main expectations identified, the ways in which the Group interacts with each stakeholder category and the actions implemented. It is available on the Group's website, section Sustainability/Measuring our impact/Reporting and indicators.

1.3.3 Non-financial risk assessment

Each year, Kering carries out a detailed analysis of the risks that the Group may face, including non-financial risks that could 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 this Universal Registration Document.

Risks relating to the categories included in the Non-Financial Information Statement (NFIS) as defined in article L. 225-102-1 of the French Commercial Code – environment, social/societal, human rights, corruption and tax evasion – are thus an integral part of the Group's overall risk identification and management process, and as such are described in chapter 5 of this document.

The Sustainability department is involved in the process of identifying and classifying the risks that fall within its scope. This risk assessment extends beyond Kering's operations and covers the entire value chain from the sourcing of raw materials to the use of products made by the Group's Houses, fully consistent with the materiality assessment of sustainability issues including the review of stakeholders' expectations, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and other analytical work conducted by Kering, including the EP&L. As a result, eight main risks out of the NFIS categories have been identified.

The following table sets out the risks identified in chapter 5 in view of the main topics in the materiality matrix and the sections of the NFIS that present the related policies, initiatives, results and associated performance indicators.

Risks – Chapter 5	NFIS paragraphs detailing policies and projects implemented, outcomes and performance indicators	Main topics from the materiality assessment
Talent	2.5 Protection of human rights: an approach rooting in the Group's values 3. The employee experience at the heart of the Group's Human resources strategy 6.2.1 Community impact and preservation of know-how	• Inclusion and diversity • Talent attraction and retention • Employee well-being • Social dialogue • Craftsmanship and know-how
Climate change	5. Respecting and protecting the environment in our operations and value chain 5.1 Management of our environmental impact and the EP&L, the cornerstone of our approach 5.2 Acting against climate change	• Climate change
Effectiveness of the supply chain	5.Respecting and protecting the environment in our operations and value chain, including: 5.1 Management of our environmental impact and the EP&L, the cornerstone of our approach 5.5 Fostering circularity	• Circular economy and regeneration
Production	4. Working together to build sustainable and socially responsible supply chains 5.3 Preserving biodiversity and ecosystems 5.4 Sustainable sourcing and use of raw materials (Tier 3 and Tier 4), including 5.4.3 Animal welfare: the Kering Animal Welfare Standards 5.5 Fostering circularity 6.1.3 Product compliance and consumer health and safety 6.2.1 Positive community impact and preservation of know-how	• Manufacturing processes • Sustainable packaging and waste management • Water stewardship • Craftsmanship and know-how • Sustainable sourcing of raw materials and alternative materials • Sustainable procurement and responsible supplier relationships • Biodiversity • Animal welfare
Ethics and risks of fraud and corruption	2. Ethics, the cornerstone of our business	• Business practices • Transparency
Human rights and fundamental freedoms	2. Ethics, the cornerstone of our business, including 2.5 Protection of human rights: an approach rooted in the Group's values 3. The employee experience at the heart of the Group's Human resources strategy 4.2 Action to improve working conditions in our supply chains See also the Duty of Care Plan in chapter 5 of this document	• Respect for human rights and fundamental freedoms in the supply chain • Living wage in the supply chain • Health and safety in the supply chain
Compliance with national tax laws and international standards	See chapter 5 of this document	• Business practices
Image	6.1 Crafting tomorrow's Luxury	• Responsible advertising and consumer awareness

1.4 Progress with Kering's 2025 Sustainability Strategy

Kering’s 2025 Sustainability Strategy identifies the Group’s priorities and defines short-, medium- and long-term targets to address the challenges and risks identified above. This Strategy is being implemented within each of the Houses, which cascade the Group’s commitments into action plans and report on the progress made. This dashboard shows progress made up to the end of 2023 in each of the Strategy’s three pillars. The Group’s objectives and actions are also aligned with the United Nations Sustainable Development Goals (SDGs). Definitions of the indicators and information about how they are calculated are provided in the methodological notes for social and environmental reporting, available on the Group’s website under Sustainability/Measuring our impact/Reporting and indicators.

Care for the planet

Objectives	2023 results and highlights	Main strategic advances
Climate Strategy • *SBT 1.5 °C (2030 vs. 2015)* • *40% reduction in Scopes 1, 2 and 3 in absolute terms (2035 vs. 2021)*[(2)] • *Net zero (2050)*	• **CDP Climate A-List** • **77%** reduction in Scopes 1 & 2 (absolute emissions) vs. 2015 • **55%** reduction in Scope 3 (emissions intensity) vs. 2015[(1)] • **3%** increase in Scopes 1, 2 and 3 (absolute emissions) vs. 2021[(2)]	• Definition of an absolute target for **reducing Scope 1, 2 and 3 greenhouse gas emissions** (GHG)**:** 40% reduction in 2035 vs. 2021[(2)] • **Decarbonization roadmap** drawn up for the entire Group, adapted to fit each of the Houses and the main emission sources identified • Achievement of the SBTi and RE100 target of using **100% renewable energy in 2023 and 2022**[(3)] • Launch in 2022 of the CVPPA (Collective Virtual Power Purchase Agreement), supported by 12 brands that are members of **The Fashion Pact** to speed up the adoption of renewables in Europe • Improvement in the quantification of GHG with the introduction of new **Scope 3** emissions sources in 2023
Biodiversity and planetary boundaries • *Net positive impact on nature (2025)*	• **CDP Forests A-list** (Cattle/Timber) • SBTN **Science Based Targets for Nature** pilot project • **Regenerative Fund for Nature:** new call for projects, arrival of Inditex as co-investor alongside Kering	• Publication of a **Deforestation and conversion-free commitment** • **Regenerative agricultural practices** (target of 1 million hectares regenerated by 2025): 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 regenerative practices on 215,000 hectares • **Protecting essential habitat** (target of 1 million hectares of irreplaceable critical habitat): 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 • Kering ranked **no. 1** out of 389 companies assessed in 2022 in the WBA Nature Benchmark
EP&L • *40% reduction in intensity (2025 vs. 2015)*	• **58%** reduction in EP&L intensity vs. 2015[(4)]	• **Target of a 40% reduction in EP&L intensity achieved in 2021,** four years ahead of schedule • Results shared on an open source website since 2018 • EP&L extended in 2023 to include the Group's cross-business operations in addition to product life cycle
Introduction of the Kering Standards • *100% alignment (2025)*	• **75%** of raw materials are aligned with the Kering Standards[(5)]	• **8 point increase in alignment**[(5)] since 2017 • Supplementary guides relating to circularity, innovation and environmental claims • Vendor Portal to evaluate supplier performance
Traceability • *100% traceability (2025)*	• **97%** of raw materials traced[(5)]	• **11 point increase in traceability**[(5)] since 2017 • Roll-out of a platform for monitoring sustainable materials in ready-to-wear and different technologies for testing and validating supplier declarations
Positive contribution to climate change mitigation	• **2,135,568 tCO_2e** offset via avoidance and/or removal projects in 2023 with respect to 2022[(6)]	• Contribution to mitigating climate change in terms of overall carbon footprint (Scopes 1, 2 and 3) excluding product use and end-of-life in 2023 with respect to 2022[(6)] • Climate Fund for Nature launched in 2022 with L'Occitane and Mirova, with the aim of investing €300 million in nature-based solutions
Preserving water resources • *35% reduction in consumption by directly-owned tanneries (2035 vs. 2022)*	• **CDP Water A-List** • 7% reduction in the Group's water consumption vs. 2022 • ZDHC Progressive Level achieved by Kering	• Mapping of the Group's facilities and strategic suppliers according to areas of water stress • SBTN freshwater pilot project • New version of the MRSL aligned with ZDHC MRSL V3.1, following on from the objective of eliminating hazardous chemicals from products and production processes

(1) The SBTi targets adopted by the Group concern the following categories of Scope 3 emissions: Purchased Goods and Services (Category 1 of the GHG Protocol), Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2 (Category 3), Upstream Transportation and Distribution (Category 4), Business Travel (Category 6), Downstream Transportation and Distribution (Category 9). This corresponds to the targets validated by the SBTi in 2021 at the time they were certified. Cf. section 5.2.4 on the Group's carbon footprint assessment and how it has changed.

(2) The Group's target of a 40% absolute reduction concerns Scope 1 and 2 emissions, as well as all Scope 3 categories (as described in section 5.2.3, the results of which are presented in the table "Scope 3 by category (in tCO_2e)"). All categories of Scope 3 emissions have been included in this target following the work done by Kering in 2023 to extend the quantification of Scope 3 emissions, including for the least material sources of emissions.
(3) In accordance with RE100 guidelines.
(4) Intensity measured on an identical scope on the basis of 2015 EP&L categories (excluding impacts relating to use of products, end-of-life treatment of products, capital expenditure, franchises, financial investment, employee commuting and product waste, corresponding to Categories 2, 5, 7, 11, 12, 14 and 15 of Scope 3 of the GHG Protocol). Cf. section 5.1.1 for more information about the EP&L 2023.
(5) Alignment rate and traceability rate: see definitions in section 5.4.2.
(6) Scope 1, 2 and 3 2022 emissions excluding use of sold products (Scope 3 - Category 11 of the GHG Protocol) and end-of-life treatment of sold products (Scope 3 - Category 12), as calculated for 2022 reporting. These offset emissions therefore do not include the new Scope 3 categories or the methodological adjustments calculated in 2023. See section 5.2.4.4 for more information about carbon offsetting in 2023 and the amount of related credits.

Collaborate with people

Objectives	2023 results and highlights	Main strategic advances
Preserve know-how	• Approximately 10 **craftsmanship excellence programs** in haute couture, leather goods and jewelry benefiting more than 1,950 learners and employees in 2023	**1,700+ people** trained in excellence programs at our Houses, such as Gucci and *Instituto Secoli*, Institut Saint Laurent Couture, *Pomellato Virtuosi* with *Scuola Galdus*, Boucheron with Haute École de Joaillerie, Bottega Veneta's *Accademia Labor et Ingenium* Gucci's *Accademia ArtLab e Fabbriche* has trained more than 2,300 employees since 2018
Local communities	• More than **15** active international programs focusing on raw materials • Change in the Foundations' status to the **Kering Foundation** endowment fund	• **Reforestation** of gold-mining sites in French Guiana • 7 projects supported by the Kering Regenerative Fund for Nature, including the Gobi Desert cashmere project • In the space of 15 years, the Kering Foundation has helped **1 million women** who have been victims of violence and supported 100 nonprofits around the world • **100,000 young people** have taken part in workshops to raise awareness about violence against women through the Foundation
Helping suppliers with their transition	• **4,559 supplier audits** performed, representing 75% of tier 1 and 2 suppliers • More than **730** suppliers have completed their performance assessment across all 4 questionnaires of the Vendor Portal	• **Clean by Design** implemented among 59 textiles suppliers and being launched with 15 others
Partnerships with schools and universities	• Kering **Certificate of Influential Luxury program** with HEC Paris • Partnership between the Kering x IFM Sustainability Chair and the Bezalel Academy of Arts and Design	• Around **1,500 students** educated in sustainability concepts each year by IFM by means of a mandatory 30-hour course, along with training leading to a recognized qualification as part of the IFM-Kering Sustainability Chair • Key partnerships with **leading universities** since 2015: IFM, Tsinghua, LCF, HEC Paris, Bocconi • Over 87,000 participants in 191 countries since the **Sustainability and Fashion MOOC** was launched with the London College of Fashion in 2018
Progressive human resources policies	• **100%** of employees covered by the Baby Leave program • **50%** of employees covered by the EU collective agreement	• **Baby Leave**, parental leave of at least 14 weeks allowing all Kering employees – regardless of gender or family situation – to spend time with their new child in the best possible conditions • **Health & Safety** policy since 2019 • Global **domestic violence** policy since 2021 • **Agreement on social dialogue and well-being at work** signed with the European Works Council in 2023
Gender equality, diversity and inclusion	• Women represent **63%** of employees, **57%** of managers and **50%** of Board members (as at December 31, 2023) • **Universal Fair Pay** certification for Kering and recognized for all of the Group's Houses	• Proportion of women on the Board of Directors increased from 28% in 2010 to **50%** in 2023 • **Inclusion & Diversity Committees** • **Women in Luxury** internal network (launched in France in 2022) extended in 2023 to Italy, the United States, China, Singapore, Mexico, South Korea and Japan • Online training on **inclusion and diversity** since 2022

Objectives	2023 results and highlights	Main strategic advances
Career paths	• **13.11 hours** of training per employee (average) • **93%** participation rate in the annual Privacy & Cybersecurity e-learning course • 1st **Global Learning Day** • **95%** of employees are on permanent contracts • **4.8%** of permanent staff work part-time • **37 years** is the average age of permanent employees • **7.1 years** is the average length of service of permanent employees	• New learning experience on the **Kering Learning** digital platform, based on employee skills • **Sustainability Academy**, focusing on sustainability topics • **Functional academies** for all of the Group's Houses • HR policy/inclusive recruitment
Preferred employer	• Kering is ranked **2nd** in the World Benchmarking Alliance's 2023 Gender Benchmark • Included in the **2023 Bloomberg Gender Equality Index**	• **83%** participation rate in the Kering Employee Listening global internal opinion survey, with an engagement rate of **73%** in 2023 • **Graduate Programs**: Kering Keys Retail, Kering Keys Management France (2023), Kering Keys Retail China (since 2022), Kering Keys Supply Chain Italy (since2021), Eye for Talent (since 2022), Gucci Grade EMA (since 2021)

Create new business models

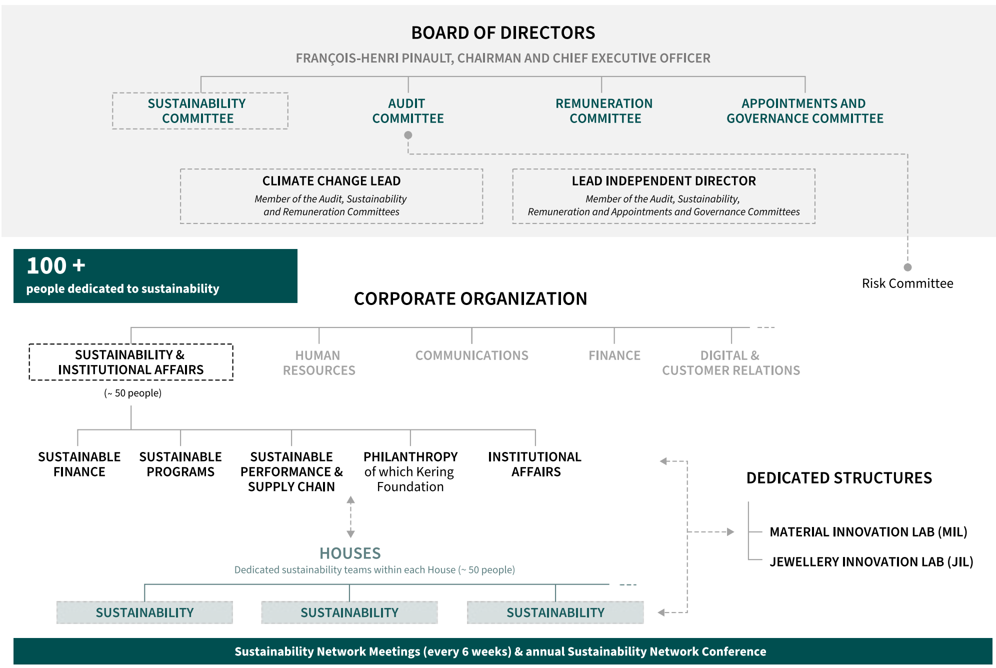
Objectives	2023 results and highlights	Main strategic advances
Disruptive innovations	• **52%** of leather purchased for leather goods is metal-free/chrome-free • Investment in **Mogu** • Investment in **VitroLabs**	• **Kering Ventures**, with the purpose of investing in innovative new technologies, brands and business models for the future of the Luxury sector • Fashion for Good accelerator to support startups with major potential: **151 pilots launched** including 33 via the MIL, with the Houses and at Group level • 3 editions of the **Kering Generation Awards** in China (2023, 2021 and 2019), launch in Japan (2024)
Innovation Labs	• **8,000+** sustainable materials[(1)] in the Material Innovation Lab • Partnership with **Biofabricate**	• **Over 150 sustainable and innovative textiles** developed[(1)] thanks to the MIL • **Over 800 suppliers** listed in the MIL database, 350 of which were added in 2023 • **Jewellery Innovation Lab** (JIL) dedicated to jewelry
Circular economy and sustainable design	• Launch by Balenciaga of a coat made from **Lunaform™**	• Acquisition by Kering of a stake in Vestiaire Collective, which specializes in the resale of luxury products (2021) • Circular economy ambition, **"Coming Full Circle"** • Growing number of responsible products and collections • Green Fashion Shows guidelines
Sustainable procurement platforms and coordination	**100%** of gold purchased through the Kering Precious Metals Platform (PMP)	• **Dedicated internal sourcing platforms and coordination** for purchases of gold and natural materials from Regenerative Fund for Nature projects and Kering's other regenerative projects (silk, cotton, cashmere, wool, etc.)
Transform through strong governance	**External recognition of Kering's ESG performance:** • ISS ESG (B-, Prime) • Sustainalytics (low risk) • MSCI (AAA) • S&P ESG Score (84/100) • Moody's ESG Services (73/100) • CDP AAA (Climate / Water / Forests) Out of more than 40 requests and questionnaires completed in 2023	• Kering is included in the **DJSI World et DJSI Europe** indices for the 11th consecutive year • Sustainable Finance department created in 2022 • Materiality assessment updated in 2023 on the basis of the principle of **double materiality** and EU reporting standards (ESRS) • **Inclusion & Diversity Committees** within the Houses and Corporate

(1) Aligned with the Kering Standards

1.5 Sustainability governance and organization

The Board of directors defines the Group's sustainability strategy with the support of Kering's Sustainability department, in charge of its implementation. The Chief Sustainability and Institutional Affairs Officer is a member of the Executive Committee and reports directly to the Chairman and Chief Executive Officer. The Sustainability Department is responsible for the implementation of the sustainability strategy and supports the Houses to deploy it as a sparring partner. More than 100 individuals have a dedicated sustainability role at the Corporate level and within the Houses, as well as in dedicated structures such as the Material Innovation Lab (MIL) and the Jewellery Innovation Lab (JIL). This organization fosters cooperation between Kering and its Houses, with the support of Corporate functions and the creation of working groups and cross-business committees on the Group's flagship projects.

In terms of governance, the Sustainability Committee of the Board of Directors' role is to support the Company and the Group in establishing, implementing and monitoring good corporate governance policies and sustainability and corporate citizenship practices. There is a Lead Independent Director on the Board of Directors whose role includes, in coordination with the Chairman, representing the Board in its dealings with investors concerning ESG matters, along with a Climate Change Lead. Their respective roles and responsibilities are described in sections 1.4 and 1.5 of chapter 3, which also contains information about the work of the Sustainability Committee.



2 - ETHICS, THE CORNERSTONE OF OUR BUSINESS

The strong values embraced by Kering and its Houses are expressed through their products and form a solid basis for trust-based relationships with clients, employees, suppliers, commercial partners and other Group's stakeholders. To ensure that these values permeate its operations, Kering is firmly committed to ethical behavior in all its activities and business relationships.

DIRECT OPERATIONS | **SUPPLY CHAIN (TIER 1, TIER 2)**

Key documents
Sections 2 and 4.1

Direct operations and supply chain:

Code of Ethics
(including the Suppliers' Charter)

Human rights Policy

Anti-corruption Policy

Sanctions Policy

Money laundering risk prevention Policy (AML)

Supply chain:

Sustainability Principles for suppliers

Tools and actions

Direct operations and supply chain:

Human rights due diligence
Section 2.5 and Duty of Care Plan in chapter 5

Kering Whistleblowing System
Section 2.4

Direct operations:

COMPLIANCE PROGRAM
Section 2.2.2

ANNUAL ETHICS & COMPLIANCE E-LEARNING PROGRAM
Section 2.3

Supply chain:

VENDOR PORTAL
Section 4.2.1

SOCIAL AUDITS
Section 4.2

SDGs

8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS

Material topics

Crucial
- Respect for human rights and fundamental freedoms in the supply chain
- Transparency
- Living wage in the supply chain

Major
- Business practices
- Responsible governance

2025 Strategy

CARE

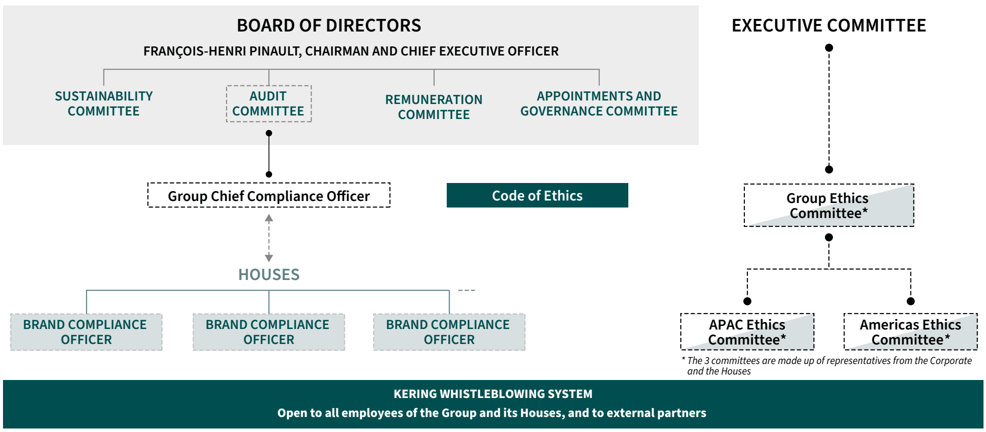
COLLABORATE

CREATE

2.1 Organization of ethics and compliance within the Group

Kering's commitment to ethics starts at the top, with its Executive Committee and the Sustainability Committee of the Board of Directors, overseen by Chairman and Chief Executive Officer François-Henri Pinault.

The Group's ethical approach is based on its Code of Ethics, the key document that unpacks the principles behind the Group's internal and external actions, along with three Ethics Committees (one at Group level and two regional committees) and a Compliance Program with a dedicated organization tasked with developing and overseeing implementation. The Program is led by the Group Chief Compliance Officer, who reports directly to the Group Audit Committee. This system, fully integrated in Kering's internal control system, ensure a strong culture of integrity throughout the Group and its Houses. They also give employees a confidential way of reporting potential breaches, and ensure that any such reports are dealt with promptly and fairly. They also ensure that the Group complies with applicable regulatory requirements, including French Laws no. 2016-1691, known as Sapin II, no. 2017-399 on the Duty of Care and no. 2022-401, known as the Waserman Law.



2.1.1 Ethics

Kering's approach to ethics involves three dedicated Ethics Committees: one Group committee and two regional committees (for Asia-Pacific and the Americas) as part of a reference framework common to the whole Group. Each of the three Committees is made up of representatives from Kering and its Houses to ensure greater diversity in terms of nationality, gender and role. In 2023, 52% of these committees' members were women. The Committees focus on three main areas:

- ensuring that the Code of Ethics effectively reaches all Group employees;
- proposing appropriate updates to the Code and on the implementation of appropriate behavior and practices;
- managing and processing alerts received as part of the Kering whistleblowing system.

Employees can contact the Ethics Committee of their choice to obtain clarification or ask questions on the application of the Code, but also if they are unsure how to behave in a specific situation or to report concerns if they believe they have suffered or witnessed conduct that breaches the Code (see section 2.4).

2.1.2 Compliance

The Compliance organization is coordinated by a Group Chief Compliance Officer (CCO), who is responsible for implementing the Group Compliance Program as approved by the Board of Directors. The Group Chief Compliance Officer reports to the Audit Committee, which helps ensure the independence required of that role. The Group Chief Compliance Officer also has direct access to the Chairman and Chief Executive Officer and does not hold any other position, so is fully focused on this role. To ensure the day-to-day monitoring and effectiveness of the Compliance Program, the Group Chief Compliance Officer is supported by (i) a team of seven compliance law experts working in Paris, New York, Singapore and Shanghai, (ii) a network of Brand Compliance Officers appointed by the Houses' CEOs, and (iii) a network of Regional and Local Compliance Officers. In some Houses, there are compliance managers in addition to the Brand and Local Compliance Officers. As a general rule, the positions held by the Compliance Officers in parallel with their compliance duties are sufficiently high-ranking to ensure they have the necessary authority and independence.

The Compliance Program in general, and the anti-corruption system in particular, are ultimately the responsibility of François-Henri Pinault in his capacity as Chairman and Chief Executive Officer of Kering SA. Mr. François-Henri Pinault is involved personally in developing and implementing the anti-corruption program within Kering and its Houses, both internally and externally. He is supported by Jean-Marc Duplaix in his capacity as Deputy CEO in charge of Operations and Finance and by the Board of Directors, particularly within the Audit Committee and the Remuneration Committee, and is supported by the Houses' CEOs, who are also personally involved in the development and implementation of the compliance program.

2.2 Implementation throughout the Group and beyond

2.2.1 Kering's Code of Ethics

Since 1996, Kering's ethical principles have applied to everyone within the Group without exception. The Code of Ethics has been updated regularly in the meantime to reflect new laws and regulations. The Code extends to the commitments of members of the Executive Committee as well as the Chairman and Chief Executive Officer, and has been presented to and reviewed by Kering's Board of Directors.

The Code of Ethics is the cornerstone of Kering's approach to ethics. It aims to formalize the Group's determination to comply with the major international reference texts, and demonstrates how the Group continually strengthens its commitments and the systems in place to ensure that compliance. It is available in 14 languages on Kering's intranet and website.

2.2.2 System for detecting and preventing corruption and influence-peddling

Kering's Code of Ethics emphasizes that employees must at all times act with integrity, loyalty and a sense of responsibility. It clearly sets out the Group's commitment to zero tolerance on corruption and influence-peddling, and encourages employees to report any instance of misconduct. It stipulates the necessity of avoiding conflicts of interest, any risk of which must be promptly identified and resolved.

In 2016, Kering developed and implemented an Anti-corruption Policy, standing alongside the Code of Ethics, to offer employees fuller guidance in their everyday practices and ensure a firm grip on corruption risks. This Policy, which was updated in 2019, identifies prohibited behavior and sets out guidelines enabling employees to detect instances of corruption and report them to management.

The anti-corruption compliance program in place within Kering and its Houses meets the requirements of international standards, and more particularly the eight pillars required under article 17 of the Sapin II law. The Group Chief Compliance Officer attends at least one meeting of the Audit Committee each year to report to its members on the status of the compliance program and its implementation. The Audit Committee ensures that compliance risks are sufficiently mitigated and that the Compliance Officers have the appropriate resources. The Committee also discusses the annual compliance objectives to be assigned by the Remunerations Committee to the Chairman and Chief Executive Officer and the Deputy CEO in charge of Operations and Finance. The Chairman and Chief Executive Officer and Deputy CEO in charge of Operations and Finance also meet regularly with the Group Chief Compliance Officer.

Implementation

To apply these commitments in an effective way and ensure full compliance with the stipulations of France's Sapin II Law, corruption and influence-peddling risks were mapped across the Group and each of its Houses worldwide in 2019 and updated in 2021. To ensure that the risk assessment was comprehensive, each potential corruption and influence-peddling scenario relevant to the Group was identified and assessed after analyzing existing first, second and third-level controls. The corruption and influence-peddling risks associated with these scenarios were rated and ranked in the aforementioned risk map. The action plan resulting from the 2021 update was rolled out starting in 2022 and continued in 2023, alongside second-level compliance audits carried out on and off site by the Group Compliance Department, with the support of an international law firm to reinforce the independence and expertise of the analysis in the most at-risk jurisdictions identified in the risk map.

The Group Chief Compliance Officer, who reports directly to the Audit Committee and is therefore independent of the Houses and support functions, is responsible for implementing the Anti-corruption Policy under the Group Compliance Program. The deployment of the Anti-corruption Policy is monitored closely by the Audit Committee and Executive Management.

CODE OF ETHICS INCLUDING THE SUPPLIERS' CHARTER

Money laundering risk prevention Policy (AML)

Anti-corruption Policy

Sanctions Policy

Human rights Policy

Group whistleblowing system

Procedure on gifts, hospitality and entertainment
e.g., Prior written authorization from the relevant Compliance Officer whenever a gift or invitation is of significant value

Prior verification procedure of third parties (distributors, direct and indirect suppliers, joint-venture partners) before the start of a commercial relationship
Level of verification determined by the third party's risk profile (compliance questionnaires sent if needed, assessment by Compliance Officers or other Group employees)

Prior verification procedure on the prevention of corruption in merger and acquisition transactions
Level of verification determined by the third party's risk profile (compliance questionnaires sent if needed, assessment by Compliance Officers or other Group employees)

Procedure on donations and sponsorship
- Written approval from the relevant Compliance Officer for all donations or sponsorship granted by the Group.
- Since August 22, 2017, the Group has been listed on the register of the French government's Haute Autorité pour la Transparence de la Vie Publique (High Authority for transparency in public life)

+ Guidelines

Procedure on conflicts of interest
Employees must report annually any connections, relationships or other situations that give rise, or may give rise, to a conflict of interest, including in the context of supplier relations

2.2.3 System for detecting and preventing money laundering

In 2021 Kering adopted and implemented a Group Policy (the "AML Policy") to reduce money-laundering risks and strengthen its systems in this area. The latest update of this policy was issued in late 2023, and it defines rules for carrying out checks relating to the Houses' selling activities, online and in store "for certain transactions considered at-risk". In 2023, Kering Compliance Department trained more than 3,000 employees worldwide in the application of the AML Policy.

2.2.4 System for detecting and preventing risks related to economic sanctions and export controls

In line with its commitments, the Group seeks to act in full compliance with the laws and regulations applicable to it, including those regarding economic sanctions and export controls, which have been significantly reinforced by certain jurisdictions because of the armed conflict between Russia and Ukraine. To prevent non-compliance risks as far as possible, a specific Sanctions Policy was adopted and deployed by the Group in 2016, and was updated most recently in October 2023 as a result of the armed conflict between Russia and Ukraine. Detailed information is provided in chapter 5.

2.2.5 Human rights Policy

Respect for and protection of human rights, for all Group employees and all employees in each House's supply chain, is central to Kering's ethical commitments and compliance program.

Details about the Human Rights Policy published in 2021, its governance and related systems and initiatives are set out in section 2.5.

2.2.6 Continuous improvement of the Compliance Program

Updates to risk maps (relating to corruption, human rights and the Duty of Care), compliance reviews and internal audits are conducted to better identify potential shortcomings, which Kering and its Houses remedy with the aim of continuously improving the Compliance Program. For example, the corruption risk identified as being the most material for the Group when the risk map was updated in 2019 and again in 2021 relates to relationships with third parties, particularly business partners or in the context of real estate transactions. After that exercise, the Group updated its third-party due diligence procedure and strengthened its controls over distributors, landlords and service providers involved in the creation and renovation of stores.

2.3 Promoting and respecting ethics within the Group and beyond

2.3.1 Fostering a culture of integrity

A training program on ethics and the related Code, known as the "Ethics & Compliance e-learning program", has been established for all Group employees worldwide and implemented since 2014.

Available in 15 languages, it sets out the ethical ground rules in place at Kering and presents case studies and ethical dilemmas that help employees ask themselves the right questions. The e-learning program is updated annually, and covers all the principles upheld by the Group's Code of Ethics by alternating between practical examples that allow a variety of subjects to be covered over time (conflicts of interest, inclusion and diversity, respect for human rights, harassment, environmental protection, fraud, etc.). The fight against corruption is a mandatory topic covered each year. Employees are also reminded every year of the existence and operation of the Group's whistleblowing system and its key features (particularly respecting confidentiality when handling cases and the ban on any retaliations against whistleblowers).

Each year's training program is led by Kering's Chairman and Chief Executive Officer. The training program had been delivered to 98% of Kering employees by year-end 2023, up from 96.5% in 2022 and 96.4% in 2021. Topics covered in 2023 included working conditions in the supply chain and case studies relating to human rights, responsible procurement, various corruption risks and energy efficiency. The training program was overhauled in 2023, with the introduction of pathways suited to each employee's work environment (Retail, Office, Operations).

Kering's Compliance Officers also benefit from regular personalized training, and the Group's internal auditors have been trained on the key factors involved in assessing anti-corruption procedures. The Compliance department also delivers regular on-site training courses to educate employees about corruption risks. Almost 3,500 employees worldwide took one of these courses in 2023.

As well as providing training, Kering also runs an ongoing program to inform employees and managers and raise their awareness. All new recruits are issued with a copy of the Code of Ethics and are required to follow the ethics training program for the current year. The Group's intranet includes an Ethics & Compliance section in French and English, giving ready access to policies and procedures, along with a list of compliance managers at the Houses and structures.

2.3.2 Relationships with business partners

Since 2013, Kering's Code of Ethics has included the Suppliers' Charter, which sets out in detail Kering's specific expectations of its business partners on ethics, social and environmental issues. For any contractor working for Kering or one of its Houses, notwithstanding any contractual clauses, a precondition of the business relationship is that suppliers commit formally to applying high ethical standards themselves and to ensuring the preservation of human rights.

Section 4 "Working together to build sustainable and socially responsible supply chains" provides details of the expectations of Kering from its suppliers, its Suppliers' Charter, the way in which it applies its Sustainability Principles in supply chains, the Hercules oversight and compliance system for Group suppliers, and the findings of audits carried out in 2023.

2.4 Whistleblowing procedure for reporting unethical conduct

2.4.1 Whistleblowing system

Introduced in 2005, Kering's whistleblowing system was strengthened in 2018 to ensure full compliance with France's Sapin II Law and again in 2023, partly to meet the requirements of France's Waserman Law. It is accessible to all employees and interns of 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 information was obtained as part of the relationship or application procedure), shareholders and people involved in Kering's Annual General Meeting, but also external and temporary personnel, particularly those working for external partners or service providers under contract with the Group or its Houses.

The whistleblowing system makes it possible to report concerns internally via two channels. Concerns can be reported locally to the person's direct or indirect manager, employee representatives or members of the local compliance network (Local Compliance Officers and Brand Compliance Officers); or centrally to the Group Chief Compliance Officer or the Ethics Committees, which can be contacted by email or via an external independent hotline that can take calls 24/7 in around 40 languages.

The system may be used to report any of the following:

- a criminal offense;
- a breach or an attempt to conceal a breach of an international commitment, of an instrument of an international organization adopted on the basis of such a commitment, of European Union law or of any other law or regulation;
- conduct or situations that are contrary to the Group's Code of Ethics, Anti-corruption Policy or Human Rights Policy;
- a threat or harm to the general interest.

Depending on the type of allegations made, investigations are carried out either internally or via previously selected external independent firms that specialize in the subjects concerned.

Reports are handled in a uniform way so as to comply with the key principles of such investigations, including confidentiality and the absence of retaliations, which Kering formally forbids. This protection is clearly stated each year in the Ethics & Compliance e-learning program.

Communication with employees of Group suppliers

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. All suppliers and service providers have been informed accordingly.

A communication campaign aimed directly at the relevant employees of suppliers has been adopted to ensure that they are fully informed. To achieve this, an email has been sent to suppliers by the Group Ethics Committee with the support of all CEOs of the Group's Houses. The information can be accessed at any time via a dedicated website and has been translated into 15 languages. This communication campaign takes two forms: displays at relevant locations within supplier and service-provider sites in order to gain the greatest visibility (cafeteria, locker rooms, site entrance, etc.), and a prospectus that is given directly to employees. Both the displays and the prospectus list the Group's six major ethical principles: compliance with laws and regulations; prohibition of any form of corruption, fraud, money laundering or conflict of interest; respect for human rights and fundamental freedoms; protection of the health and safety of all; respect for the integrity and dignity of all; and protection of the environment. The level of detail is adjusted according to the recipients, to give specific examples of what is expected in each case (including the refusal of forced labor, the refusal of recruitment fees paid by employees, special attention paid to vulnerable people, access to suitable washroom facilities and decent dormitory conditions where applicable, the free disposal of salaries and personal documentation, respect for privacy, access to appropriate personal protective equipment, etc.).

The documents also remind employees of the whistleblowing system and how to use it.

This information and communication campaign is refreshed regularly to cover all new suppliers and service providers of the Group and its Houses. The supplier social audits conducted each year (see section 4.2) include checks on the effective circulation of this information to all workers (awareness of the system, display and issue of the documentation, etc.).

2.4.2 Key figures on inquiries addressed to the Ethics Committees

In 2023, Kering's three Ethics Committees received 80 queries from employees of the Group or its suppliers.

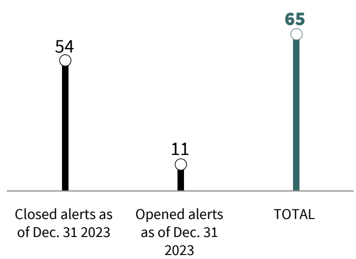
On the 80 queries received, 11 were not pursued because they did not relate to ethical matters or because they were the subject of a parallel investigation, three were passed on to Compliance and one was a question about how to refer matters to the Ethics Committee.

Of the remaining 65 queries, qualified as alerts, 35 were made to the Committees directly (by email) and 30 via the Group's ethics hotline. 29 of the 65 alerts were made anonymously, and those that were not made anonymously were analyzed by gender.

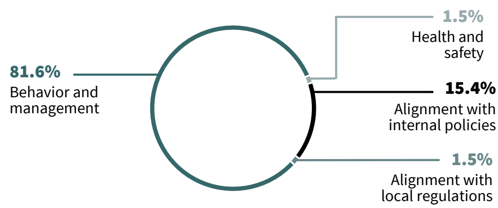
55 of the alerts gave rise to an investigation by the Committee contacted and 10 were not investigated because the plaintiffs wished to remain anonymous despite the fact that the reported allegations concerned their personal situations, or because of a lack of response or follow-up by the person who issued the alert, making it impossible to proceed with an investigation of their personal situation.

54 of the alerts had been resolved and closed by December 31, 2023, while 11 were still under investigation, mainly because they were made at the end of the year.

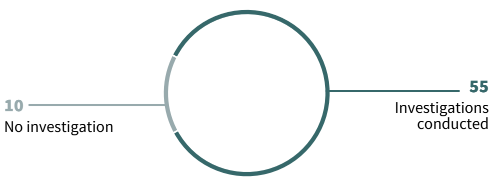
Alerts made in 2023



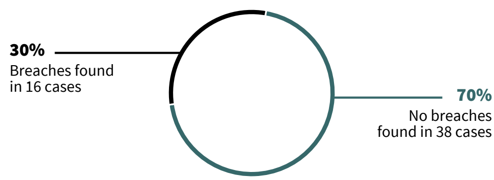
Reasons behind the 65 alerts received in 2023



Investigations into the 65 alerts received in 2023



Code of Ethics breaches in the 54 cases closed in 2023



Of the 65 alerts received, 53 involved allegations related to behavior and management, with 11 relating to harassment, six relating to discrimination and one relating to both harassment and discrimination.

In relation to those 65 alerts, 16 breaches of the Code of Ethics were found, including three relating to harassment and none relating to discrimination.

Recommendations about remedial action to be taken were made on a case-by-case basis. Remedial actions were taken by the entities concerned (dismissals, trainings, warnings etc). For example, after an employee was found to have acted in an inappropriate and aggressive way, his employment contract was terminated.

Of the 54 alerts closed as of December 31, 2023, recommendations were given in 43% of cases, employees received a warning in 9% of cases, employees were dismissed in 17% of cases and training was given in 24% of cases.

These operational recommendations and remedial actions may take place where the Code of Ethics has been breached, but also where no breach has occurred but the investigation has identified areas for improvement.

Ethics reporting documents and their key figures are shared each year with the Group's Top Management and the Sustainability Committee of the Board of Directors, all information having previously been anonymized and stripped of personal information.

2.5 Protection of human rights: an approach rooted in the Group's values

2.5.1 Human rights Policy

Kering is committed to complying with the principles set out in the Universal Declaration of Human Rights and the fundamental conventions of the International Labour Organization (ILO), and to implementing the United Nations Guiding Principles on Business and Human Rights (UNGP). This commitment to respecting human rights throughout the Group and its supply chains is reflected in and expanded upon in all of its internal policies and reference documents.

Kering's Human rights Policy covers all of its operations and supply chain, and brings together its commitments to respecting human rights as set out in its Code of Ethics, Suppliers' Charter and Sustainability Principles. Kering's approach to the protection of human rights related to specific risks may be accessed on Kering's website, which also contains its publications under the California Transparency in Supply Chains Act of 2010, the UK Modern Slavery Act 2015, the Australian Modern Slavery Act 2018 and Regulation (EU) 2017/821 of May 17, 2017 on metals and ores from conflict-affected and high-risk areas. In addition, Kering's Duty of Care plan, drawn up in compliance with French Law no. 2017-399 of March 27, 2017 on the Duty of Care, is outlined in the "Duty of care plan" section of chapter 5 in this document.

2.5.2 Shared governance and central systems deployed at Group level

Human rights governance spans various departments, starting with Compliance (responsible for monitoring the implementation of undertakings established by Kering's Human rights Policy), Human Resources (including the Inclusion & Diversity department that reports to it), Sustainability, Internal Audit and Security. It also extends to employee representative bodies.

Human rights considerations are included in the annual performance appraisals of Group executive officers. 30% of the Chairman and Chief Executive Officer's annual variable remuneration is linked to the achievement of non-financial criteria, including the operational roll-out of the 2025 Sustainability Strategy.

2.5.3 A continuous improvement approach

Kering regularly revisits key principles relating to ethics and human rights. A gap analysis was performed in 2017 to pinpoint differences between the Group's internal practices and the UNGP. The findings of this analysis provided input for the 2019 update to Kering's Code of Ethics and for a dedicated communication plan targeting employees of the Group's direct suppliers with specific details on how to use the whistleblowing system (see section 2.3).

In the same vein, the due diligence procedure aimed at identifying, assessing and preventing the impact that Group operations have or might have on human rights in the supply chain and the Group's direct operations is seen as a continuous process that requires constant adaptation. This due diligence is a part of the Duty of Care Plan and the Hercules system (see section 4.2.1).

In 2023, as detailed in the Duty of Care Plan (see chapter 5), the Group reviewed its map of risks, particularly those pertaining to severe impacts on human rights and fundamental freedoms, health and safety, and the environment resulting from the Group's operations and supply chain. The risks listed above were assessed separately with respect to (i) the internal operations of Kering and the Houses, (ii) the operations of their first-level suppliers, and (iii) the sourcing of raw materials. The exercise involved interviews with 127 Group employees, a review of almost 2,000 documents, and the scoring of thousands of country-specific risks based on 56 third party-supplied risk indices.

The Group has also carried out various studies to identify areas for improvement:

- study conducted with GoodCorporation (2020), an independent external organization specializing in business ethics, to analyze, with regards to major reference texts (UNGP, OECD, etc.), Kering's governance and management of human rights in the supply chain, and its handling of whistleblowing alerts received by its Ethics Committees, particularly in view of the UNGP principle 31. The study enabled Kering to update the list of risks that the Group considers salient with regard to human rights (notably forced labor, child labor in raw materials sourcing, discrimination, health and safety, living wages for suppliers' employees and harassment). Various areas for improvement were also presented to members of the Luxury Committee;
- Human rights risk analyses relating to certain key raw materials used by the Group;
- between 2021 and 2023, a series of living wage analyses and assessments were carried out with over one hundred of suppliers (production) in order to establish risks and consider the issues involved;
- in late 2023, an analysis of on-site contractors was launched across the Group and its Houses to assess areas for improvement in regards to social topics.

Alongside these analyses, Kering also monitors various human rights risk indicators provided by the external platform Verisk Maplecroft.

Finally, Kering and its Houses have adopted a number of human rights initiatives such as:

- the collaboration between Gucci and the Indian social enterprise "I was a Sari", which is continuing to pursue its aim of helping underprivileged Indian women to become more independent through the production of upcycled products made from used saris;
- Saint Laurent renewed its support for "charity: water", which works with numerous local organizations to bring safe drinking water to people who lack it, while helping young girls attend school;

- initiatives to support the integration of refugees: in 2023, Gucci and Bottega Veneta received the "Welcome. Working for Refugee Integration" award from United Nations Refugee Agency UNHCR, recognizing their efforts in 2022.

Some Houses have gained certification for their practices:

- SA8000 (Social Accountability 8000) certification for Gucci (since 2007) and Bottega Veneta (since 2009). Gucci is also a member of the Advisory Board of SAI (Social Accountability International), which is the organization that developed the SA8000 standard;
- RJC (Responsible Jewellery Council) certification, which attests to a company's respect for the environment and working conditions in the jewelry and watchmaking sectors. Pomellato, Dodo, Boucheron, Qeelin and Gucci (also RJC CoC-certified) are certified.

2.5.4 Results of measures taken by the Group to protect human rights

section 3 sets out findings and key performance indicators concerning the protection of human rights within the Group's operations in terms of human resources, occupational health and safety, and labor relations. section 2.4 describes performance monitoring for the Group's ethics and compliance procedures. The findings of the social audits carried out within supply chains are presented in section 4.2.3.

A cross-reference table between Kering's human rights approach and the United Nations Guiding Principles Reporting Framework is available in the Sustainability/Measuring our impact/Reporting and indicators section of Kering's website.

2.6 Contribution to professional organizations and other institutions

Kering takes a global approach to dialogue with stakeholders, and is ever-attentive to the major issues they face. It actively promotes its vision of responsible and sustainable growth, and takes part in a number of initiatives involving business and industry-specific associations in that regard. Kering's contribution to those associations is aligned with the Group's Sustainability approach and is intended to encourage the sustainable growth of the Luxury industry. Kering is particularly careful to ensure that the Group is not a member of any professional or sector association that may have positions that are controversial in regard to the public interest or do not comply with the rules established by the Group for its stakeholders.

To ensure this:

- the Group has an internal disclosure procedure, including a referral to the Group Compliance department whenever it seeks to become a member of a professional association;
- a monitoring of developments and work related to these associations is ensured by certain head-office employees;
- if there is any doubt about an initiative or developments in a given situation, those in charge of representing Kering in those associations can refer the matter to the Compliance department.

Kering complies fully with the rules established by the High Authority for Transparency in Public Life (HATVP) in France, where the Group's head-office is located, and by the European Union's transparency register. Each Group employee, including members of Kering's Executive Committee, must comply with its Code of Ethics, and Kering's contribution to these professional associations and any lobbying activities must comply with the principles established in that Code.

Kering's contributions to these associations are determined according to predetermined grid of contribution that are either fixed or proportional to the Houses' revenue.

Kering and its Houses allocated €1,939,735 to institutional affairs worldwide in 2023, including €1,587,495 of contributions to business and industry-specific associations. The main contributions were as follows:

- €383,000 to the *Camera Nazionale della Moda Italiana*, which is helping to develop a responsible fashion industry;
- €249,593 to the *Comité Colbert*, which promotes the Luxury industry and its specific features with respect to public authorities in France and Europe, and which is working to outline the industry's 2050 carbon trajectory via its sustainability committee;
- €174,957 to *Confindustria*, which represents Italian companies and helps drive their exports.

Of that total, €352,240 was spent on lobbying, solely via organizations of which the Group is a member. This expenditure is intended to encourage the sustainable growth of the Luxury industry and is entirely consistent with the Group's Sustainability Strategy.

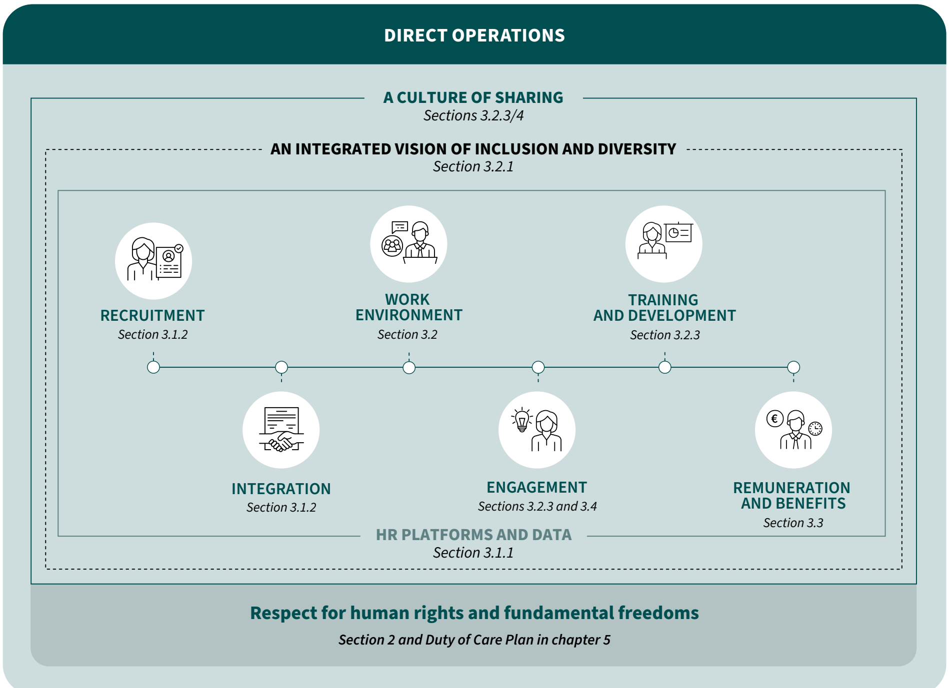
In line with Kering's Code of Ethics, no financial contributions were made in 2023 in the name or on behalf of the Group to any political organization in exchange for any direct or indirect material, commercial or personal advantage.

The amount allocated to institutional affairs breaks down as follows:

In euros	**2023**
Lobbying or similar	352,240
Funding of political organizations	0
Contributions (business or industry-specific associations, think tanks)	1,587,495
Other	0
TOTAL	1,939,735
Scope	100%

3 - THE EMPLOYEE EXPERIENCE AT THE HEART OF THE GROUP'S HUMAN RESOURCES STRATEGY

Kering places the employee experience at the heart of its Human Resources Strategy. The sections of this chapter correspond to key milestones in the career of each employee.



SDGs

Material topics

Crucial
- Inclusion and diversity

Major
- Employee well-being

Core
- Social dialogue
- Craftsmanship and know-how
- Talent attraction and retention

2025 Strategy

CARE

COLLABORATE

CREATE

3.1 The Group's Human resources profile

3.1.1 Breakdown of the workforce (1)

The Group had 48,964 employees as of December 31, 2023.

There were 47,850 total employees within the reporting scope as of December 31, 2023.

Indeed, integrations performed in 2023 – among which UNT, Creed – are not included in the scope of social reporting for 2023 but will be included from 2024. They account for around 2.3% of the Group's workforce.

Breakdown of the workforce as of December 31, 2023 (men/women managers and men/women non-managers) by region(2)

	Managers		Non-managers	
2023	**Women**	**Men**	**Women**	**Men**
Africa/Middle East	87	86	558	539
Asia	1,665	939	8,732	3,859
Eastern Europe	31	18	1,265	302
France	713	545	2,215	1,328
North America	621	480	2,750	2,099
Oceania	63	39	305	118
South America	58	52	357	365
Western Europe (excluding France)	1,569	1,439	9,149	5,504
Subtotal	**4,807**	**3,598**	**25,331**	**14,114**
TOTAL	8,405 (17.6%)		39,445 (82.4%)	

(1) The coverage rate calculated as a percentage of the Group's workforce as of December 31, 2023, is 100% for all indicators, with the exception of the "Number of workers with disabilities" indicator, which is 85.2% (excluding the United Kingdom and the United States). UNT, Creed and Ginori 1735 account for 2.3% of total employees, but because they were acquired only recently, they will be included in the scope of reporting from 2024. Figures relating to entities sold by the Group in 2023 have been excluded from the scope of workforce-related reporting.

(2) The table showing the breakdown by region includes the following countries and territories: **Africa/Middle East**: Bahrain, Dubai, Kuwait, Qatar, South Africa, Saudi Arabia, United Arab Emirates, Türkiye; **Asia**: Mainland China, Guam, Hong Kong SAR, India, Japan, Macao SAR, Malaysia, Philippines, Singapore, South Korea, Thailand, Taiwan, Vietnam; **Eastern Europe**: Croatia, Czechia, Hungary, Romania, Russia, Serbia; **France**; **North America**: Canada, United States; **Oceania**: Australia, New Zealand; **South America**: Aruba, Brazil, Chile, Mexico, Panama; **Western Europe**: Austria, Belgium, Denmark, Germany, Greece, Ireland, Italy, Luxembourg, Monaco, Norway, Netherlands, Portugal, Spain, Sweden, Switzerland, United Kingdom.

Breakdown of the workforce as of December 31, 2022 (men/women managers and men/women non-managers) by region(1)

	Managers		Non-managers	
2022	**Women**	**Men**	**Women**	**Men**
Africa/Middle East	69	79	500	492
Asia	1,576	934	8,822	3,884
Eastern Europe	28	18	1,308	370
France	587	419	2,032	1,171
North America	515	386	2,330	1,877
Oceania	59	38	319	121
South America	65	40	331	324
Western Europe (excluding France)	1,423	1,359	9,108	5,617
Subtotal	**4,322**	**3,273**	**24,750**	**13,856**
TOTAL	7,595 (16.4%)		38,606 (83.6%)	

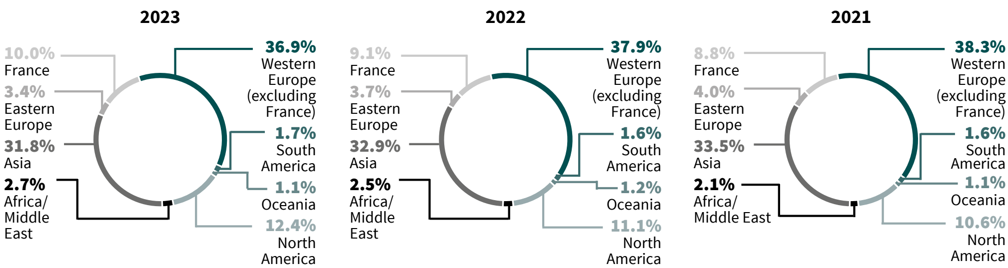
(1) The coverage rate calculated as a percentage of the Group's workforce as of December 31, 2022, is 100% for all indicators, with the exception of the "Number of workers with disabilities" indicator, which is 86.4% (excluding the United Kingdom and the United States). Maui Jim accounted for 2.2% of total employees in 2022, but because it was acquired during that year, it was included in the scope of reporting from 2023. Figures relating to entities sold by the Group in 2022 have been excluded from the scope of workforce-related reporting.

Breakdown of the workforce as of December 31, 2021 (men/women managers and men/women non-managers) by region[(1)]

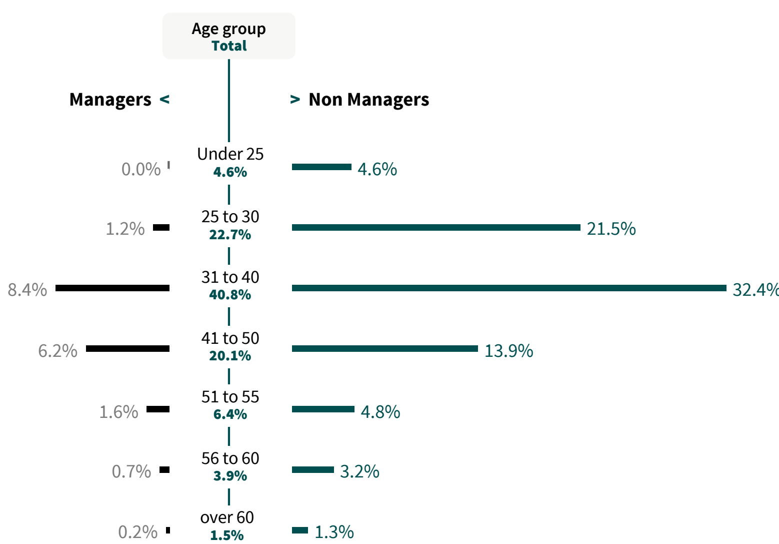
	Managers		Non-managers	
2021	**Women**	**Men**	**Women**	**Men**
Africa/Middle East	50	71	376	388
Asia	1,451	865	8,239	3,502
Eastern Europe	28	17	1,270	370
France	468	361	1,845	1,039
North America	485	339	2,006	1,632
Oceania	58	27	281	95
South America	63	32	284	298
Western Europe (excluding France)	1,260	1,302	8,384	5,128
Subtotal	**3,863**	**3,014**	**22,685**	**12,452**
TOTAL	6,877 (16%)		35,137 (84%)	

(1) The coverage rate calculated as a percentage of the Group’s workforce as of December 31, 2021, is 100% for all indicators, with the exception of the "Number of workers with disabilities" indicator, which is 86.8% (excluding the United Kingdom and the United States). Lindberg accounted for 1.8% of total employees in 2021, but because it was acquired during that year, it was included in the scope of reporting from 2022. For other companies acquired or sold in 2021, representing 1.3% of the Group’s workforce, the only data collected were for the workforce, training and industrial relations indicators.

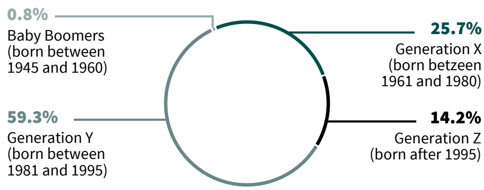
Change in the regional breakdown of the workforce as of December 31, 2023, 2022 and 2021 *(%)*



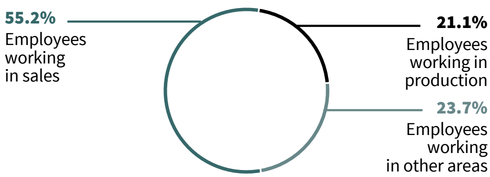
Age structure of the permanent workforce: managers (18.4%) and non-managers (81.6%) in 2023 *(%)*



Age structure of the permanent workforce in 2023 *(%)*



Employee profiles (%) as of December 31, 2023, by area of activity(1)



(1) Sales: employees working in stores, e-commerce and wholesale. Production: employees working in production (workshops, tanneries, etc.). Other areas: employees working in support or logistics functions.

3.1.2 Establishing a long-term hiring policy through international partnerships

Recruiting the best talent by encouraging diversity, training young people in craft skills, and integrating and developing talent are central to Kering’s HR strategy. In most Houses, the HR function has begun discussions about managing jobs and careers (strategic workforce planning).

Forging strategic partnerships

Kering is continuing its ambition of forging international partnerships with prestigious business and design schools worldwide:

- MOOC (Massive Open Online Course) on Fashion and Sustainability in partnership with the London College of Fashion (LCF);
- Fashion Values program with the Centre for Sustainable Fashion (CSF), part of the London College of Fashion (LCF): this 12-month program combines theory and practical experience in the form of a hackathon. An end-of-year prize is awarded on the themes of nature, society, economy and environment. In 2023, Fashion Values focused on the theme of: "How can fashion value cultures and wellbeing?";
- Sustainability Chair jointly created with the Institut Français de la Mode (IFM) to further scientific research in connection with fashion and sustainability. Around 1,500 students are educated in sustainability concepts each year by IFM as part of a mandatory 30-hour course. The Chair also offers training leading to a qualification as part of the "projects that make a contribution" program. In 2023, an innovation-led partnership was formed with the Bezalel Academy of Arts and Design in Jerusalem, further enhancing the Chair’s activities. Bezalel and IFM students are invited to work together on a problem combining sustainable fashion and circularity;
- Kering Certificate of Influential Luxury program with HEC Paris, to develop and identify young people with high potential who could join the Group;
- Various graduate programs (see below), including different job rotations to learn about the various aspects of the Luxury goods industry. These also include a specific training program to understand the stakes of the Luxury industry and build their career. More than 60 talented young people benefit from these inclusive programs, which foster the Group’s cultural, socio-economic and age diversity, thereby strengthening its employer brand.

Kering Keys Retail Chine	**Kering Keys Retail France**	**Kering Keys Management**	**Kering Keys: Supply Chain**	**Kering Eyewear: Eye For Talent**	**Gucci Grade**
21-month program including a series of rotations within stores of the participating Houses. The program began in January 2022, with 13 graduates selected out of 11,000 applicants.	First graduate program in France dedicated to luxury retail. Jointly developed with non-profit *Atout Jeunes Universités*, the program combines learning about jobs in retail and bespoke training. The first program began in September 2023, with a cohort of 18 graduates.	Program giving young graduates speaking an Asian language the opportunity to gain experience in three areas at Kering’s headquarters in positions of responsibility, to acquire in-depth knowledge of the Group and the sector. Launched in 2023, the first program took on six young talents selected out of 1,200 applicants.	24-month program that allows young engineering graduates to prepare for the jobs of the future in supply chain and logistics, while also offering leadership training. Launched in 2021, the program has 17 graduates.	Launched in 2022, Eye for Talent is Kering Eyewear’s first graduate program. The 24-month program offers three rotations in different markets (Italy, United States and Denmark), including a rotation within Lindberg.	This program dedicated to retail profiles includes several rotations within various departments at Gucci (sales, merchandising and customer service), including in-store experience. It was extended in 2022 to cover supply chain and operations.

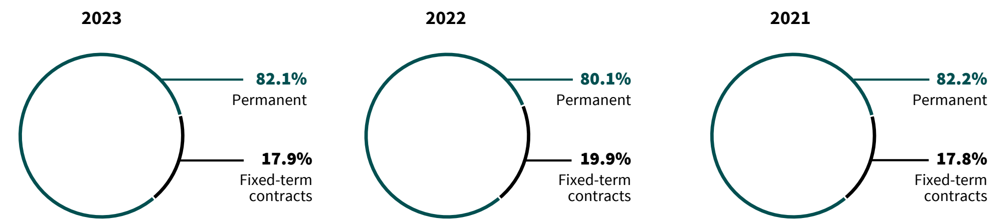
The Group's Houses have also established local partnerships and developed craft training at centers of excellence in order to ensure the promotion and protection of the Group's expertise. These are presented in section 6.2.1.

Recruiting the best talents

Kering uses the most effective tools and social media platforms to recruit the best profiles. The Group's Houses keep investing to offer applicants the best possible experience through innovative and inclusive solutions, such as the launch of the MyBoucheron onboarding platform. Kering has also launched the Dare to Refer program, offering a referral bonus to employees when they refer someone who is successfully hired. Close to 3,500 applicants have been referred, with a recruitment rate of 24%.

A training program on inclusive recruitment has been introduced for the entire Kering group to help recruiters and managers identify common biases in the recruitment process and minimize their impact. The program, which has already trained employees in charge of recruitment, covers all stages in the recruitment process: creation of the vacancy, applicant selection, interview and the new employee's onboarding into the company. In addition, the Houses have implemented fully fledged inclusive recruitment strategies, such as Balenciaga's Hiring Pact, which takes a 360° approach to drive real-world progress in the area of inclusion and diversity.

Breakdown of fixed-term and permanent contracts among new hires *(%)*



13,403 employees were hired on permanent contracts in 2023.

Out of the total number of new hires, including fixed-term contracts and apprentices:

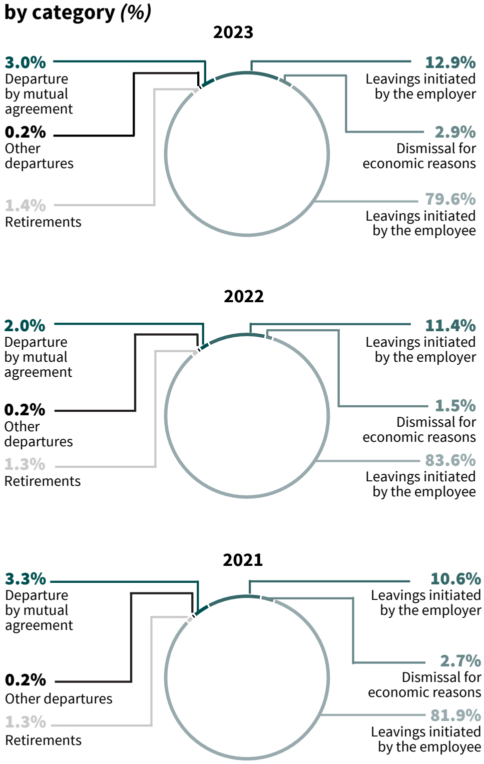
- 69.4% are women;
- 90.7% are non-managers;
- 32% are from Generation Z, 53.4% from Generation Y, 14.1% from Generation X and 0.5% were born before 1960.

Breakdown of temporary employees by region

In 2023, Kering had a monthly average of 1,994 temporary employees across all its Houses.

	2023	2022	2021
Africa/Middle East	85	6	39
Asia	965	922	868
Eastern Europe	1	21	23
France	150	195	136
North America	42	12	29
Oceania	15	0	2
South America	20	11	10
Western Europe (excluding France)	716	963	606
TOTAL	1,994	2,130	1,713

Breakdown of permanent employee departures by category *(%)*



Departures of permanent employees, on all grounds, totaled 11,275 in 2023, of which 8,975 were on the employee's initiative (79.6% of departures) and 1,457 on the employer's initiative (12.9% of departures).

	2023	**2022**	**2021**
Overall turnover at Kering	22%	20%	20%

3.1.3 Supporting organizational changes in a responsible manner

As part of Kering's decentralization, each House supports its employees facing organizational changes, for example in the onboarding of employees from newly acquired entities.

In France, this policy involves monthly meetings of the Social Development Coordination group, a body of HR managers from the Houses led by Kering's Human Resources department, to discuss organizational projects and their HR consequences and propose individual redeployment solutions. It aims to assist employees when an organizational change (such as a store transfer or closure) is liable to have an impact on jobs.

In all countries and for all Houses, when departures are being considered following reorganizations, efforts made to find new roles for employees go beyond those required by law, and priority is given to voluntary mobility measures.

The European Works Council is also informed of the Group's plans and the associated organizational changes during its two annual plenary meetings, at extraordinary committee meetings as necessary, and at the meetings of its Select Committee. The French Works Council is also informed annually of the Group's plans for organizational change.

3.2 Fostering employee development in a stimulating and inclusive work environment

3.2.1 A long-term strategy for promoting inclusion and diversity on a local basis

Going further than its commitment to social responsibility, Kering believes that inclusion and diversity are sources of creativity and innovation, and thus of economic performance. Innovation prospers in an environment where all voices are heard and everyone's contribution is appreciated, respected and treated equally. This is why Kering makes every effort to establish a culture of inclusion at all levels of the organization and provides its teams with an open-minded, diverse and stimulating work environment, thereby contributing to the Group's success. Kering pays close attention to diversity in employee profiles (gender, culture, origin, sexual orientation, identity, religious belief, age and disability), which it recognizes as a rewarding source of collective intelligence.

In 2019, Kering signed up to the UN's Supplier Code of Conduct to combat discrimination against LGBTIQ+ people, and joined the Open To All coalition, which combats all forms of discrimination against employees, visitors and customers, including discrimination based on ethnicity, nationality, gender, gender identity, sexual orientation, religion and disability.

Within the Human Resources department, an Inclusion and Diversity (I&D) team defines the Group's strategy and priority commitments, guiding all of the Houses.

Each House set up an Inclusion and Diversity Committee in 2020, sponsored by a member of its executive team. These committees are made up of representatives from the various departments and regions. Their role is to transpose the Group's inclusion and diversity strategy within their respective entities, while adapting it to their specific cultures and environments. The initiative is sponsored by Kering's Chairman and Chief Executive Officer. In 2022, to make the numerous initiatives led by the Group, its regional entities and its Houses more impactful and complementary, Kering adopted an overall strategy supported by a new governance arrangement with a regional dimension, particularly in the Americas and Asia-Pacific. Kering recognizes that each country and each culture have their own specific context, with unique challenges and opportunities to change mentalities to create an increasingly inclusive culture.

Kering's efforts are centered around six key areas of diversity shared by all the Houses:

- gender equality;
- diversity in terms of cultural profiles and origins;
- equal opportunities, regardless of socio-economic background;
- equal treatment and opportunities regardless of gender identity and sexual orientation;
- multi-generational diversity at work;
- inclusion of disabled people at work.

3.2.2 Promoting an inclusive culture with a grassroots impact on employees

To foster an inclusive culture on a lasting basis, Kering organizes conferences with personalities and external experts, as well as directors from Kering and provides its employees with online training courses on inclusion and diversity. In 2023, an additional "intermediary" module was made available to the I&D community (sponsors, leaders and committee members). Inclusion and diversity is one of the modules of the Ethics & Compliance mandatory annual training program, which in 2023 included case studies on gender equality and flexible working when returning from parental leave.

The Kering Perspectives seminar was rolled out in 2023, with the Houses' management committees, representing 872 hours of training in 2023. This one-day seminar, bringing together members of the Executive Committee and Kering's global department heads, is dedicated to raising awareness about how human bias works and providing ways of mitigating it, thereby promoting inclusive leadership. The program is devised in partnership with non-profit 093Lab, which helps young people from Aulnay-sous-Bois (France) access the worlds of fashion design and the visual arts.

Awareness campaigns are run throughout the year to coincide with international days such as International Women's Day, Pride Month, Global Diversity Awareness Month and the International Day of People with Disabilities.

To promote an inclusive culture for LGBTQIA+ people, the Group set up its "ALL" global internal network in 2019 to lead awareness and networking efforts over the course of the year.

In 2023, Kering and its Houses worked hand-in-hand to make art a means of demonstrating the richness of diversity and the power of inclusion. Bottega Veneta launched the "I&D via Arts" project, a series of awareness-raising events for employees organized at museums and other cultural institutions in 13 countries. More than 400 employees took part in these initiatives. Brioni, under the aegis of the Creative Director and HR department, also organized cultural visits to Rome for employees to give a more in-depth understanding of issues relating to inclusion and diversity from the perspective of art.

3.2.2.1 Establishing a culture of gender equality within the Group

While Kering addresses the issue of diversity in all its aspects, particular emphasis is placed on equal opportunity. In 2010, the Group was one of the first companies in Italy to sign the Women's Empowerment Principles, drafted by UN Women, and the United Nations Global Compact. These principles offer guidance on how to promote the presence and progression of women in business and, more generally, in society.

Kering has set a target of achieving gender parity and pay equity at all levels of the Group by 2025.

The Group's action plan to promote gender parity focuses on three key priorities:

1. Instilling a culture of equality within the Group	**2. Fostering a good work-life balance**	**3. Developing an inclusive and exemplary parental policy**
through efforts to raise awareness and dedicated development programs – incorporated into all HR and management processes (recruitment, talent review, compensation, etc.); – rollout of the Women In Luxury (WIL) internal network to promote gender equality in Italy, the United States, Mexico, South Korea, Mainland China, Japan and Singapore. Its work includes organizing conferences, networking sessions and communications campaigns over the course of the year; – for the past seven years, Kering has partnered the EVE program, which enables 15 employees from various Group Houses and countries to attend seminars in Europe and Asia.	**by means of a Group-wide framework for all employees that promotes wellbeing at work and equality for all** Many other initiatives have also been adopted by Kering's various Houses, including remote working and flextime in Italy and the United States, as well as daycare centers for employees based in France and nursing rooms for employees in Hong Kong SAR and France.	Kering has been committed to a wide-reaching parental policy since 2017, supporting parents and helping to create a culture of equality within the Group. Baby Leave, launched in 2020, allows all parents – regardless of gender or family situation – to benefit from 14 weeks of parental leave to care for a new child. This policy also helps to combat the gender stereotypes encountered by women when they apply for a new job, aim for promotion or want to further their career.

Following the engagement survey conducted in 2023 (see section 3.2.3.3), discussion groups on gender equality were organized in France, Italy, the United States, China, South Korea and Japan. The aim was to gain a better understanding of female employees' expectations and feelings with regard to well-being at work, work-life balance and career development in order to take practical measures to improve women's experience as employees within the Group.

In addition, an action plan has been launched dedicated to achieving the Group's goals in terms of equal pay, details of which are provided in section 3.3.1.2.

Recognizing and assessing the impact of gender equality initiatives

In 2023, women accounted for 57.2% of the Group's managers, 63% of the total workforce (62.9% in 2022, 63.2% in 2021), 31% of its Tech workforce, 42% of Executive Committee members and 50% of its Directors (excluding Directors representing employees as of December 31, 2023), making Kering one of the CAC 40 companies with the highest proportion of women in senior management positions.

Kering was one of the leading companies in the France 2023 gender equality index, with a consolidated score of 88 points out of 100 for all of its Corporate entities and Houses in France.

Finally, Gucci obtained certification for gender parity in Italy in 2023, introduced as part of the country's National Recovery and Resilience Plan (Piano Nazionale di Ripresa e Resilienza), following an audit by Bureau Veritas. This certification is granted on the basis of an assessment of 33 indicators spanning six themes: culture and strategy, governance, human resources management process, career opportunities for women, wage equality and attention paid to work-life balance. Gucci's commitment is reflected by the adoption of a three-year strategic plan with the aim of promoting concrete initiatives to support gender equality.

3.2.2.2 Promoting the integration of people with disabilities

As of December 31, 2023, the Group employed 696 (1.5%) workers with disabilities (coverage rate of 85.2% excluding the United Kingdom and the United States).

Kering reasserted its commitment to the integration of people with disabilities with the European Empowering Talent agreement signed in 2015. This agreement reiterates and reinforces the commitments made to employee representatives in 2008 with regard to promoting the employment of people with disabilities.

Each year, management presents a progress report to the European Works Council on the agreement's three pillars, which include promoting diversity in general, and on the initiatives undertaken by the Houses in the areas of gender equality and equal opportunity.

In 2022 and 2023, Kering Corporate and Balenciaga gave employees the opportunity to take part in the Duo Day initiative, allowing adults and young people from Local Units for Educational Inclusion (ULIS) in France to experience a day in the life of an employee.

The Group's Houses in France and Italy also continue to outsource work to the protected sector to promote the employment of people with disabilities. Special service providers employing workers with disabilities are called on for such services as printing, data entry, archiving, replying to unsolicited job applications, catering, preparing mailshots, gift packaging during the holiday season, and landscaping.

Over the last few years, Gucci has implemented a more inclusive working environment and customer experience, with initiatives aiming to make stores more accessible, increase representation of people with disabilities within teams and provide employees with training to make them more aware of accessibility and inclusion. In North America, Gucci was recognized for the second year in a row as the Best Place to Work for Disability Inclusion by the Disability Equality Index®, a joint initiative by two major organizations to protect the rights of people with disabilities: the American Association of People with Disabilities (AAPD) and Disability:IN, a global network to encourage the inclusion of people with disabilities supporting over 400 companies. The House has also stepped up opportunities for employee engagement by taking part in internal groups on disability. The first group, Guccibility, was set up in the United States and has been extended to Italy.

3.2.2.3 Working with partners to promote intergenerational diversity

Intergenerational diversity is part of Kering's Inclusion and Diversity strategy and a central aspect of concrete measures taken within the Group's Houses.

To preserve and pass on their expertise, several of the Group's Houses – namely Gucci, Bottega Veneta, Brioni, Pomellato and Boucheron – have created vocational schools and training programs, with the support of trade associations. The aim is to give young people the opportunity to learn a trade that will ultimately enable them to join one of the Group's Houses or find employment elsewhere in the luxury or fashion industries (see section 6.2.1). In 2023, Bottega Veneta took its commitment to craftsmanship even further with the launch of Accademia Labor et Ingenium, a new school that aims to encourage the next generation of creative talent. The name is inspired by the brand's founding values as displayed in its original coat of arms, "Labor et Ingenium", which means "Craft and Creativity".

In France, Kering signed a charter in 2022 for the integration of young people, vulnerable individuals and people with disabilities, with the aim of working with the French Ministry of Labor to support them in the job market. Kering is working with non-profits Télémaque and Energie Jeunes to make concrete progress in terms of equal opportunities, by making it easier for all employees to volunteer during working hours (see Giving Back). Since 2019, Balenciaga and Boucheron have partnered with non-profit ViensVoirMonTaf!, which works to combat social determinism and school dropout by helping high-school students in underprivileged areas find work experience placements.

In show of its commitment to fostering intergenerational diversity, in 2022, Kering signed a commitment alongside 31 other companies to enhance the role of employees aged 50 and over, an initiative led by the L'Oréal group and Club Landoy and sponsored by France's Ministry of the Economy, Finance and Recovery. The charter features 10 key commitments regarding recruitment, training, career progression, wellbeing at work and preparation for retirement, but also awareness of age-related stereotypes. In 2023, Kering contributed to the publication of four indicators that revealed average, anonymous and aggregated data from signatory companies on the employment rate and hours of training of over 50s, the recruitment rate of over 45s as well as the staff transfer rate. These indicators allow for a better understanding, along with the charter's signatories, of the societal issues faced and concrete measures that can be taken by the company. By developing and supporting the careers of our employees aged 50 and over, Kering encourages the transfer of know-how, which is essential in the Luxury goods industry, from generation to generation.

Kering Corporate also signed the GEPP strategic workforce planning agreement in 2022, setting out measures to support employees aged 50 and over, such as regular health checks paid for by the company.

3.2.3 Development of talent and skills

Developing skills and talent is at the heart of Kering's human resources policy and structured around three main aims:

- reviewing the fundamentals of the Group internal mobility policy;
- keeping learning delivery, both in person and online;
- increasing use of the Group's internal platform to support employee development.

3.2.3.1 Managing and supporting talent, fostering mobility and professional development within the Group

Kering has set itself the priority of better identifying and developing talent and has for this purpose established processes and tools geared toward helping employees constantly expand their career prospects and enhance their skills through mobility and career opportunities.

1. Developing a shared culture of performance

All Group employees have a People Performance and Development Annual Review with their manager to assess their performance relative to previously set targets and the employee's development needs. These reviews, which take place between January and March, strengthen the Group's dynamic approach to performance appraisals, combined with regular check-in conversations.

These reviews are the opportunity to confirm or reconfirm who are the talents who should be included in Talent Reviews. These Talent Reviews provide the opportunity to share up-and-coming talents at Group level by function, their respective development and career path. Members of Kering's Executive Committee play an active part in this process and attend synthesis meetings for each department. Since 2021, the identification process has been expanded to include retail in order to help build talent development plans and anticipate the organization's needs.

These Talent Reviews make it possible to create a shared pool of pre-identified internal talent, and prepare succession plans for key positions (members of the Houses' Management Committees).

This work on fostering internal talent is supplemented by efforts to identify external talent through a continuous talent monitoring. One person, who now reports to the Deputy CEO in charge of Brand Development, has the dedicated role of identifying and watching creative talent within the Group's Houses. These succession plans are presented to the Board of Directors' Appointments Committee.

These processes for pre-identifying talent both within and outside the Group make it possible to find the right person when someone leaves a key role. They address the problems that arise should these positions become vacant, in addition to the expertise developed by staff within each of the Houses, characterized by iconic products and a unique history. This expertise ensures continuity in each House's offering, particularly during the transition between two Creative Directors or Chief Executive Officers.

Gender balance analysis is always included in the talent review and succession planning processes.

2. Promoting mobility and careers within the Group and its Houses

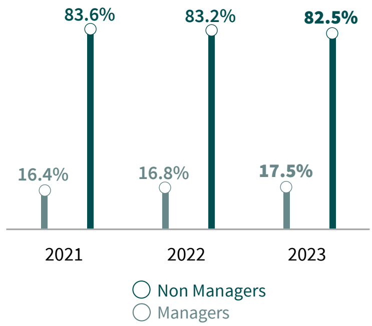
Professional mobility is a pivotal way of developing skills, offering career prospects and giving everyone the opportunity to grow within the Group.

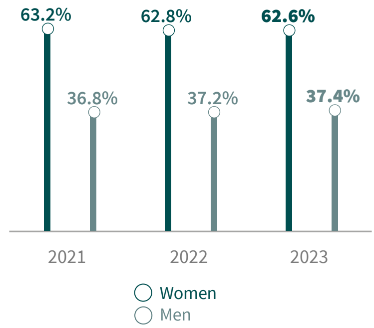
As part of its internal mobility policy, employees can apply for an opportunity after 18 months in their job. They can also register as internal applicants and have confidential contact with internal recruiters before applying. Meetings of the HR community were organized to facilitate ongoing dialogue on recruitment needs and available people, in addition to dedicated training and tools for the whole community. The introduction of this new policy was backed up by a communication campaign. In 2023, more than 6,700 employees expressed their wish to move to a new role within the Group. During the same period of time, there were more than 2,300 internal transfers.

3.2.3.2 Creating new impetus in employee training

In 2023, Kering devoted a budget of more than €42 million to employee training, corresponding to 1.4% of the total Group payroll. As a result, 681,915 hours of training (excluding safety training) were provided during the year, an increase of 12.4% on 2022; 51,933 employees (including leavers) took at least one training course.

Breakdown of employees who received training by manager/non-manager and by gender *(%)*





Continuous learning is one of the Group's priorities for engaging and retaining employees. At the end of 2021, an internal audit to redefine employee training and development priorities revealed a shared need to work on strengthening the culture of learning. After reviewing its strategy to support the creation of a learning culture, one key stage was to introduce a new ritual of a dedicated training day for all employees: Global Learning Day. The first Global Learning Day was held on March 21, 2023, in all the Group's Houses (in 25 cities, in 16 languages), winning the Culture and Marketing training award from Learn Assembly. With over 17,500 learning connections – representing one third of the Group's employees – the day was structured around three types of event:

- A global conference featuring experts from within and outside the Group and employees sharing their experiences, attracting a total of over 4,500 views;
- An "Unlocking your future" masterclass based on a "train the trainer" system, with 4,000 employees taking part either in person or online. The theme of this 90-minute training was developing people's learning agility by identifying their development goals and the resources to be used by means of a development plan;
- Local conferences tailored to each specific country or relating to the Houses and their culture.

In addition to this training strategy, Kering continued to offer development paths tailored to each employee's situation:

1. Regional training for employees and managers

- In Europe, 520 managers took part in management training courses in French, English and Italian;
- In Asia, 35 virtual courses were offered, providing training for 660 employees;
- In the Americas, 13 training programs were offered, allowing the Group to train 171 employees.

2. Dedicated training for employees with potential and directors

Development experiences for high potential employees and directors bring together employees from all regions and Houses. The aim is to prepare them for the challenges of tomorrow and anticipate future changes, and improve their leadership skills as well. This year, 485 employees took part in these Group programs.

3. Functional academies tailored to business needs

In response to the specific challenges facing certain business areas and support the Group's culture of learning, Kering has developed academies for specific functions (Finance, Supply Chain, Sustainability, Tech, Human resources, etc.) for the development and passing on of key skills. The Human Resources Academy has trained more than 550 employees and continues to offer training and discussion forums for this community. In 2023, in addition to regular onboarding formats, training included dialogue sessions with HR directors from the Houses and training to help local HR business partners with matters such as career support and performance. The HR communities met on a regional level at the People at Kering Forums, attended by 290 people in total (150 in Europe, 90 in Asia-Pacific and 50 in the Americas), to share the Group's HR strategy, work together on creating the talent-first approach and its connection with skills, as well as the future of HR, taking account of the impact of AI on different jobs.

4. Training and raising awareness about sustainability issues

The Group and its Houses are ramping up their efforts to provide training and raise awareness about sustainability issues, in particular with sales, design and merchandizing teams, through a series of actions and communications.

Group initiatives	• Dedicated awareness and training sessions during the onboarding process for all new employees at Kering and its Houses, and inclusion in the Ethics & Compliance mandatory annual training • Sharing of news and projects at the Group and its Houses on the Group's social media channels and quarterly challenges on The Kering Planet, the dedicated digital platform for employees • Sustainability Academy, an online platform providing training on sustainability matters, with its first module focusing on climate change mechanisms and impacts
Involvement in targeted events	• **Climate Fresk** workshops organized for employees of the Group and its Houses to raise awareness about the causes and processes of climate change • In-house events (videos, webinars), dedicated days or weeks organized by Alexander McQueen, Balenciaga, Boucheron, Gucci, Saint Laurent, Kering Eyewear, Pomellato and Dodo • •**Employee volunteering: Giving Back**, International Volunteer Day at Gucci dedicated to the Changemakers program
Houses' in-house training	• Sustainability and associated issues (diversity, inclusion, environment) incorporated into **training weeks** organized by the Houses, including Gucci, Saint Laurent, Balenciaga and Boucheron • **Dedicated training** (including Kering Standards) for salespeople and employees with key roles – such as design, retail and merchandising teams – as well as product office teams (Brioni) and management teams • Creation in 2022 of a network of **400 ambassadors** in **Balenciaga** stores to reduce the impact of retail sites and to raise awareness about the matter in-house. At the same time, a performance rating system was set up to monitor each store's commitment to sustainability around the world, based on criteria such as leadership, awareness and waste sorting

3.2.3.3 Employee engagement: putting employees at the center of all initiatives

Developing employee engagement is one of Kering's strategic priorities in order to create a common culture and strengthen the sense of belonging to an integrated Luxury Group.

The Group's internal platforms give all employees a voice and access to Group information at any time, via any channel, conveying the main actions and internal communications campaigns. In 2020, Kering introduced live streams as a way of communicating with employees. Executives such as François-Henri Pinault, Jean-Marc Duplaix and Béatrice Lazat, as well as external speakers, discuss key themes for the company and answer live questions from employees. These discussions are broadcast live on social media for all employees, with a replay available. In 2023, Kering produced 15 live streams on topics as varied as Group performance, the results of the Kering Employee Listening satisfaction survey, cybersecurity and successes in the digital industry.

Global communication campaigns about the Group's values and policies

Kering's internal communication campaigns help to consolidate a shared history and common language:

- to celebrate Kering's 10th anniversary and the 60th anniversary of the Group's creation in 2023, Kering organized a series of celebrations for employees in Paris, New York, Milan, Shanghai, Hong Kong and Tokyo;
- Giving Back program enabling employees in France, Italy and the United Kingdom to devote up to 21 hours per year (approximately three days) to volunteering. Kering launched APAC Giving Back Week for the first time in 2023. More than 400 employees in mainland China, Hong Kong SAR, Japan, South Korea, Singapore, Taiwan and Australia took part in a variety of activities with the aim of supporting local communities.

Kering Employee Listening internal engagement survey

Kering has also created its own employee survey – Kering Employee Listening – to develop a culture of feedback in which employees' ideas result in concrete action, such as a new company agreement on well-being or sharing of the company strategy via live streams translated into the local language, and in which managers can be changemakers. These are annual engagement surveys comprising around 30 questions relating to engagement, well-being, inclusion and diversity, as well as opportunities for internal development. In 2023, 36,584 employees took part in the survey, representing a participation rate of 83%. The measured rate of engagement was 73/100 overall. The aim of this tool is to boost employees' engagement, sense of belonging and performance by listening to them. Employee feedback can therefore directly improve their working experience. The results of these surveys are analyzed by gender, age, job category and other attributes, and taken into account in drawing up practical action plans. The aim was to gain a better understanding of the expectations and feelings of female employees, and take concrete measures to improve the employee experience within the Group (see section 3.2.2.1). These surveys have also been adapted to suit more local needs, particularly at the level of the Houses with the Pulse surveys.

Gucci carried out two surveys of all employees (around 19,000 people) in 2023, with an average response rate of 85%.

3.2.4 Quality of life at work

As early as 2010, Kering signed a "Charter of commitments on the quality of life at work and the prevention of work-related stress" with the Group's European Works Council. This charter has enabled the Houses to develop and implement action plans based on three key principles:

1. identifying and assessing the causes of stress in the workplace;
2. deploying preventive measures to improve quality of life at work and reduce workplace stress factors;

3. keeping employees informed and giving them the opportunity to provide anonymous feedback so that the Houses' action plans can be adjusted or enhanced.

Since 2015, health, safety and quality of life at work have been the key aspects of Kering's commitments under the European agreement signed with the European Works Council on February 19, 2015. Under the agreement, the Houses are adopting procedures and taking action to identify, assess, reduce and prevent the key risks associated with their activities. They are also taking initiatives designed to achieve continuous improvements in quality of life at work. In this way, Kering is committed to developing a working environment and working relationships that ensure well-being at work, to promote the development of all employees and contribute to the Group's performance.

The 2023 Kering Employee Listening opinion survey included questions on quality of life at work, morale, stress, work-life balance, health and safety, as well as mental health and preventing work-related stress.

Measures to promote well-being at work include:

- **handing out a guide to well-being at work** to all employees of Corporate functions in Europe. This guide informs employees about matters relating to their quality of life at work, the definition of psychosocial risks and the six factors that can influence employees' health, performance and satisfaction at work based on studies by the International Labour Organization (ILO) and the World Health Organization (WHO). It also provides a reminder of the Group's commitments, the related e-learning offering and dedicated contact people for all teams;
- in-person **training** for senior managers and managers to help them detect situations where well-being is at risk, hold preemptive conversations with employees, and understand what their roles are as managers and whom they can ask for support both within the Group and externally, to create a safe and supportive working environment;
- a **consultation on social dialogue and well-being at work** within the Group, leading to the signing of a common declaration with members of the European Works Council in 2022. This common declaration refers to the Group's innovative policies to foster well-being at work;
- an **agreement with the European Works Council on social dialogue and well-being at work** signed on June 7, 2023. This agreement – communicated to all Group employees in 50 countries - is based on two principles: defining well-being at work according to four specific dimensions and cultivating social dialogue to contribute to well-being at work. This is a key agreement for the HR community, managers and employees as it includes appendices in French, English and Italian that are useful in fostering well-being at Kering and its Houses, such as:
  - the intercompany commitment concerning employees aged over 50,
  - advice on working from home,
  - the Kering Charter on the right to disconnect,
  - the guide to quality of life at work,
  - Kering's innovative social commitments such as the health and safety policy, Baby Leave, the global policy on domestic violence and the human rights policy.

3.2.4.1 Promotion of workplace safety and management of psychosocial risks

Kering's global health and safety policy is based on best practice from across the organization. It aims to ensure that a clear governance structure is in place and that regular internal audits and other processes are implemented Group-wide, with a view to achieving the zero-accident target each year. It also requires the Houses to take specific measures to improve quality of life at work for retail employees and to conduct regular health and safety audits. The Houses adapt their local procedures by involving the Social and Economic Committee's Health, Safety & Working Conditions team, ergonomists, occupational physicians and external prevention specialists. In terms of risk prevention, 54,567 hours of safety training were provided to 8,187 Group employees in 2023.

National, regional and local procedures have been developed by the entities to put Kering's global health and safety policies into practice. A continuous consultation process has been initiated with employees on the topics of health, safety and well-being to enable everyone at Kering to play a role in prevention and protection measures. Support offered to employees has been extended in several countries. In Europe, Kering Corporate now offers all employees virtual or face-to-face psychological support, as well as legal and financial support. These services are also offered by some Houses in France and Italy. In the United Kingdom, all Group employees benefit from an emotional support service. In the Middle East, a well-being platform is provided for all employees, which can be accessed on their mobile phone, with access to psychological, legal and financial support. In Asia, employees benefit from a 24-hour hotline in Mainland China and personal, custom support in Japan. In the United States, a psychological support service is offered to all Group employees as part of the health insurance scheme.

In addition, well-being at work pilot programs have been launched such as #takecare at Kering Corporate – a guide to quality of life at work updated in 2023, defining psychosocial risk and how to recognize the risks, as well as advice for employees and managers, training on well-being at work included in the Kering training catalogue in 2023 and for 2024 – and Be Well at Alexander McQueen – a global well-being and mental health program comprising a global campaign and local and worldwide initiatives including activation days and dedicated guides.

In addition to these initiatives, the Houses are exploring various other avenues, including:

- identifying psychosocial risk factors at work (e.g. Kering Corporate, Bottega Veneta and Gucci through SA8000 and ISO 45001 certification);
- preventing psychosocial risks and stress: talks by healthcare professionals and sports trainers at Kering's head office, and providing social assistance services for employees.

In 2023, 288 lost-time accidents were recorded across all of the Group's Houses, compared with 252 in 2022 and 233 in 2021, with zero fatal accidents in 2023, as was the case in 2022 and 2021.

Frequency and severity rate of accidents

	2023	2022	2021
Frequency of work-related accidents (number of accidents per million hours worked)	3.60	3.36	3.46
Severity of work-related accidents (number of days lost per million hours worked)	0.12	0.09	0.10

Across all of the Group's Houses, 41 employees were recognized as suffering from a work-related illness in 2023.

Overall lost time and sick leave *(%)*

	2023	2022	2021
Overall absenteeism rate	5.0%	5.7%	5.3%
Absenteeism rate due to illness	2.6%	3.2%	2.8%

The total figure for absenteeism due to illness includes sick leave, work-related illness, work-related accidents and travel-related accidents. The overall absenteeism rate includes absenteeism due to illness and every other kind of absence (maternity leave, paternity leave, unjustified absences, etc.), calculated from the first day of absence.

3.2.4.2 Organization of work

The average working time of the Group's full-time employees is 40 hours per week. In 2023, 68,763 hours of overtime were logged in France, an increase on 2022.

In 2023, 2,183 employees worked part-time. Employees working part-time accounted for 4.8% of permanent employees, up as a proportion of the total workforce, located mainly in the United States and Western Europe. Contractual working hours are spread out on the basis of the specific business and organization of each House, either over certain days of the week, or over-reduced time slots on all working days.

The organization of working time remains a topic addressed by the Group's Houses and may vary according to the countries, sites and employees concerned (in stores, production and workshops or support functions). Kering Corporate and the Houses make every effort to organize the work of employees in strict compliance with local health, safety and environment guidelines.

In France, work is mostly organized on the basis of a fixed number of hours or days, with annualized working time and the possibility of flextime.

Beyond these legal aspects, the Houses try to find and offer more flexible ways to organize working time in order to meet their own needs as well as those of their employees as part of their policy on quality of life at work: flextime for several Houses, the introduction of a smart working pilot plan at the Bottega Veneta and Gucci headquarters in Italy, leave to care for sick children at Boucheron and part-time work at Pomellato. In 2022, when fitting out offices, Kering also included flex office arrangements for its Corporate functions and for its Houses in Europe which, alongside remote working, foster a better work/life balance.

These discussions are regularly shared within the European Works Council and discussions are also held with managers and employee representatives at the local level to find the most appropriate solutions while also ensuring employee well-being and a healthy work-life balance.

3.2.4.2.1 Promoting a better work-life balance and fostering wellbeing at work

The Group and its Houses implement actions in favor of work-life balance benefiting both men and women and based on two aspects.

1. Operating a strong parental policy

Kering is committed to ensuring a good work-life balance for its employees by helping them through life's key moments. The best example of this commitment is its global parental policy, deployed in the 50 countries in which the Group operates on January 1, 2017, and further enhanced by the introduction of the Baby Leave scheme on January 1, 2020.

Baby Leave is offered to all Kering employees regardless of gender or family situation. It offers the same terms of parental leave for all new parents all over the world. By giving all parents the same parental leave, Baby Leave is an important step forward in achieving gender equality. It allows women to go further in their careers and also helps to build a society free of gender stereotypes.

In addition, the Houses and Kering Corporate help employees return to work after becoming parents. Kering Corporate France allows employees to return to work on an 80% part-time basis while continuing to be paid 100% of their salary the month after they return from maternity, paternity or adoption leave. In 2020, Balenciaga launched Baby Leave Comeback to help parents return to work by offering them greater flexibility. Specific employee benefits are offered by Gucci, Pomellato, Kering UK and Kering Italy.

2. Encouraging, where possible, more flexible work methods that enable employees to better organize their lives

Flexible work was suggested by employees as a way of improving quality of life at work and enhancing work-life balance, in response to the employee opinion surveys conducted in 2019 and 2021 in all the countries where Kering operates. The measures deployed by the Group and its Houses as part of their action plans address this desire for more flexible working methods.

Kering has been a member, since 2016, of a discussion platform initiated by the International Labour Organization (ILO), known as the Global Business Network, the French-speaking branch of which brings together French-speaking companies that are committed to developing joint international welfare programs.

The Houses have also been able to capitalize on measures relating to well-being at work, such as the organization of workplaces in line with the highest standards, as well as flexible working hours, work-life balance and health and well-being.

In France, the right to disconnect has been introduced. A disconnection charter and a guide to best practice regarding remote working also form part of the Group's work-related standards. The agreement signed with the European Works Council on June 7, 2023, on social dialogue and well-being at work has been rolled out in all host countries, incorporating the Group's social standards and risk prevention tools into its appendices.

Kering is involved in the work of the ILO's French-speaking network and helped to draw up three guides to best practices, including "Implementing a strategy to support parents and measuring its impact" (2021) and "Global businesses and well-being at work" (2023).

3.3 Remuneration and employee benefits

The Group's personnel expenses totaled around €3 billion in 2023 (see Note 5 to the consolidated financial statements in chapter 6 of this document).

3.3.1 Remuneration policy

Remuneration is a key component that managers can use to reward the commitment and the individual and collective performance of their teams.

3.3.1.1 Performance-related remuneration

There must be a strong link between remuneration, individual contribution and collective performance. This link with performance must exist for all components of remuneration, both basic salary and variable elements (i.e., bonuses and long-term incentives).

Accordingly, 90% of the Group's employees receive a fixed salary and a variable pay component that is subject to the achievement of individual and/or collective objectives.

The individual portion of variable pay is determined and managed as part of the performance management process. Each employee's contribution to their team's results is assessed by their direct manager in accordance with the achievement of targets set and their behavior throughout the year.

In a similar spirit of recognizing and rewarding team performance and the contribution of all employees to Kering's growth and success, the Group introduces incentive plans in countries where this is encouraged by the local legislation. In France, nearly all employees benefit from a profit-sharing mechanism.

For example, in 2023 and for the fifth consecutive year, all Bottega Veneta employees were involved in an inclusive approach to setting sustainability targets for their activities. Balenciaga France entered into a three-year incentive agreement in 2020 under which employees are given a financial interest in reaching sustainability and profitability targets.

3.3.1.2 Competitive and fair remuneration

Major efforts are made to ensure that fixed salaries are both fair internally and competitive within the market. They are reviewed annually, based on proposals made by direct managers. Fixed salary raises are granted in accordance with the level of the existing salary in comparison with peers and/or the external market, factoring in performance over time and the potential for development.

The existence of a framework for all jobs within the Group and shared by all Houses (known as the "Job Catalogue") enables their accurate definition based on both area of expertise and level of responsibility. This is particularly helpful during the internal and external competitiveness analyses that are regularly conducted by the Group, and for the fair allocation of variable pay and certain benefits in kind.

Individual career paths within the Group and impacts on individual remuneration are managed without consideration of gender or age.

In 2021, the Group developed the Kering Parity Index to allow Houses to evaluate and monitor their parity performance over time. This index consists of four individually weighted indicators: parity indicator in the 300 executive positions with the greatest level of responsibility, gender pay gap by level of responsibility, comparative opportunities for men and women to benefit from a promotion or job development, and comparative opportunities for men and women to receive a pay rise. It is calculated annually for each House and at consolidated Group level in order to identify areas of weakness requiring specific remedial measures and to allow changes in these various metrics to be monitored over time.

Focus: Kering obtains Universal Fair Pay certification

In 2023, the Group took a new step in its analysis of gender pay gaps by completing a dedicated study, in partnership with a specialized and independent consulting firm. This initiative was carried out globally across the Group, in all Houses and all countries. The objective was to identify possible gender pay gaps that cannot be explained by factors that legitimately influence pay (such as, for example, the employee's level of experience, the level of responsibility, the professional field, the work location, etc.).

The study revealed an unexplained gender pay gap of 1.6% in favor of men and allowed us to identify targeted actions to reach the Group's commitment to equal pay. Following this first analysis and identification of the actions, the Fair Pay Innovation Lab, an independent organization whose aim is fair pay for all, undertook a comprehensive review and awarded Kering and each of our Houses with their Universal Fair Pay certification.

In addition, Gucci obtained certification for gender parity in Italy in 2023, introduced as part of the country's National Recovery and Resilience Plan (see section 3.2.2).

These initiatives are an integral part of the plan of action to achieve gender parity, which forms part of the 2025 Sustainability Strategy.

3.3.1.3 Remuneration and social commitment

In 2021, Kering carried out a global study to define, for each of the countries in which it operates, the Kering standards that would ensure a decent standard of living to all employees and their families. The definition of a decent standard of living includes: food, water, housing, education, healthcare and other essential needs. In order to ensure that these thresholds are reliable and legitimate, the Group has drawn on the Fair Wage Network methodology, which collects and analyzes information for different countries on a standardized basis. New research that becomes available in each country is systematically integrated by the organization.

Each House is informed of any shortfalls on an annual basis. Kering's commitment to guaranteeing a decent standard of living for each employee and their family is included in the agreement signed with the European Works Council on June 7, 2023, as part of its societal and environmental commitment, one of the four dimensions of well-being at work.

To ensure that the value and wealth that Kering creates are shared fairly, it launched its first employee share ownership plan in 2022, KeringForYou. The program was offered to Group employees based in France, Italy, the United Kingdom, the United States, mainland China, Hong Kong SAR, Japan and South Korea, representing 80% of Kering's total workforce.

3.3.2 Executive pay

Within Kering's senior management, the remuneration of 300 people in particular is monitored by the Group's Human Resources department, with the aim of ensuring internal consistency and competitiveness in light of industry practice.

The remuneration structure for senior executives (portions allocated as base pay and as short-and long-term variable remuneration) is defined by the Group. It varies in accordance with the level of responsibility assigned to the role. The short-term variable remuneration (annual bonus) policy aims to reward senior executives for meeting objectives – in part financial and in part individual – set in line with the strategy of the Group and the Houses. Financial performance is assessed on the basis of two indicators, dedicated to measuring profitability (recurring operating income) and assessing the quality of the free cash flow of the Group and the Houses.

The long-term incentive policy, meanwhile, meets two objectives: rewarding executive teams for both their performance over time and their loyalty to the Group.

Since 2020, all executives have had performance shares, which now represent the main element of Kering's long-term incentive schemes. The number of shares granted to each executive varies with their level of responsibility. The number of shares delivered at the end of the vesting period depends on Kering's share price performance compared with a panel of luxury goods stocks.

For executives working within a Group House, the Kering performance shares are accompanied by monetary units in the same proportion, linked to the valuation of the House for which they work. These monetary units were launched in 2013 and their unit value evolves over time in line with the increase in the House's value. At the end of a three-year vesting period starting from the year that the monetary units were granted, executives have the opportunity to exchange their monetary units during each of the subsequent two years.

3.3.3 Employee benefits within the Group

In addition to monetary remuneration, Kering has always placed great importance on offering its employees healthcare, disability/life cover and pension benefits, as well as ensuring their well-being more generally. As well as the coverage provided for by law, almost all employees enjoy supplementary insurance through the various plans in operation in the Group's Houses. For some years, the Houses have offered more comprehensive benefit plans in line with best practice in each country. These popular plans are constantly changing to better meet employees' expectations. France is a good example of this: savings, pensions, healthcare and benefits were fully overhauled in 2022 to offer employees more suitable coverage. As well as basic coverage, plans often include benefits relating to well-being, sports, education, recreation, transportation and family support. As far as possible, these benefits are available flexibly and can be selected to meet the needs of each individual. This was the guiding spirit behind the introduction in 2020 of the ambitious Flex Benefits program for Gucci's employees in China.

Kering promotes its employees' work-life balance, which is closely associated with well-being. The Group offers flexible, hybrid working, which has now been adopted by most employees in Kering's offices. All employees receive a minimum of two weeks of paid leave per year, notably in Asia and the United States, where paid leave is not covered by local labor law. The paid leave policy allows employees to "recharge their batteries" so as to better engage with and contribute to a positive and balanced work environment.

3.4 Social dialogue

The Kering group strives to ensure ongoing social dialogue specific to each of its bodies, as well as social dialogue in France and on a European level within the Houses and the Group.

In 2021, European Works Council members had their terms of office renewed, and the EWC marked its 20th anniversary. Members of the French Works Council appointed in 2019 also underwent economic and workforce-related training. This training took place in-person in Paris and fed through into Kering's social dialogue on a national level.

In 2022, employee representative partners received training on social regulation, as well as training courses on well-being at work, and were able to negotiate on the issue of social dialogue and well-being at work.

An agreement on social dialogue and well-being at work was signed with the European Works Council on June 7, 2023. Other notable events of 2023 were the 30th anniversary of the French Works Council and the signing of an amendment to the French Works Council agreement on June 28 for the body's re-election.

3.4.1 Listening to and engaging with employees

To encourage a culture of dialogue and in line with its engagement policy, the Group favors directly informing employees via internal platforms (see section 3.2.3.).

Social dialogue has also been defined and associated with well-being at work within the framework of Kering's negotiations with the European Works Council. Fostering social dialogue to contribute to well-being at work is therefore one of the two principles of the agreement signed by Kering with members of the European Works Council on June 7, 2023.

The negotiations led by Kering on the issue of social dialogue and well-being at work in 2023 and 2022 are central to the Group's overall Human Resources strategy and make it possible to jointly devise action plans with the various entities and employee representative partners to supplement any local initiatives with the support of the managing bodies.

The agreement makes social dialogue in Europe a key element of the Group's social strategy and allows for tools to be shared with the Houses to create impetus in sharing best practices.

This agreement also strengthens social dialogue at all levels for employees and their representatives and enables ongoing and lasting improvement of dialogue with the European Works Council in addressing present-day challenges.

The number of hours for strike increased to 4,009 in 2023, compared with 1,021 in 2022 and 1,673 in 2021, in a context of economic tensions.

3.4.2 The Group's forums for social dialogue

3.4.2.1 Kering European Works Council

Created pursuant to the agreement of September 27, 2000, the Kering European Works Council (EWC) provides a Europe-wide forum for information, consultation, exchanging of views and dialogue. The principal purpose of the EWC is to remain a key intermediary in the development of social dialogue between European countries with differing realities and social practices.

The EWC is a cross-border institution and operates alongside existing national employee representative bodies in accordance with specific prerogatives in terms of receiving information and being consulted. The discussions that take place within the EWC enable employee representatives to acquire a better knowledge and understanding of the Group's organization, strategy and main challenges.

The EWC holds two three-day plenary sessions per year with Group Management, at which it is informed of and, where applicable, consulted on cross-border issues affecting the Group's employees in a manner defined in precise terms by the new agreement signed for an indefinite period.

The EWC also has a Select Committee composed of five members, elected by their peers, who meet at least four times a year to prepare and analyze the two annual plenary sessions and to discuss various issues with Group Management.

In 2021, the members of the EWC had their terms of office renewed for four years. The EWC met on two occasions, including one meeting attended by François-Henri Pinault, the Group's Chairman and Chief Executive Officer, while the Select Committee met four times. Regular meetings are also held with the EWC secretariat. The Council members newly appointed in each country met in Paris on December 1, 2 and 3, 2021.

In October 2022, the EWC's members took part in three days of in-person training on economic matters. This training plays a vital role in developing the skills of EWC members, who have regularly addressed the financial and economic issues relating to the Group as well as workforce-related innovations over the last 20 plus years.

In 2023, the EWC met on two occasions. François-Henri Pinault, the Group's Chairman and Chief Executive Officer, and the Chief Financial Officer attended the June meeting. The Select Committee met four times, including one meeting with the Group's new Deputy CEO in charge of Operations and Finance.

Kering also created a CSR Committee with the European Works Council with the framework of the agreement signed in 2023. The CSR Committee met for the first time on December 7 and discussed issues relating to sustainability with its members, making it a specific item on the agenda for the next meeting.

In 2023, the European Works Council covered 100% of employees in Europe and around 50% of employees worldwide. However, 100% of worldwide employees are covered by the social dialogue and wellbeing at work agreement signed with the European Works Council, making wellbeing associated with social dialogue a transnational issue.

3.4.2.2 French Works Council

Within all of its Houses in France, the Group engages in dialogue with employee representative bodies and as part of negotiations with unions.

Created in 1993 and renewed most recently in 2015, Kering's French Works Council represents workers in France and operates under French law. Its members, who meet in plenary sessions once a year, are kept informed of and exchange views on the Group's strategies, economic and financial imperatives, and HR management policy. Each plenary session is preceded by two preparatory meetings of members that allow them to seek expert advice and ask questions of the Board prior to the annual plenary session.

On February 27, 2020, an agreement renewing the powers and resources attributed to the French Works Council was signed unanimously by the unions for an indefinite period. Under this agreement, two days of economic and workforce-related training were provided to members of the French Works Council on September 29 and 30, 2021. The topics discussed during in-person meetings of the French Works Council in April and May and on June 4, 2021, included an update on the social, economic and financial situation of the Group and its Houses, a presentation on 2021 ethics and compliance training, and a discussion relating to questions submitted in advance by French Works Council members.

Kering also took advantage of the two days' training of French Works Council members to incorporate training on issues relating to social dialogue.

Members of the French Works Council met three times in 2022 and undertook training on social dialogue in preparation for employee representative elections at the Group's Houses. This training, provided by an expert in workforce relations, is part of the four-stage training course that has been delivered to members of the French Works Council and the Houses' HR managers since 2021 in France.

The French Works Council met three times in 2023 and executive management celebrated the Council's 30th anniversary with its members. Kering also signed an amendment to the agreement with members on June 28, 2023, concerning the re-election of the Council.

4 - WORKING TOGETHER TO BUILD SUSTAINABLE AND SOCIALLY RESPONSIBLE SUPPLY CHAINS

Kering is aware that its social and environmental responsibility goes beyond its own operations and extends throughout its supply chains. The Group further believes that respect for human rights applies to everyone, be they employees, workers in supply chains or members of local communities. These key principles are documented in the Group's Code of Ethics and Human rights Policy.

Kering helps its suppliers adopt more sustainable practices and has put in place numerous initiatives to involve suppliers in the Group's objectives and requirements with regard to sustainability and support their transition efforts.

This requires transparency and traceability within supply chains for its raw materials – and therefore the need to identify, understand and map those chains – with a view to developing synergies and priority programs wherever significant impacts are found.

SUPPLY CHAIN

Key documents
Section 4.1

Code of Ethics and Suppliers' Charter

Sustainability Principles for suppliers

Responsible purchasing approach (direct and indirect purchases)

Kering Standards

Tools and actions

Human rights and environmental due diligence
Section 2.5 and Duty of Care Plan in chapter 5

VENDOR PORTAL AND CAPACITY BUILDING
Section 4.1.2

SOCIAL AUDITS
Section 4.2

BEYOND SOCIAL AUDITS: SOCIAL IMPACT
Section 4.2.4

EP&L
Section 5.1.1

SDGs

Material topics

Crucial
- Sustainable sourcing of raw materials and alternative materials
- Living wage in the supply chain
- Health and safety in the supply chain

Major
- Sustainable procurement and responsible supplier relationships

2025 Strategy

CARE

COLLABORATE

CREATE

4.1 Relations with our direct suppliers and subcontractors (Tier 1 and Tier 2)

4.1.1 Responsible sourcing approach: key principles and documents

4.1.1.1 Suppliers' Charter

For more than 10 years, the Group's Code of Ethics has included the Suppliers' Charter, which summarizes Kering's specific expectations of its commercial partners as regards social and environmental issues. For any supplier wanting to work with Kering or one of its Houses, notwithstanding any contractual clauses, compliance with the Charter is a precondition of the business relationship. The Group requires its suppliers to commit formally to applying high ethical standards themselves and to upholding human rights.

The Charter reminds them of the need to promote human rights within their production units and among their subcontractors, and to advise Kering and/or its Houses of any serious difficulties in applying the Charter. Compliance is further measured by means of social audits at production sites (see section 4.2). The requirements of the Suppliers' Charter are applied operationally through the Sustainability Principles for suppliers, detailed below, and supplemented by the Human rights Policy.

4.1.1.2 Sustainability Principles applicable to suppliers

Kering's Sustainability Principles relate to three areas:

- social aspects that relate to human rights, the rights of workers and their health and safety: the prohibition of child labor, forced labor, human trafficking in all its forms, discrimination, harassment, living wage, compliance with statutory working hours, and respect for the freedom of association and the right to collective bargaining;
- environmental aspects, such as compliance with laws as well as restrictive lists of chemicals defined by Kering, environmental management, waste water treatment etc.;
- aspects related to the supply of raw materials and packaging, including respect for animal welfare and the five related freedoms, sourcing and traceability requirements for a number of key materials used by Kering, and the prohibition of certain substances and/or certain sourcing regions (for reasons that may relate to a high risk of human rights violations – such as child labor or forced labor – or environmental conditions) etc.

These principles are available on the Group's website and have been an integral part of supplier contracts since 2016; they are intended to provide operational guidance and details regarding the Suppliers' Charter. Each supplier is tasked with passing on these principles to its own subcontractor network if it has any.

The document was updated in 2023 and has enabled Kering to clarify its requirements regarding various themes. As such, additional information was provided to enable responsible recruitment practices. Kering expects its suppliers to pay close attention to this topic, ensuring that their employees have not had to pay any recruitment fee or a deposit in order to get a job. In such case, Kering expects its suppliers to reimburse the employees concerned. Furthermore, conscious of the importance of human rights and environmental rights defenders and indigenous peoples, Kering has formalized its expectations in this area. Finally, a reference to the Dhaka Principles for migrant workers has been added to identify examples of good practice to be implemented.

4.1.1.3 Responsible sourcing policy

The Group's general approach to responsible sourcing is based on key principles defined in its Suppliers' Charter and its Sustainability Principles applicable to suppliers. In addition, the Kering Standards: Standards and guidance for responsible production, laying down the Group's requirements in terms of responsible sourcing and traceability of raw materials in manufacturing processes (see section 5.4).

On one hand, for non-retail (indirect) purchases, the Group's Indirect Purchasing Department remains committed to responsible sourcing based on a reciprocal undertaking with suppliers to respect the Kering Code of Ethics. It also has specific commitments tailored to each category of purchases, with buyers and internal clients identifying the most relevant sustainability criteria. The Group's Indirect Purchasing Policy includes standards of conduct relating to responsible sourcing. It sets out the priorities to be shared and applied by all Group employees to manage sourcing ethically and responsibly. The policy was updated in 2023. To date, all buyers are trained and made aware of responsible sourcing practices, and standard purchases include CSR selection specifications and criteria.

Kering has signed since 2014 the "Responsible Supplier Relations and responsible purchasing" Charter issued by the French Ministry of Economy and Finance. The Charter contributes to building a balanced and sustainable relationship between signatories and their suppliers.

On the other hand, for direct purchases, the Group's Direct Procurement department supports Kering's Houses in reaching the 2025 target of ensuring that 100% of the raw materials it purchases are aligned with the Kering Standards. Since 2021, the team has implemented procurement framework contracts, when possible, at Group level to support the sourcing of raw materials in the form of yarns and fabrics that are aligned with the Kering Standards and certified, ensuring availability of key commodities at negotiated prices and agreed lead times. A harmonized methodology is applied to all projects managed by the Direct Procurement department, and this allows a tailored approach to be taken to each raw material based on its market characteristics.

4.1.1.4 Kering Standards: adoption and dissemination

In 2012, Kering set out basic principles and guidelines on responsible sourcing, known as the Kering Standards: Standards and guidance for sustainable production. These Standards were published in 2018 and are updated every year. They can be downloaded in English, Italian and French from the Group's website.

They set out the criteria that the Group and its suppliers must meet in five key areas: traceability, use of chemicals, human rights and social impact, environmental impact and animal welfare, describing the minimum requirements for Group suppliers in each of these five areas, as well as the more demanding requirements that suppliers will have to meet by 2025. They are based on founding notions of integrity (material traceability, Chain of Custody certification, etc.), circularity (use of recycled materials where possible, consideration of the recyclability of products, etc.) and the precautionary principle (no use of GMOs, no nanomaterials, etc.).

The Kering Standards cover:

- the raw materials used by the Group, representing more than 95% of its purchasing volumes;
- the Group's main manufacturing processes, namely tanning, the various stages of textile processing, leather work and shoes;
- packaging and logistics (storage and transportation), visual tools and innovation for sustainable production;
- end-of-life management for products;
- animal welfare, covering all species that form part of the Group's supply chains;
- supplementary guides relating to circularity, innovation and environmental claims.

Dedicated Standards also cover stores' planning and construction as well as stores' operations and management, with a view to minimize their environmental impacts.

Alignment with the Kering Standards is monitored by each House and consolidated at Group level through the EP&L and the Vendor Portal (see sections 4.1.2. and 5.1.1).

4.1.2 Helping our suppliers to adopt more sustainable practices

4.1.2.1 Monitoring and assessing suppliers' sustainability performance (Vendor Portal)

Since 2020, Kering has been using a supplier portal, which can be accessed online. This portal is a tool for conducting evaluations, sharing information and sustainability practices. In 2023, most of Kering's suppliers in the ready-to-wear, leather goods and shoes categories have been engaged in this process, representing 95% of purchases in these categories.

By means of dedicated questionnaires of up to around 300 questions, this portal assesses implementation of the Kering Standards across the supply chain, environmental performance, social performance and management of chemical substances of suppliers. The social questionnaire seeks increased transparency on supplier workforce (gender balance, for example), social initiatives, management of health and safety (risk assessment, incident rate, etc.), and procedures put in place to mitigate risks of forced labor and child labor. This information is used to calculate certain performance indicators for suppliers and to define the scope of new projects.

The various indicators show that:

- more than 730 suppliers representing around 69% of purchasing in the ready-to-wear, leather goods and shoes categories have completed, to date, the four questionnaires, submitting a self-assessment of their performance via the portal;
- all respondents acknowledge that they know the Group's requirements (Code of Ethics and Suppliers' Charter, MRSL and PRSL, Kering Standards);
- 46% of industrial sites state that they either buy or produce renewable energies ; around one third produce it on-site;
- 604 production sites representing 58% of purchases in the ready-to-wear, leather goods and shoes categories have shared data regarding their water consumption.

Kering and its Houses strive to develop long-lasting relationships with their suppliers, in a spirit of trust and continuous collaboration. For instance, long-term partnerships between brands and suppliers play a pivotal role in preserving, sharing and improving key know-how in a mutually beneficial way, and in ensuring the manufacturing of iconic pieces.

The Group and its Houses also encourage – wherever relevant and particularly taking account of suppliers' size – the use of certifications under internationally recognized standards for environmental management systems (ISO 14001), labor relations (SA8000) and health and safety (ISO 45001).

4.1.2.2 Awareness and capacity building

Providing technical support and helping suppliers through continuous improvement, training and awareness-raising programs are Kering's favored methods of developing environmentally and socially responsible supply chains and improving the performance of Group suppliers.

Kering and its Houses help their suppliers implement projects intended to develop their technical expertise and reduce their environmental footprint, such as:

- initiatives adopted by logistics teams to reduce the carbon footprint of their activities;
- the Clean by Design program, which aims to improve the environmental efficiency of 59 historic tier 1 and 2 suppliers located in Italy, China and Japan via dedicated training sessions and performance audits (water, energy and waste). On average, sites taking part in the program reduce their water consumption by 5-10%. Energy savings averaged 19% per site, in a range from 10% to 20%, with peaks at 40%. The program was extended to 15 new suppliers in 2023 in collaboration with other fashion Brands, under the supervision of the Apparel Impact Institute;
- programs developed in collaboration with participants in the various raw materials supply chains (see section 5.4);
- Pomellato's support for several suppliers seeking to obtain RJC CoC certification by advising them on the topic;
- the project set up by Saint Laurent and Balenciaga for their denim suppliers in Japan, to assess the environmental performance of the various participants in the supply chain (Tier 1, Tier 2 and Tier 3) and help them to improve their practices with regard to water and energy consumption, waste management, wastewater treatment and management of chemical products (application of Kering's MRSL and PRSL). After a series of site visits in 2022, the year 2023 aimed to analyze existing production processes to help suppliers adopt practical initiatives. Following phases will include operational recommendations and monitoring;

- support actions of Gucci towards its suppliers to help them implement energy-saving solutions. The House expects its suppliers to gradually increase their energy efficiency and use of renewable energy, for example by generating power on-site or through direct purchases of renewable energy. On average, across the whole Gucci supply chain, 25% of the energy used by suppliers comes from renewable sources, peaking at over 50% in leather production and 40% in shoe production;
- the program *Sviluppo Filiere* of Gucci launched in 2020 in collaboration with *Intesa Sanpaolo* bank.

Some types of suppliers are also offered training to:

- advise them on how to align their raw materials sourcing with the Kering Standards;
- raise their awareness regarding Kering's sustainability initiatives so that they understand new practices (such as the Regenerative Fund for Nature and regenerative agricultural practices);
- engage their commercial and business teams, in order to strengthen their approach to sustainable sourcing;
- encourage them to establish new commercial relationships with sustainability actors (e.g., the regenerative cashmere sourcing program);
- strengthen their management of chemicals used in the Luxury industry, with more than 250 suppliers receiving training on the MRSL and the ZDHC program.

In 2023, Kering Eyewear organized Sustainability Days with 20 of its main Italian suppliers, during which training and awareness-raising sessions were held on sustainability themes. Kering Eyewear also provided training on its Virtus blockchain system to 21 of its indirect suppliers of raw materials and components (see section 5.5.2.2). Specific training regarding ISCC Plus certification was also organized for seven of its suppliers.

The Material Innovation Lab (see section 5.5.2) supports almost 100 of the Group's suppliers by helping them with their ecological transition. The MIL does this by making a financial contribution to the costs incurred by suppliers in obtaining certification or developing more sustainable materials, and offers training on the Kering Standards.

The Group and its Houses, including Balenciaga, Boucheron and Saint Laurent, are also committed to working with organizations in the social and solidarity economy (SSE), particularly through contracts for on-site services and pilot projects. Kering Eyewear has also formed a partnership with *CAUTO Cooperativa Sociale*, a network of social cooperatives in Italy that helps integrate disabled people.

4.2 Action to improve working conditions in our supply chains

Kering's initiatives in respect of working conditions in its supply chains form part of the Group's Human rights approach, and relate to its duty of care as presented in chapter 5 "Risk management and internal control".

4.2.1 Implementation of the social audit system within the Group

No control system, regardless of how mature and tested it is, can guarantee the absence of risk, and it is up to the Group and its Houses to embed the most efficient collaborative and control systems with suppliers in order to keep risk to a minimum and implement any corrective action in cases where non-compliance is identified.

Since 2016, the Group has had a single central body allowing Kering to control the compliance of Group suppliers, combining audit and risk assessment practices, known as the Hercules system. This system is built on the following six pillars:

1. the Sustainability Principles, updated in 2023, which are divided into three areas: social aspects related to human rights, labor rights, and health and safety; environmental aspects; and aspects related to raw materials sourcing and packaging (see section 4.1.1);
2. central management by Kering through a team of 37 people: depending on needs (location, workload, etc.), this team is assisted by external service providers that apply the same auditing methodology;
3. clear and uniform procedures for all the Houses, corresponding to the different stages of the supplier relationship, including activation, evaluation and termination of contract;
4. audit plans that are regularly updated to take into account new suppliers and exclude those that have become inactive. The risk assessments and audit plans are constructed on the basis of a set of gross risks and prior social audit performance;
5. a single, comprehensive audit methodology that covers human rights, health and safety, and the environment. Containing 97 questions, the comprehensive audit questionnaire is divided into 13 categories (child labor, forced labor, health and safety, freedom of association and the right to collective bargaining, discrimination, wage, the environment, etc.) and is aligned with the best standards in the field such as SA8000 and the SMETA audit standard. Findings are consolidated between the Houses in order to avoid any overlap in the audits. Follow-up audits with a smaller scope focus on the area(s) in which breaches of compliance were identified during the first comprehensive audit. In all cases, audits – both announced and unannounced – consist of document reviews, site tours, and worker interviews. A representative sample of employees is selected for those interviews, taking into account age and union representation in particular, as the case may be. These interviews are confidential. The frequency of audits depends on the results of previous audits and the criticality of suppliers. Key suppliers are audited every two years. Better-rated suppliers will be audited less frequently. Nevertheless, periodic audits are undertaken regularly to ensure compliance. In 2022 and 2023, the teams have launched a comprehensive review of the current social audit protocol and associated checklists in order to capture rising regulatory expectations and best practices in this area;

6. classification of anomalies into four categories and standard responses to each case:
   a) zero-tolerance breaches (relating to the most serious situations, specifically child labor, forced labor, irregular work, undeclared subcontractors, threats, discrimination, serious breaches of regulations, counterfeiting, etc.),
   b) serious compliance breaches:
      the supplier is given one month to resolve the breach, and a follow-up audit is scheduled to confirm that the issue has been resolved.
      Identification of a zero-tolerance breach or serious compliance breach triggers the immediate establishment of a committee bringing together the Kering audit team and the relevant House(s) to decide on the future of the relationship with the supplier. Immediate shutdown of the approval process if the supplier is in the process of being activated but has not started working; and discussions about the possibility of remediation and support for the supplier or about the need to terminate the contractual relationship if the supplier is working on one or more orders. The House makes the decision about what is the most appropriate response,
   c) moderate compliance breach:
      the supplier is given three months to resolve the moderate compliance breach, and a follow-up audit is scheduled to confirm that the issue has been resolved,
   d) observations:
      these give rise to a corrective action plan and are the subject of a dedicated checklist at the next audit. The supplier has six months to remedy the observation.

For each of the 13 categories in the comprehensive audit questionnaire, a detailed description of what constitutes zero-tolerance breaches, serious or moderate compliance breaches and observations has been prepared. For example, in the health and safety category, any situation that may endanger the lives of workers is a zero-tolerance breach; the absence of mandatory documentation on aspects capable of endangering the health or safety of employees is a serious compliance breach; the absence of mandatory documentation other than that addressing the health or safety of workers is a moderate compliance breach; and a deviation from existing procedures results in an observation. In the social category, the falsification of a certificate proving payment of social security contributions is a zero-tolerance breach; any issue relating to the minimum wage is a serious compliance breach; a failure to comply with updates to collective bargaining agreements is a moderate compliance breach; and a failure to implement laws to promote the professional integration of vulnerable people results in an observation.

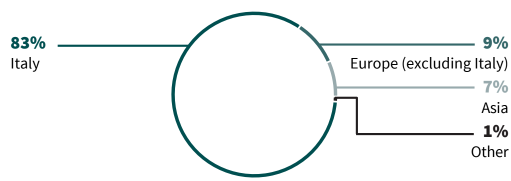
Depending on the results of audits, suppliers are classified as:

- compliant (no zero-tolerance breaches, no compliance breaches, whether serious or moderate, fewer than five observations);
- partially compliant (no zero-tolerance breaches, no serious compliance breaches, fewer than five moderate breaches);
- progress expected (no zero-tolerance breaches, more than five moderate compliance breaches or at least one serious breach);
- zero tolerance (at least one zero-tolerance breach).

4.2.2 Supply chain map

As a Group of leading global Houses, Kering operates in the Luxury market, with supply chains that are structured in a very specific way, as evidenced by the location of the suppliers in the centrally managed database in 2023.

Supplier portfolio	**Size of suppliers**	**Geographical location of Kering's suppliers in 2023**
Thousands of mostly small suppliers, highly fragmented market, high level of craftsmanship.	Average number of employees per supplier: approximately 60. Average number of employees by supplier in Italy: 40. Taking all Kering suppliers into account, this represents an estimated workforce of more than 116,000 (tier 1) and 133,300 (tier 2).	92% in Europe, predominantly in Italy (83%)[1]:



(1) Geographical breakdown in 2023 of direct suppliers and contractors, managed within the centralized system introduced by Kering in 2016.

In the supply chain, 48% of workers are men and 52% women. By type of supplier, the gender balance is as follows:

- tier 1 suppliers: 49% men, 51% women;
- subcontractors: 47% men, 53% women.

4.2.3 2023 results of supplier audits and key indicators

The supplier base managed by Kering's central team for its Houses has the following characteristics:

- it does include all production suppliers, the main suppliers of raw materials (leather, fabrics, ribbons, precious stones, etc.), Kering Eyewear suppliers and suppliers deemed strategic;
- to date, it covers 4,433 suppliers, with the following breakdown:
  - 38% Tier 1 suppliers (19% of direct suppliers that do not use subcontractors and 19% of contractors that use subcontractors),
  - 62% subcontractors, i.e., those that work for contractors and have no direct business relationship with the Houses (Tier 2 suppliers).

8.5% of suppliers were deemed strategic in 2023. Strategic suppliers are those needed to ensure business continuity due to the volume of production involved and/or their specific know-how. Furthermore, out of the total number of active suppliers in 2023, 4.8% were deemed "at risk" because they are located in countries considered by the Group to be "at risk". A country is deemed to be at risk when the indicators contained in various external databases imply that human rights risks are high or very high.

13.3% of suppliers were deemed critical in 2023 (of which 68.9% were in Tier 1 and 31.1% in Tier 2). Suppliers are deemed critical when they are strategic and/or at risk. If they meet both criteria, they are only counted once. They are given special attention in view of their importance to the business and their location.

Subcontracting without prior authorization is not permitted.

Among its suppliers, Kering also distinguishes raw material suppliers. Raw materials suppliers identified as key to the Group represent roughly 20% of all such suppliers, corresponding to approximately 80% of purchases.

Lastly, for a limited portion of its activities (fragrances and cosmetics), Kering also works with licensed suppliers, i.e., those that are under license to the Houses.

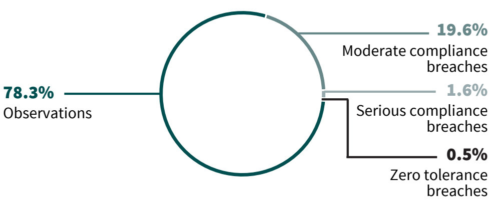
Within this portfolio of suppliers, 4,559 audits were conducted in 2023 (compared with 4,118 in 2022 and 3,420 in 2021), breaking down into 2,616 comprehensive audits and 1,943 follow-up audits. A total of 32% of these audits were carried out by Kering's Internal Audit team and 68% by external auditors, with the Group audit protocol applied in the same way for all audits conducted. This means that 75% of suppliers were audited in 2023. Some audits concern suppliers that have become inactive: 486 of the audits carried out in 2023 covered suppliers that were inactive at the end of the year, and 60% of the suppliers in the system that are now inactive have been audited since 2015.

Moreover, Kering has undertaken to audit all of its key suppliers every two years. It should be noted that "activation" audits for new suppliers are comprehensive audits, and that they therefore cover the entire scope of a comprehensive audit.

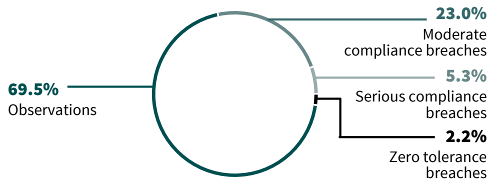
Finally, with the aim of going further back in its supply chain, Kering includes an increasing number of raw material suppliers in its audits.

At December 31, 2023, the 12,569 anomalies broke down as follows:

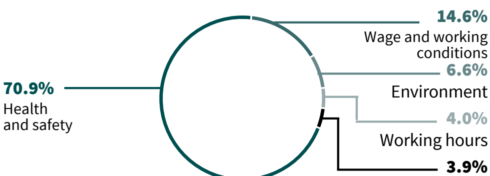
Breakdown by severity of anomalies as of December 31, 2023



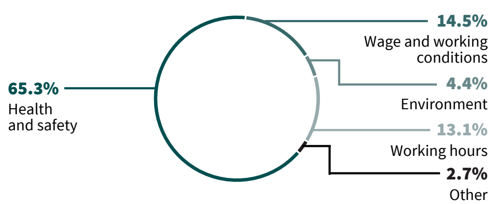
Breakdown by severity of anomalies recorded at critical Tier 1 and Tier 2 suppliers as of December 31, 2023



Breakdown by theme of the top five anomalies recorded (excluding observations) as of December 31, 2023



Breakdown by theme of the top five anomalies recorded (excluding observations) at critical Tier 1 and Tier 2 suppliers as of December 31, 2023



Following these audits, 64.8% of suppliers were rated compliant (stable compared to 2022), 29.4% partially compliant, 4.6% progress expected and 1.2% zero tolerance. A total of 49 suppliers saw their business relationship terminated in 2023 due to unsatisfactory audit results.

Robust corrective action plans were put together following the audits, wherever breaches of compliance, and particularly serious breaches, were identified. Follow-up audits were then conducted to verify the resolution of the problem. The zero-tolerance breaches identified during the audits were dealt with immediately, in accordance with established rules and in coordination with the relevant Houses. To speed up the resolution of issues, the central team held more than 409 committee meetings with the Houses. This process aimed at continuous improvement led to resolution of several serious compliance breaches and zero tolerance situations.

For example, in 2023 an audit of a new supplier revealed age-discrimination practices in its recruitment process. After this critical issue was discussed in a committee meeting, the supplier adopted practical measures to resolve this anomaly, and as a result, the anomaly was considered closed. The supplier will be reassessed in 2024.

Another example concerns a supplier where a serious anomaly was discovered in 2021 concerning breaches of statutory rules regarding overtime. After providing regular evidence that it was complying with its remedial action plan in 2021 and 2022, an audit carried out in 2023 confirmed that the company was complying with the applicable rules.

A final example concerns a supplier that did not comply with regulations regarding pay rises. After providing evidence of remedial measures (correctly reclassifying employees and issuing back pay), the anomaly was considered closed.

4.2.4 Beyond social audits: social impact

Before it establishes commercial relations with members of its supply chain, Kering focuses strongly on mitigating Human rights and social-related risks, particularly through due diligence carried out by its audit department. In addition, all first-tier suppliers are required to disclose their subcontractors, and their disclosures are checked through social audits.

As well as mitigating human-rights risks, geographical location is an important criteria when identifying the initiatives that Kering needs to adopt as regards social impact. This approach requires sustained dialogue and active collaboration with a wide range of stakeholders, including private-sector peers faced with similar challenges, international organizations that are leading the way on this topic, and technical partners that can contribute their expertise to discussions, such as living wage. Accordingly, Kering set up a social impact team in its Sustainability Department in 2021, whose role is to measure the social footprint of the Group's suppliers and provide inputs for action plans adopted by the Houses and the Group in this area.

The Group started reflecting on the just transition in order to anticipate the changes in the sector, particularly in regards to climate change and other environmental issues, taking an intersectional ecological approach. The aim is to preserve jobs and develop the skills needed to address the sector's future issues.

Accordingly, Kering and its Houses have been engaged in several initiatives and collaborations to develop its approach and explore priority areas of action for the Group:

- 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 Metrics & Impact and (iv) Diversity & Inclusion;
- Kering is a founding member of the Fédération de la Haute Couture et de la Mode (FHCM) working group focusing on measuring social impact selected by its members (particularly regarding the living wage and gender equality). Kering leads certain working groups so that the Luxury industry in France uses the same evaluation methodology;
- Kering is a member of the Capitals Coalition, a global nonprofit platform that supports the use of different types of capitals (particularly human, natural and social) for companies to make strategic decisions. Kering has also contributed to the development of courses regarding social and human capital, which are freely accessible online;
- Kering is continuing its collaboration with the Fair Wage Network around the living wage in its supply chains;
- in 2023, Kering became a strategic partner of the Wage Indicator Foundation's initiative to make living wage estimates freely available to the public;
- Kering continued to organize internal living wage workshops, bringing together various Group's stakeholders and its Houses, aimed at driving collaborative efforts.

5 - RESPECTING AND PROTECTING THE ENVIRONMENT IN OUR OPERATIONS AND VALUE CHAIN

The Care pillar of the Group's Sustainability Strategy, Kering's environmental policy, defines the goals set by the Group in terms of improving its environmental impact and protecting the environment. In operational terms, this vision is expressed by means of a series of guidelines and two strategic tools:

- the EP&L, which measures all the Group's environmental impacts across the entire value chain;
- the Kering Standards: standards and guidance for sustainable production.

Key documents

Sections 5 and 4.1

2025 Strategy and Environmental Policy

Climate Strategy | Biodiversity Strategy | Circularity Ambition

Sustainability Principles for suppliers

Kering Standards

Objectives

SBT **1.5°C** trajectory and **Net Zero** commitment	**40% reduction** in Scope 1, 2 and 3 emissions in absolute terms	**40% reduction** in EP&L Intensity (achieved since 2021)	**100 %** alignment with the Kering Standards
100 % traceability of raw materials	**1 million** hectares regenerated	**35% reduction** in water consumed by tanneries owned by the Group	**100 %** of electricity from renewable sources (achieved since 2022)

Tools and actions

VENDOR PORTAL AND SUPPLIER CAPACITY BUILDING
Section 4.1

EP&L
Section 5.1.1

SBTN
Section 5.3

MRSL AND PRSL LISTS
Section 5.3.3

SUSTAINABLE SOURCING AND USE OF RAW MATERIALS
Section 5.4

SUSTAINABLE INNOVATION
Section 5.5.2

SDGs

Material topics

Crucial
- Climate change
- Biodiversity
- Sustainable sourcing of raw materials and alternative materials
- Circular economy and regeneration

Major
- Manufacturing processes
- Animal welfare
- Sustainable packaging and waste management

Core
- Water stewardship

2025 Strategy

CARE

COLLABORATE

CREATE

5.1 Management of our environmental impact and the EP&L, the cornerstone of our approach

5.1.1 The EP&L, Kering's Environmental Profit & Loss account

Since 2012, Kering has measured and quantified its progress toward becoming a more sustainable Group through its EP&L. The Group made a commitment to reduce its EP&L intensity by 40% by 2025 compared with 2015 (in € thousands of revenue), and achieved this target in 2021.

5.1.1.1 Approach

The EP&L covers six categories of environmental impact: greenhouse gas emissions, air pollution, water pollution, water consumption, waste production and land use. It allows Kering and its Houses to measure their impacts on natural capital across their entire value chain, firstly in terms of physical units (e.g., tons of CO_2 equivalent, hectares of occupied land, tons of pollutants), and then assign a monetary value. The EP&L results make it possible to:

- translate environmental impacts into a common business language;
- compare environmental impacts between separate units;
- compare, for any given environmental indicator, the magnitude of an impact for different locations;
- facilitate comparisons between Houses and business units;
- ultimately, choose between and prioritize actions.

The results should not be seen as a liability or a cost for Kering. Rather, they represent a way of assessing the cost to society of environmental changes stemming from the activities of the Group and its suppliers, by taking into account local contexts and the impacts on local populations. The construction of the EP&L draws on databases containing a level of uncertainty inherent in the principle of evaluating environmental impacts using LCA (Life Cycle Analysis) methods and economic modeling tools.

In 2023, Kering continued its work, seeking to:

- increase automated data collection and incorporation of data obtained from financial consolidation processes;
- increase the reliability of the data used in the EP&L by enhancing control processes. The voluntary limited assurance for its EP&L data by an independent third-party organization, renewed in 2023, is included at the end of this NFIS. This method strengthens Kering's approach and increases confidence among stakeholders;
- extend the scope covered, thanks in particular to the incorporation of environmental and monetary impacts associated with improving the measurement of greenhouse gas emissions (newly calculated Scope 3 categories, see section 5.4.2.1), accompanied by a new breakdown of impacts between those directly related to products and their commercialization, and those resulting from the Group's transversal operations.

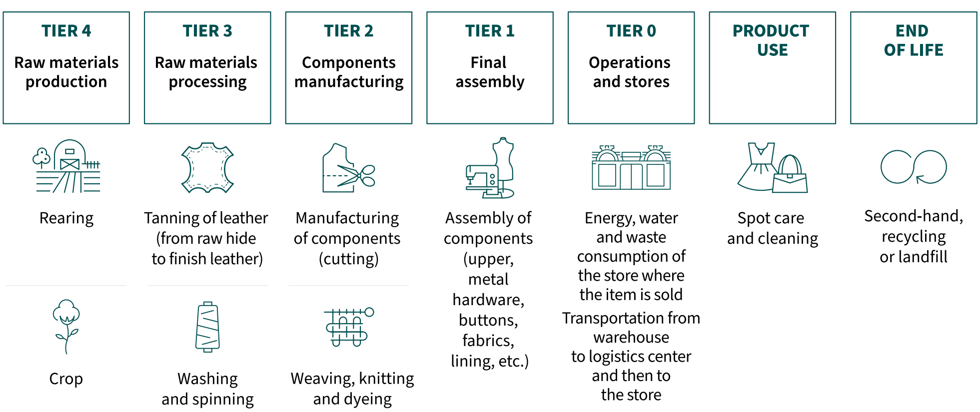
The methodological note on environmental reporting – available on the Kering website – explains the rules, scopes and calculation assumptions relating to the EP&L. It summarizes the framework developed and sets out the key aspects of the methodology, as well as the elements of the estimation process that shape the approach used and the calculations made, including assumptions about coefficients and monetization.

Kering has shared its 2023 EP&L results, together with the coefficients used in the calculations, on the open-source platform kering-group.opendatasoft.com.

Scope covered by the EP&L approach

The EP&L measures Kering's environmental impacts across its entire value chain, divided into seven tiers, from production of the raw material used to make its products through to end-of-life of sold products. The graphic below exemplifies in an non-exhaustive way these tiers for two products, one made from leather and the other made from cotton.

Steps of the value chain covered by the EP&L[(1)]



(1) Tier 0: these operations include transversal activities not necessarily related to the products' life cycle and their commercialization.

5.1.1.2 Optimization strategy

As the cornerstone of its environmental approach, the EP&L also serves as a strategic management tool by which Kering lays out its roadmap in terms of sourcing strategy, choice of materials and production and transformation processes, allowing it to prioritize the Group's sustainability projects and guide the day-to-day choices of decision makers to reduce Kering's environmental impact. Each year, the results and lessons learned from the EP&L are reviewed by the top management of each House. They then share with Kering their action plans and the main benefits expected in terms of reducing their EP&L footprint.

The main levers to improve the Group's environmental impact are:

- implementation of the Kering Standards: applicable to all of the Group's Houses and their suppliers, the Standards provide guidelines geared toward reducing the Group's environmental footprint;
- the roll-out of targeted projects, including:
  - choice of materials, as regards both the actual materials or the way they are produced (location, production processes) such as chrome-free tanning technology or improvements in suppliers' environmental performance,
  - collaboration between the Houses and their various departments: improving material traceability, setting up materials purchasing platforms aligned with the Kering Standards, or support for positive-impact initiatives in supply chains. This is done without compromising the confidentiality or image of each House;
- seeking out disruptive innovations in raw materials and manufacturing processes to drastically reduce the EP&L footprint by developing groundbreaking technologies (circularity, biotechnology, blockchain, big data, etc.).

Main actions to reduce the Group's environmental impact across the entire value chain

TIER 4 | TIER 3 | TIER 2 | TIER 1 | TIER 0 | PRODUCT USE | END OF LIFE

IDEA LABS
Inter-House working groups on specific topics. *See section 5.1.2*

SMART SOURCING

Material Innovation Lab (MIL) and Jewellery Innovation Lab (JIL)
Supporting Houses in the integration of more sustainable raw materials into their collections.
See section 5.5.2

Identifying and securing sources of sustainable supplies
Leather
Precious skins
Organic cotton
Wool and cashmere
Synthetic fibers
Cellulosic fibers
Gold and precious metals
Diamonds and precious stones, etc.
See section 5.4.2

Animal welfare
Steering Kering Animal Welfare Standards for all species used by the Group.
See section 5.4.3

R&D investment
In alternative materials (mushroom leather, etc.) or circular materials (recycled fabrics, etc.).
See sections 5.4 and 5.5.2

SMART SUPPLIERS

Clean by Design
Program to support suppliers in their environmental efficiency.
See section 5.2.3

Chemicals management
Product integrity (PRSL), upstream protection of workers and the environment (MRSL), heavy-metal-free tanning.
See section 5.3.3

Circular economy
Recycling production offcuts, adapting processes to use more recycled materials.
See section 5.5

Innovation
Supporting start-ups offering solutions in dyeing, production, etc.
See section 5.5.2

Animal welfare field evaluations
See section 5.4.3

SMART OPERATIONS

Guidelines for sites
Guides for stores, offices, warehouses and events.
Standards for logistics.
See section 5.1.2

Group purchasing of renewable electricity
A renewable electricity monitoring and purchasing program available to all Houses.
See section 5.2.4

Site certification and equipment efficiency
Recommendations regarding certifications (LEED, HQE, BREEAM).
Improving energy efficiency through renovation and maintenance.
Consideration of sustainability performance in new store concepts.
See section 5.2.4

Improving the energy efficiency of transport
See section 5.2.4

CIRCULARITY

Durability by design
Design excellent products that are made to last and offer repair and renovation services to ensure a long life.
See sections 5.5.2 and 5.5.3

Give products a second lease of life
Development of new business models such as selling second-hand products.
See section 5.5.3

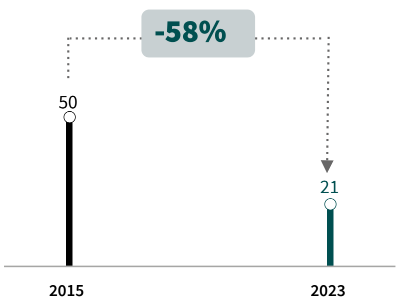
Reuse, upcycle, recycle
Management of unused materials and unsold or damaged goods.
Development of AI to optimize production and on-line distribution using sales forecasts.
See section 5.5.3

Eliminate single-use plastics
See section 5.5.4

5.1.1.3 EP&L results in 2023

Kering set the target in 2017 of reducing its EP&L intensity (in € EP&L/€ thousands of revenue) by 40% between 2015 and 2025. This target was achieved in 2021, four years ahead of schedule. In 2023, Kering confirmed its trajectory to reduce its environmental footprint, with a 58% reduction in intensity compared to the 2015 baseline year with an identical EP&L scope of calculation[2]. In 2023, Kering was able to demonstrate the effectiveness of its environmental strategy by means of its ongoing commitment to reducing its impact through effective programs and actions across the entire value chain.

Change in Group EP&L intensity 2015 to 2023 ***(€EP&L/€ thousand of revenue)***



EP&L impact (*in € millions*)

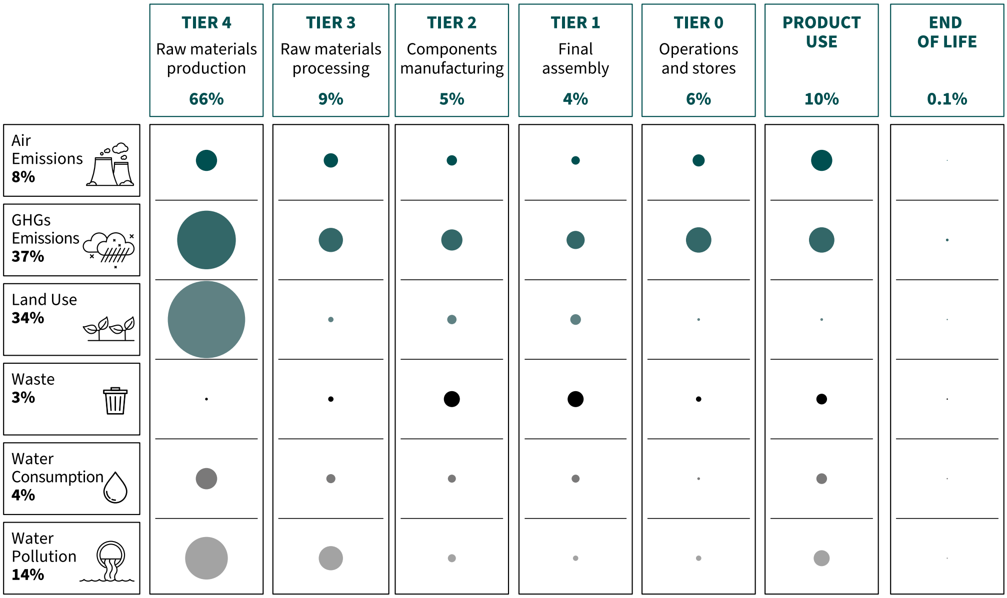
The Group's overall environmental impact in 2023 across all categories amounted to €498 million, broken down into two parts:

- **Environmental impact relating to the products' life cycle and their commercialization**, which comes to €429 million, or 86% of the Group's total EP&L footprint. These impacts are divided between the various tiers of Kering's value chain and according to the various types of environmental impact, as shown in the chart below. The value chain (Tier 1 to 4) represents the majority of the Group's environmental impact relating to the products' life cycle and their commercialization, accounting for 84%, of which 75% attributable to the production of raw materials (Tier 4) and their initial processing (Tier 3). The product use and end-of-life phases account for 10% and 0.1% of these impacts respectively. The impacts relating to Kering's own operations, or Tier 0 (consumption of water resources, energy, waste, etc., from stores, tanneries, warehouses and other Kering sites, as well as the impact of its logistics activities), account for 6% of the EP&L impacts of the Group's products.

  Greenhouse gas (GHG) emissions and land use remain the predominant impact indicators, accounting for around 71% of the impact. This confirms Kering's environmental priorities.

(2) Identical calculation scope means that 2023 data is presented according to 2015 EP&L categories. Accordingly, 2023 data do not include the environmental impact of categories added to the footprint since 2015 (impacts related to use of products, end-of-life of products, capital expenditure, franchises, financial investments, employee commuting and waste, corresponding to categories 2, 5, 7, 11, 12, 14 and 15 of Scope 3 of the GHG Protocol). Subsequent methodological changes to the baseline year categories, such as extension of the scope calculated for IT services, have not been applied to the baseline year because of a lack of available data for 2015. It should be noted that as part of an ongoing improvement process, these changes have allowed for more accurate measurement of the Group's environmental impact, leading to an increase of the 2023 impact compared with 2015, and therefore to an underestimation of the baseline year,increasing the level of performance reported. For more details about changes to the EP&L methodology in 2023, refer to the methodological note.

Breakdown of the monetized environmental impact relating to the products' life cycle and their commercialization



- **The environmental impact resulting from the Group's transversal operations not directly related to its products** comes to €69 million, or 14% of the Group's total EP&L footprint.

  Kering's transversal impacts concern its capital expenditures (CapEx), franchises and financial investments, business travel and employee commuting, company cars and purchase of services (OpEx), corresponding to part of Scope 1 of the GHG Protocol, as well as part of categories 1 and 3 and categories 2, 6, 7, 14 and 15 of Scope 3 of the GHG Protocol. The amount of these impacts has been valued solely on the basis of greenhouse gas emissions associated with these categories (tons of CO_2e converted into monetary impact).

5.1.2 Internal organization and management

5.1.2.1 Internal organization and managing the network

In addition to the organization and governance of Sustainability (see section 1.5), the management of the Group's environmental objectives and their operational application draws on multidisciplinary committees, bringing together other key functions at Kering and its Houses to ensure the implementation of its action plans and initiatives.

In 2023, Kering pressed ahead with its Idea Labs: working groups bringing together experts and operational employees from the Houses with a view to implementing practical solutions to improve the Group's impact and support its transformation. The themes covered in 2023 include:

- the Kering Standards: standards and guidance for sustainable production;
- standards for stores and offices;
- Clean by Design and energy-savings and purchasing of green energy in the supply chain;
- evolution of regulations concerning ecodesign (ESPR) and the digital passport program (DPP), as well as circularity and environmental labelling;
- repairability practices;
- help and support for suppliers with adopting sustainable practices;
- the Group's commitment to deforestation;
- materials innovation;
- regenerative agriculture;
- management of chemicals;
- best practices in customer communications on sustainability;
- issues specific to the jewelry industry and precious stones.

5.1.2.2 Reporting scope, tools and methodology

Produced each year since 2003, the Group's environmental reporting draws on around 100 indicators representing the various Houses' environmental concerns.

The scope covers all Group entities under operational control, more specifically entities that are integrated and consolidated into Kering's financial statements. The rules governing the inclusion and exclusion of entities are as follows:

- new entities (or business units) are included in the reporting scope two years after their integration;
- entities sold during the year are included in the reporting scope until the date they are sold.

Kering Beauté (including Creed) and Maui Jim (business unit of Kering Eyewear) are not included in the reporting scope for 2023.

To ensure consistent and standardized reporting practices across the Group, reporting tools are used at all Houses, as well as reporting protocols and annual training courses, in addition to internal communications via the Group's corporate social media.

The methodological note on 2023 environmental reporting provides all necessary information regarding the environmental reporting protocol, such as the scope covered, calculation methods, data sources and key measurement assumptions, as well as clarifications regarding the methodology used for application of the Taxonomy Regulation (see section 5.6). It is available in the Sustainability/Measuring our impact/Reporting and indicators section of the Group's website.

5.1.2.3 Certification procedures

The number of Group sites for which certification attesting to the implementation of an environmental management system (such as ISO 14001) is relevant remains limited due to the nature of the Group's activities. These certifications are sought primarily for the sites that have a more significant environmental impact, such as large logistics centers and tanneries. In 2023, all tanneries owned by the Group were ISO 14001 certified and 86% had LWG (Leather Working Group) certification[3].

All Gucci's Italian stores and outlets have both SA8000 and ISO 45001 certification, and its production sites and offices are also ISO 14001 and ISO 45001-certified. In 2019, Gucci also obtained ISO 20121 Sustainable Events (fashion shows and advertisements) certification for its Guccio Gucci business (see section 6.1.2).

5.2 Acting against climate change

Kering follows the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Within this framework, Kering has identified among its environmental impacts a significant contribution to climate change. The Group's 2023 EP&L results show that 37% of Kering's monetized environmental impacts related to the products' life cycle and their commercialization concern greenhouse gas emissions. This is in addition to climate-related impacts resulting from the Group's cross-business operations that are not directly related to its products – such as capital goods and employee commuting – which also emit greenhouse gases and account for 14% of the Group's total monetized impact.

The Group has therefore made climate action a key part of its Sustainability Strategy by means of a dedicated Climate Strategy, which includes climate change mitigation and adaptation measures and aims to transform Kering's and the industry. This strategy can be found on the Group's website.

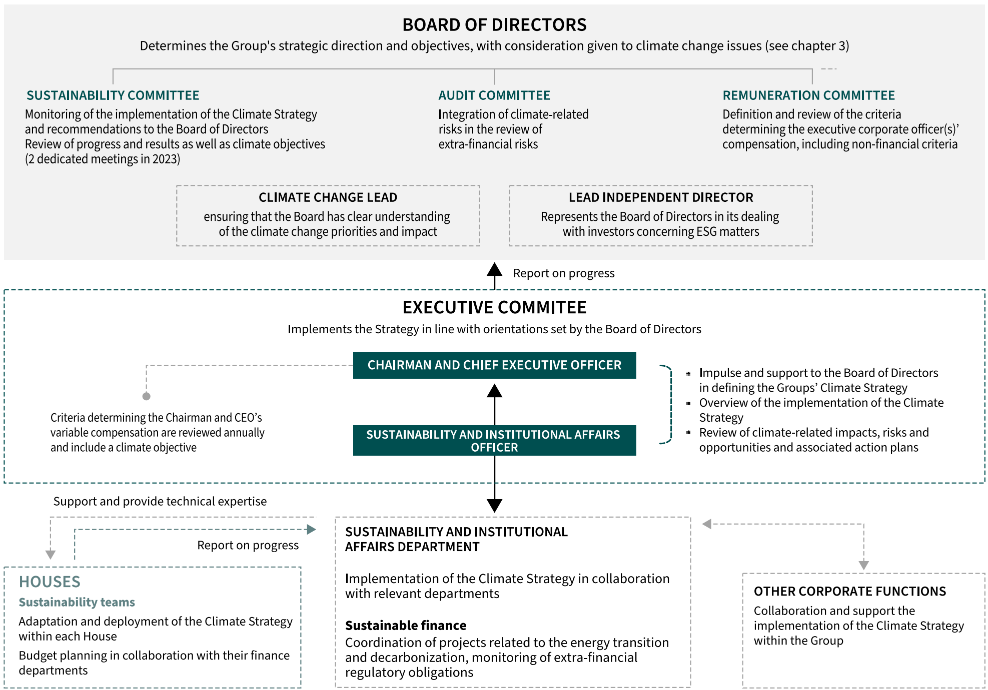
All the Group's climate action measures are part of a continuous improvement process, with the aim of stepping up its ambitions and aligning with best practices and scientific developments. In 2023, the Group worked on improving measurement of its greenhouse gas emissions (GHG, see section 5.2.4). It also introduced a new absolute target in 2023 for reducing its GHG by 40% between 2021 and 2035. This target is accompanied by an enhanced decarbonization roadmap, with a specific adaptation for each House.

Kering's commitment is being recognized externally. The Group received a CDP Climate 2023 rating of A and is still included in the Climate A-List. The Group's response is publicly available on the www.cdp.net website.

(3) Including one until May 2023.

5.2.1 Kering's climate governance

Kering has adopted a governance and organizational structure (as set out in chapter 3, "Corporate governance") that takes full account of the challenges relating to climate change in steering the company's overall strategy.



5.2.2 Identifying and assessing the climate-related risks and opportunities for Kering

Kering set up a TCFD working group in 2020 (finance, financial communication, risk management) under the leadership of the Sustainability department and with the support of internal and external experts.

This section, which follows TCFD recommendations, sets out the outcomes of this work and includes forward-looking statements based on current general assumptions and estimates concerning planned events and other variables.

The climate scenarios are based on a mix of assumptions and information about climate models and other factors such as the economic and geopolitical context, drawing on both publicly available data and information held by the Group.

5.2.2.1 Climate scenarios

As the first step in identifying the main risks and opportunities relating to climate change and assessing their impact for the Group, Kering devised two Group-specific climate scenarios in 2021, which were updated in 2023 on the basis of more recent assumptions, in particular the latest IPCC (Intergovernmental Panel on Climate Change) report published in 2022 (AR6).

Kering-specific scenario	Description of the scenario	Scenarios used
Paris Agreement: temperature rise limited to +1.5 °C in 2100	Numerous measures to anticipate and mitigate climate change, international cooperation by all governments and international institutions, continuing gradual rises in already high carbon prices, and significant efforts to raise consumer awareness about climate change and its consequences	• Physical scenario: RCP 2.6 • Transition scenario: NGFS Net Zero 2050 • Socioeconomic narrative: SSP 1
No mitigation: temperature rise of around +4 °C in 2100	Increase in emissions at the current rate resulting in extreme climate-related impacts, economic development driven by fossil fuels, lack of cooperation between governments and international institutions, low carbon prices, no efforts to raise consumer awareness and limited demand for sustainable products	• Physical scenario: RCP 8.5 • Transition scenario: NGFS Hot House World • Socioeconomic narrative: SSP 5

Assumptions are based on climate scenarios provided by the scientific community, in particular the RCP (Representative Concentration Pathways) scenarios used as a reference by the IPCC for physical scenarios, NGFS (Network for Greening the Financial System) transition scenarios for transition risks, as well as modeling by experts such as the IEA (International Energy Agency), the World Bank and the WRI (World Resources Institute). Specific ad hoc databases recognized by the scientific community have also been used for some risks (World Bank for carbon prices, WRI Water Risk Atlas, etc.). These scenarios also take account of the recommendations of ISO 14090/91 and the TCFD.

Three time horizons were considered: 2030 (short-term), 2040 (medium-term) and 2050 (long-term). Also drawing on the results of Kering's EP&L, the whole value chain was included in this analysis framework.

Drawing on these assumptions, the scenarios devised are based on socioeconomic narratives (SSP – Shared Socioeconomic Pathways) coupled with technical climate characteristics (RCP scenarios) and transition scenarios (NGFS scenarios).

These scenarios have helped with the identification, description and assessment of the Group's climate risks and opportunities.

5.2.2.2 Identification of climate risks and opportunities

Drawing on these two scenarios, Kering has mapped the Group's climate risks and opportunities, identifying 27 main physical and transition risks relating to climate change with potential consequences for its operations and upstream and downstream value chain, including in particular: the impact of climate change on the availability and cost of raw materials (leather, plant and animal fibers); disruptions to the supply chain or downstream transportation chain due to extreme meteorological events; higher operating and capital expenditures relating to energy efficiency and the impact of carbon pricing. The seven opportunities identified include promoting regenerative agricultural practices in Kering's supply chain, development of strategic relationships with suppliers on climate issues and increased consumer demand for climate-friendly sustainable products.

Kering intends to manage climate-related risks and opportunities, anticipate their effects and ensure its resilience by adapting its business model, governance and decision-making processes, and its supply chain. The assessment, review and management of climate risk is an integral part of the Group's risk management (see section 1.3.3 and chapter 5 of this document).

5.2.2.3 Impact assessment

This risk mapping has resulted in different ways of assessing the impact of risks and opportunities, which feed into the review of policies and strategic directions. As part of a process of continuous improvement, areas for action to enhance the Group's climate risk management have been identified in response to this assessment, as well as the prioritizing of action plans.

As an illustration, the four risks and the opportunity detailed in the table below have been identified as material for the Group, and Kering has conducted an assessment of their financial impact. The analyses performed at this stage have not demonstrated any material impact on the Group financial statements.

Category of risks and opportunities	Activities affected	Description of impact	Impact on the Group's strategy and action plans
Chronic physical risk	Upstream value chain	**Impact of heat stress on the availability of bovine leather** The Group could face an increase in bovine leather prices due to reduced availability, caused by a mortality risk of cattle as a result of increased heat stress.	Strategy: Kering relies on nature-based solutions, in particular choosing raw materials from regenerative agriculture. Objective: Support the transition towards regenerative agricultural practices for 1 million hectares by 2025. Action: In 2021, Kering created the Regenerative Fund for Nature to support the transition towards regenerative agriculture among farmers. Seven projects are currently supported, including on leather.
Chronic physical risk	Upstream value chain	**Impact of climate change on cotton availability and yields** The Group could face an increase in cotton prices due to reduced availability, caused the impact of climate change on yields.	Strategy: A team of specialists is dedicated to raw materials sourcing, Kering Standards definition, relationships with suppliers and monitoring the Group's environmental impact with the EP&L. Objective: Reach 100% of raw materials aligned with the Kering Standards by 2025. Action: The Kering Standards favor the use of organic cotton and encourage suppliers to adopt regenerative agricultural practices relating to better water management in particular.
Chronic physical risk	Upstream value chain and direct operations	**Impact of repeated extreme climate events on the operations of certain directly owned sites and suppliers** Depending on their location, the exposure of certain sites – in particular tanneries and slaughterhouses – to water stress could affect hide production if water use is reduced or even interrupted, which could lead to activity disruption. Some sites' operations could also be affected by reduced employee productivity due to weather conditions, as well as higher operating costs, particularly relating to energy.	Strategy: The Group is working on adopting a water management strategy, in particular at its tanneries. Objective: Decrease by 35% the absolute quantity of water used between 2022 and 2035 in owned tanneries. Action: Kering invests in water efficiency projects and looks for new tanning methods to reduce water consumption and pollution discharges.
Transition risk	Upstream value chain and direct operations	**Increase in direct and indirect costs relating to carbon pricing** The Group could be subject to a rise in operating costs relating to energy, transportation and different materials due to more products being covered by a carbon pricing mechanism in regions where climate policies are being reinforced.	Strategy: Kering has initiated efforts to reduce its carbon footprint to reduce the impact of this risk for the Group. Objective: Decrease by 40% in absolute value all of the Group's greenhouse gas emissions between 2021 and 2035. Action: Kering has already engaged operational and capital expenditure to decarbonize its operations and value chain.
Opportunity	Direct operations	**Reduction in direct operating costs by using renewable energy** The Group could reduce operating costs relating to electricity purchased by sourcing renewable electricity, due to the expected increase in conventional electricity prices linked with carbon pricing and expected greater volatility in fossil fuels prices.	Strategy: Using renewable energy is one of the Group's central objectives in order to achieve its objectives for reducing Scope 1 and 2 emissions. Objective: Reach in 2022 100% renewable electricity in all sites. Action: In addition to buying renewable energy certificates, which allowed for 100% renewable electricity to be achieved in all countries where this is possible in 2022 and 2023, the Group is installing solar panels on some of its sites, such as the Trecate logistics center, and developing a Collective Virtual Power Purchase Agreement (CVPPA) as part of the Fashion Pact in Europe.

5.2.3 Kering Climate Strategy: gearing our business model to address climate issues

Kering has developed a Climate Strategy based on four main areas:

1. Mitigation of climate-related risks by reducing emissions	**2. Adaptation and resilience thanks to nature-based solutions**
3. Positive contribution to climate change mitigation	**4. Industry transformation**

5.2.3.1 Pathway for mitigating greenhouse gas emissions and decarbonization strategy

5.2.3.1.1 Targets for reducing the Group's carbon footprint

In 2016, Kering was the first luxury goods group certified by the Science Based Targets initiative (SBTi) for its carbon footprint reduction targets. It has drawn up an ambitious Climate Strategy based on three complementary short-, medium- and long-term objectives:

BY 2030	BY 2035	BY 2050
SHORT TERM	MEDIUM TERM	LONG TERM
Objectives verified by SBTi, in line with the objectives of the Paris Agreement: • Absolute reduction of 90% in Scope 1 and 2 greenhouse gas emissions relative to 2015 (ambition aligned with a 1.5°C pathway) • Intensity reduction of 70% (tCO_2/€ millions of gross margin) in Scope 3[1] greenhouse gas emissions relative to 2015	Absolute reduction of 40% in Scope 1, 2 and 3[2] greenhouse gas emissions relative to 2021	**Objective of contributing to the carbon neutrality (net zero)** Kering has committed to becoming net zero by 2050, in line with the ambitions of the Paris Agreement

(1) See section 5.2.4 for a description of the Scope 3 categories taken into account in this objective.
(2) All Scope 3 categories are taken into account in this objective. Details of the categories are provided in section 5.2.4.

5.2.3.1.2 Transition plan and decarbonization strategy

To achieve these objectives, the Group has made a commitment not only with regard to its own operations but across its entire 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, scaling up of pilot projects and best practices (sourcing, circularity, innovation), and development of new business models.

Group operations (Scopes 1 and 2)

- **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 strengthened its energy efficiency strategy with an energy-saving plan implemented by all Houses and headquarters;
- **optimizing sites' energy efficiency:**
  - the Kering Standard for Stores defines expected performance levels on the basis of 11 priority themes, including energy management, lighting and renewable energy, in particular using 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, which include criteria concerning optimum energy efficiency, as well as WELL certification (based on user wellbeing 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 electricity. 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 solar systems on roofs and car parks,
  - buying renewable electricity: 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 opts for buying renewable electricity certificates from solar or wind power systems, selecting only new or recent installations (less than 10 years old) in order to speed up the 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 Power Purchase Agreement (PPA): Kering has joined 12 brands, coordinated by the Fashion Pact, in their efforts to sign a transnational Corporate Virtual Power Purchase Agreement (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 tons of CO_2e to be avoided each year. The CVPPA will cover around one third of the Group's direct total electricity consumption in Europe, also reducing the energy cost and price fluctuations.

Across the entire supply chain (Scope 3)

The Group has launched initiatives to reduce its main emissions sources, in particular those relating to purchased goods and services and goods transportation:

- **product eco-design and sustainable sourcing strategy:** implementation of the Kering Standards for all raw materials and shift of production processes towards options with less environmental impacts, in particular in terms of carbon impact;
- **fair production:** capitalize on planification and product offering to adjust production volumes as closely as possible to sales;
- **developing the use of renewable energy 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 plant's key performance indicators (water, energy, waste) (see section 4.1.2);
- **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, functional design, reverse logistics,
  - developing alternative means of transport, particularly for the last mile,
  - improving fleet performance: Preference is given to the most efficient vehicles and aircraft, with very ambitious CO_2 emissions standards (maximum of 600 g of CO_2 per metric ton-km for air freight, EURO 6 standard for road freight).

5.2.3.2 Climate risk adaptation

Due to the impacts of climate change, Kering faces physical and transition risks as described in section 5.2.2, whose financial and operational impacts depend on the climate scenario considered for the Group ("Paris Agreement" scenario or "No mitigation" scenario as described in section 5.2.2). In particular, in the accelerated transition scenario, Kering would be more severely affected by the risks relating to transition, and in the no mitigation scenario, it would be more severely affected by the physical risks.

The transition risks to which Kering is exposed – in particular the risk relating to carbon pricing described in section 5.2.2 – are covered by the mitigation measures described in section 5.2.2. Adaptation to climate-related risks focuses in this section more specifically adaptation to physical risks.

Kering's adaptation plans vary according to the type of risk and their probability of occurrence for Kering and its value chain, such as the water use reduction policy in its operations and sites' exposure to extreme meteorological events. In terms of its upstream supply chain, Kering is working in particular on the following areas to secure its sourcing over the long-term and support nature-based solutions, in particular the development of regenerative agriculture:

- **sourcing**: implementation of the Kering Standards by suppliers with a target of 100% raw materials in line with the Kering Standards in 2025. These Standards list recommended third-party certifications in the Group's supply chain that guarantee low-impact and more resilient agricultural practices, such as organic agriculture;
- **direct support for sourcing programs for certain key raw materials**: for example, Kering has partnered with the Savory Institute to promote sourcing of raw materials from the regenerative herding system, in particular for bovine leather;
- **Kering Regenerative Fund for Nature**: the aim of this fund is to support the transition to regenerative agriculture among producers of key raw materials for the Group in order to reach the target of one million hectares in 2025. Seven projects are currently supported in leather, cotton, wool and cashmere (see section 5.3.2).

These regenerative agriculture projects support climate resilience. The practices adopted – minimizing tillage, crop rotation, maintaining plant cover – improve soil health and its ability to capture carbon, retain water and support biodiversity. These factors together help make the ecosystem more resilient to climate change impacts, such as extreme weather events and temperature fluctuations, thereby protecting the environment and ensuring sustainable production for future generations.

5.2.3.3 Positive contribution to climate change mitigation

In addition to measures of rcarbon emissions reduction, Kering has voluntarily invested since 2012 in nature-based carbon offsetting projects. These projects help to mitigate climate change beyond the Group's value chain and preserve and restore sensitive ecosystems (forests, wetlands and coastal areas), which are essential carbon sinks. They generate carbon credits for the Group, which are used to offset direct and indirect emissions from the Group and its supply chain. Since 2019, the volume of carbon credits bought by Kering has corresponded to all Scope 1, 2 and 3 emissions, excluding product use and end-of-life categories[4].

Credits come from carbon removal projects and greenhouse gas emission avoidance projects. These include programs aimed at reducing emissions from deforestation and ecosystem degradation, which are certified and verified according to international standards such as the Verified Carbon Standard (VCS) or Gold Standard.

(4) See section 5.2.4.4 for more information about carbon offsetting in 2023 and the amount of related credits.

Kering is also continuing to diversify and step up its efforts to help mitigate climate change beyond its own supply chains, in two main areas:

- support for targeted projects that use emerging techniques in key regions for the Group activities and in relationship with raw materials chains for the fashion industry: investments in Low Carbon Label projects in partnership with IDELE (Institut de l'Élevage, the French Livestock Institute) since 2020; involvement in regenerative agriculture projects coordinated by Sysfarm since 2022;
- the Climate Fund for Nature, initiated by Kering and managed by Mirova. This fund allows for new high-quality nature-based solutions projects to be launched that generate carbon credits for Kering and other co-investors: around two thirds in removal projects and one third in avoidance projects. It aims to contribute 10 million metric tons of CO_2 equivalent over 15 years for Kering and deliver additional benefits for communities, with a particular emphasis on promoting women's rights and empowerment. In 2023, this fund gathered €195.5 million of investments.

5.2.3.4 Contribution to industry transformation

THE FASHION PACT	WATCH & JEWELLERY INITIATIVE 2030
Founding member	Co-founding

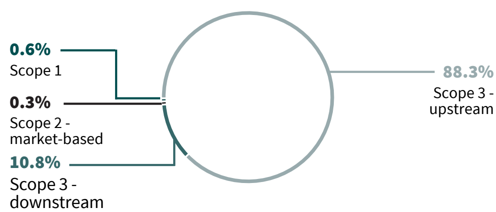
5.2.4 Measuring and results of the Group's carbon footprint

5.2.4.1 The Group's total emissions and improvement relative to reduction targets

Kering's greenhouse gas emissions as stated in the NFIS are calculated according to the GHG Protocol accounting standard[5]. All results are presented in terms of CO_2 equivalent (CO_2e) and according to the market-based methodology[6] unless stated otherwise. The methodological note on environmental reporting details the main rules for calculating the Group's carbon footprint.

The Group's carbon footprint in 2023 totaled 2,596,739 tons of CO_2e (Scopes 1, 2 and 3 according to the GHG Protocol), including 22,841 tons from energy use (Scopes 1 and 2) and 2,573,898 tons from upstream and downstream activities (Scope 3). Operations under Kering's direct control (Scopes 1 and 2) therefore account for around 1% of the Group's total carbon footprint.

Breakdown of the Group's greenhouse gas emissions by Scope



Total Group greenhouse gas emissions *(in tCO_2e)*

	2023	2022	2021	Change 2023/2022	Percentage of total 2023
Scope 1	14,918	21,660	19,281	-31%	0.6%
Scope 2 – market-based	7,923	7,598	11,227	+4%	0.3%
Scope 3	2,573,898	2,935,728	2,492,861	-12%	99%
TOTAL *(tCO_2e)*	2,596,739	2,964,986	2,523,369	-12%	

Greenhouse gas emissions (Scopes 1, 2 and 3) are also captured in the EP&L and then monetized (see section 5.1.1.3).

As part of its continuous improvement approach, the Group worked in 2023 on improving measurement of its greenhouse gas emissions, primarily within the context of defining a new pathway for reducing in emissions in order to strengthen its climate ambitions.

In 2023, the Group's carbon footprint was adjusted for 2021, 2022 and 2023 to specify the calculation of certain Scope 3 categories and add categories that had not previously been quantified. All these adjustments are shown in the table below. For more details about changes in methodology, refer to the methodological note on environmental reporting.

(5) In addition to the most recent guidelines applicable in the absence of methodological precisions from the GHG Protocol for Scope 3 category 4 (see methodological note on environmental reporting).
(6) Market-based: method for calculating GHG emissions from electricity consumption reflecting the specific features of selected power purchase agreements, including the purchase of guarantees of origin. Location-based: method for calculating GHG emissions from electricity consumption using emission factors related to the average mix of fuels used to generate electricity in a given country.

Reconciliation with GHG emissions published in the 2022 Universal Registration Document

	2023	2022	2021
Total *(tCO_2e)* as reported in the 2022 URD		**2,427,724**	**2,381,991**
Category 1 (Purchased Goods and Services) – Change in methodology for emissions relating to services purchases and update of databases		181,533	-162,065
Category 6 (Business Travel) – Change in methodology and addition of emissions related to trains and taxis		5,665	3,947
Category 11 (Use of Sold Products) – Improved perimeter accuracy		-19,023	-6,249
Category 12 (End-of-Life Treatment of Sold Products) – Improved perimeter accuracy		0	-4,715
New Scope 3 categories measured		369,087	310,460
Adjusted total *(tCO_2e)*	**2,596,739**	**2,964,986**	**2,523,369**

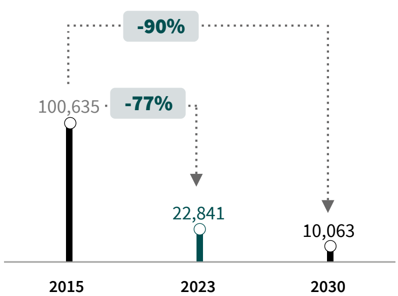
Results relative to the Group's GHG reduction targets

1. Short-term targets (certified by the SBTi)

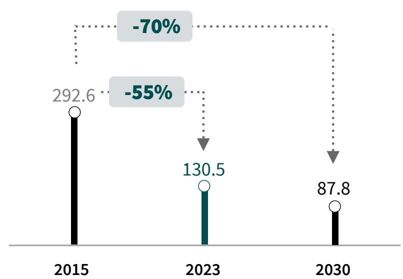
Kering's short-term targets concern Scopes 1 and 2, as well as the following Scope 3 categories[7]: Purchased Goods and Services (Cat. 1 of the GHG Protocol), Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2 (Cat. 3), Upstream Transportation and Distribution (Cat. 4), Business Travels (Cat. 6), Downstream Transportation and Distribution (Cat. 9). This corresponds to the targets validated by the SBTi in 2021 when they were certified.

The results for 2023 and the progress made relative to the baseline year (2015) and the target year (2030) are shown below:

Scopes 1 & 2 *(tCO_2e)*:
90% absolute reduction by 2030



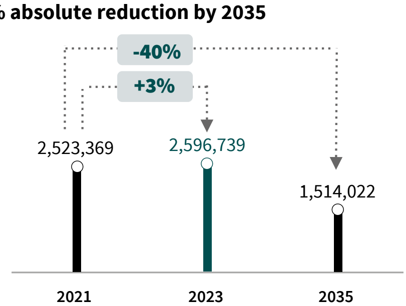
Scope 3 *(tCO_2e/€m of gross margin)*:
70% intensity reduction by 2030



2. Medium-term target

The Group's medium-term target concerns all of Scopes 1, 2 and 3 (all categories – see section 5.2.4.3). All categories of Scope 3 emissions have been included in this target following the work done by Kering in 2023 to extend the measurement of Scope 3 emissions, including the least material sources of emissions. The results for 2023 and the progress made relative to the baseline year (2021) and the target year (2035) are shown below:

Scopes 1, 2 & 3 *(tCO_2e)*:
40% absolute reduction by 2035



(7) The calculation methodology for Categories 1 and 6 has been revised for 2021, 2022 and 2023. These categories have not been amended for the 2015 baseline year. The updated calculation has resulted in an increase in corresponding emissions for 2023, which is not replicated in 2015 because of the lack of available data. This change results in an increase relative to the baseline year, which is understated.

5.2.4.2 Measuring the carbon footprint of the Group's operations (Scopes 1 & 2)

In 2023, GHG emissions relating to operations under the Group's direct control (Scopes 1 and 2) amounted to 22,841 tCO_2e (1% of total emissions). In accordance with the GHG Protocol, these emissions correspond to the following for Kering:

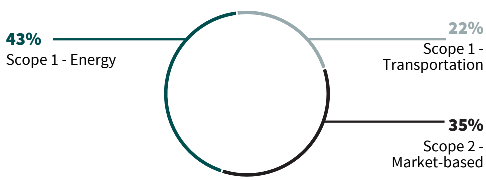
- direct emissions from on-site fuel usage and fuels consumed by Kering's company cars fleets (Scope 1), representing 14,918 tCO_2e in 2023;
- indirect emissions from electricity, steam, heating and cooling production (Scope 2), representing 7,923 tCO_2e (market-based) in 2023.

Sources of emission factors used are set out in the methodological note on environmental reporting for 2023.

Scopes 1 and 2 greenhouse gas emissions *(tCO_2e)*

	2023	2022	2021	Change 2023/2022
Scope 1	**14,918**	**21,660**	**19,281**	**-31%**
Energy sources	9,852	12,091	13,728	-19%
Natural gas	9,753	11,577	12,993	-16%
Heating oil	90	273	488	-67%
LPG	0	20	17	-100%
Other energy sources	9	221	230	-96%
Company cars	5,066	9,569	5,553	-47%
Scope 2 – Market-based	**7,923**	**7,598**	**11,227**	**+4%**
Electricity	7,299	7,055	10,828	+3%
Steam, heating, cooling	624	543	399	+15%
TOTAL Scopes 1 and 2 market-based *(tCO_2e)*	22,841	29,258	30,508	-22%
Scope 2 – Location-based	**102,900**	**98,360**	**89,641**	**+5%**
Electricity	102,276	97,817	89,242	+5%
Steam, heating, cooling	624	543	399	+15%

Breakdown of greenhouse gas emissions for Scopes 1 and 2 in 2023 *(%)*



Scope 1 and 2 CO_2 emissions decreased by more than 20% in 2023, primarily as a result of a 31% reduction in Scope 1 emissions in relation to energy consumption at the Group's sites and vehicles fuel consumption.

The decrease in emissions from energy consumption at the Group's sites was due to energy efficiency efforts, in particular during winter 2022-2023. Emissions from fuel consumption by company cars are considerably lower than in 2022, mainly as a result of the updated calculation methodology, which allowed for better measurement of the Group's vehicles emissions, particularly for electric and hybrid vehicles. The Group applies environmental criteria when selecting company cars and is gradually increasing the number of electric vehicles in its fleet. As part of this effort, Pomellato, Dodo, Kering Eyewear, Saint Laurent and Kering Corporate are including hybrid and electric vehicles in their fleets. At the end of 2023, these vehicles accounted for 67% of the vehicle fleet at Gucci, 63% at Bottega Veneta and 44% at Balenciaga.

Scope 2 emissions remained stable in 2023 relative to 2022. The Group had already achieved significant reductions in these emissions in 2022 by sourcing renewable electricity in all countries where this was possible. These efforts continued in 2023.

5.2.4.2.1 Measurement of energy consumption by Kering's operations and results of energy efficiency programs

Energy consumption *(in MWh)*

	2023	2022	2021	Change 2023/2022
Renewable energies	**281,875**	**270,780**	**235,122**	**+4%**
Electricity purchased from renewable sources	266,680	261,548	229,562	+2%
Electricity produced from renewable sources on site and consumed by the Group	14,531	8,478	4,700	+71%
Biomass	664	754	860	-12%
Non-renewable energies	**69,255**	**78,866**	**90,686**	**-12%**
Purchased electricity	15,144	15,030	20,063	+1%
Natural gas	47,592	56,493	63,403	-16%
Heating oil	369	1,026	1,834	-64%
Steam, heating, cooling	6,087	5,315	4,486	+15%
LPG	0	86	72	-100%
Fuel for transportation and on-site handling	63	309	190	-80%
Other energy sources	0	607	638	-100%
TOTAL	351,130	349,646	325,808	+0.4%
Energy consumption – pro forma scope				
Total energy – pro forma scope	288,893	303,218	299,995	-5%
of which electricity	237,620	242,504	232,207	-2%
of which electricity from renewable sources	227,756	232,005	214,296	-2%
of which natural gas	45,502	54,400	60,806	-16%

Pro forma figures are calculated taking into account open sites on a full-year basis for the three consecutive reporting years considered, i.e., 2023, 2022 and 2021.

77% of the Group's energy consumption corresponds to the heating, lighting and air conditioning of stores, warehouses and offices. Electricity is still the Group's main energy source, accounting for 84% of consumption, and 95% of electricity is from renewable sources.

Total annual energy consumption remained stable in 2023. Electricity consumption increased by 4% as a result of the large number of site openings in 2023, increasing the floor space of the Group's sites by 5%. Energy efficiency efforts also led to a reduction in natural gas consumption, particularly at the Group's industrial sites and warehouses.

Energy intensity in MWh/m^2 excluding industrial sites

	2023	2022	2021	Change 2023 vs. 2022
Energy intensity excluding industrial sites *(MWh/m^2)*	0.155	0.157	0.161	-1%

The Group has adopted an energy-saving strategy aimed at reducing worldwide energy demand (from October 2022 to March 2023 relative to winter 2021-2022) by reducing the use of lighting, heating and air conditioning when they are not being used.

Thanks to energy efficiency measures, steady improvement in energy consumption has been observed since 2015 across all Group sites. Energy intensity has decreased by 26% for offices, 48% for industrial sites, 37% for stores and 31% for warehouses.

In addition, more than 300 LEED certifications were obtained by Kering and its Houses for their sites and stores in 2023. At the end of 2023, this included 147 Gucci stores and four offices, 32 Alexander McQueen stores, 45 Saint Laurent stores and four offices, and 90 Balenciaga stores.

Kering purchases Energy Attribute Certificates (EACs). In 2023, renewable electricity accounted for 95% of the Group's electricity consumption (100% in all countries where this was possible). Kering either generated its own electricity, used renewable electricity from local suppliers or purchased EACs corresponding to its consumption in accordance with the RE100 guidelines. The remaining 5% corresponds to consumption in markets where it was not possible to purchase renewable electricity. South Korea accounts for 79% of consumption in these countries. As a result, Kering has achieved the RE100 target of using 100% renewable energy in accordance with RE100 guidelines, this objective being already reached in 2022 and maintained in 2023.

In terms of on-site energy production, at the end of 2023, Kering had solar power systems on the roofs and car parks of around 20 sites, as well as a site using biomass (wood). Self-generated solar power accounts for 4% of total energy consumption. Heat production is the only area in which Kering still uses fossil fuels. This accounted for 15% of total energy consumption in 2023, less than in 2022 in line with the Group's efforts. Boilers are gradually being replaced with electric heat pumps powered by electricity from renewable sources.

Feasibility studies on the electrification of installations using natural gas have been conducted for some sites (3 in 2023). The operation turned out to be feasible and will be implemented in the next two years for ironing installations in a textile production plant.

Within this framework, the Houses are continuing to develop on-site renewable electricity generation projects: Balenciaga has started in 2023 the installation of solar panels at its Italian production site specialized in leather goods, Bottega Veneta has installed three photovoltaic systems at its offices in Milan (in 2011 and 2014) and its workshop in Montebello (in 2013), representing a total of 118 kW, and Gucci, has installed solar panels at around 10 sites in Italy as part of its Copernico project, representing a total of 2.4 MW and around 5% of the energy requirements of these sites.

5.2.4.3 Measuring the carbon footprint outside the Group's operations (Scope 3)

GHG emissions related to the value chain and not under the Group's direct control (Scope 3) amounted to 2,573,898 tCO_2e in 2023, or 99% of total emissions. The Scope 3 categories covered according to the GHG Protocol are summarized in the table below (see the methodological note on environmental reporting).

Scope 3 emissions by category (tCO_2e)

	2023	2022	2021	Change 2023/2022	Contribution to total Scope 3
UPSTREAM EMISSIONS	**2,293,706**	**2,644,066**	**2,173,894**	**-13%**	**89%**
Category 1 - Purchased goods and services	1,729,426	2,034,304	1,679,899	-15%	67%
Category 2 – Capital goods	325,329	308,550	250,325	+5%	13%
Category 3 - Fuel-and energy-related activities not included in Scope 1 or Scope 2	35,216	38,232	28,848	-8%	1%
Category 4 – Upstream transportation and distribution(1)	138,546	199,431	163,188	-31%	5%
Category 5 – Waste generated in operations	3,902	4,558	3,037	-14%	0.2%
Category 6 - Business travel	23,688	21,230	9,828	+12%	1%
Category 7 - Employee commuting	37,599	37,761	38,769	-0.4%	2%
DOWNSTREAM EMISSIONS	**280,192**	**291,662**	**318,967**	**-4%**	**11%**
Category 9 – Downstream transportation and distribution	21,580	44,311	73,078	-51%	1%
Category 11 – Use of sold products	237,457	225,089	223,462	+5%	9%
Category 12 - End-of-life treatment of sold products	4,626	4,044	4,099	+14%	0.2%
Category 14 – Franchises	16,272	17,934	18,099	-9%	1%
Category 15 – Investments	257	284	229	-10%	0.01%
TOTAL SCOPE 3	2,573,898	2,935,728	2,492,861	-12%	

(1) 21,008 tCO_2e have been deducted from this category due to Kering purchasing an equivalent amount of emissions reduction certificates corresponding to support one of its main transportation service providers with sourcing sustainable aviation fuel (see section 5.2.4.3.3), in accordance with the latest guidelines for quantifying these mechanisms (see methodological note). These emissions, not including these certificates, amount to 159,554 tCO_2e.

5.2.4.3.1 Emissions relating to purchased goods and services (Category 1)

Emissions related to Kering's purchases of goods and services are calculated by the EP&L tool and cover all production and processing of raw materials used in the products and packaging of the Group Houses (Tiers 3 and 4), manufacturing and final assembly of sold products (Tiers 1 and 2). They account for 67% of Scope 3 emissions, or 1,729,426 tCO_2e.

These emissions decreased by 15% relative to 2022, in line with the reduction in the Group's activity in 2023, resulting in lower volumes of products purchased and expenditure with suppliers.

In 2023, suppliers that entered the Clean by Design program in late 2020 completed implementation of the first measures. The main areas concerned:

- automated water dosage in washing operations, allowing for a saving of up to 54% in water and 20% in natural gas at three facilities;
- the introduction of humidity controls in drying processes, allowing for a saving of up to 20% in gas, at two facilities;
- general improvements in the automation and control of processes.

In addition, several suppliers have installed solar systems on their roofs.

5.2.4.3.2 Emissions relating to capital goods (Category 2)

Emissions relating to capital goods cover all of Kering's expenditure in relation to sites construction and renovation works, as well as purchases of furniture, vehicles and machinery. These emissions make up 13% of Scope 3 emissions, or 325,329 tCO_2e.

There was a slight increase in 2023 relative to 2022 due to specific spending on new machinery at some of the Group's sites.

In 2023, the Group initiated a review of its standards for the development and construction of stores and buildings, with the main aim of achieving full alignment with the EU Taxonomy. Furthermore, the number of LEED and BREEAM sites increased further, with some projects achieving LEED Platinum, in particular the new Kering offices in Milan and Scandicci and one in Paris, a first for an historic building. Boucheron's historic building on Place Vendôme in Paris obtained BREEAM certification in 2023 with a rating of Very Good.

5.2.4.3.3 Emissions relating to transportation of goods (Categories 4 and 9)

Categories 4 and 9 of the GHG Protocol, which relate to transportation, can be divided as follows:

- **upstream transportation (**Category 4): this includes all transportation of goods paid for by the Houses or the Group between suppliers and logistics platforms or industrial sites, between central logistics platforms and local distribution centers and between central logistics platforms or local distribution centers and points of sale. Upstream transportation includes road, rail, sea and air freight.

Upstream transportation accounts for 87% of emissions relating to goods transportation. Kering uses road and air freight to carry its finished products and merchandise between production centers and logistics platforms, and between logistics platforms and stores. Airfreight is only used for distant markets (Asia, Americas, Oceania).

GHG emissions associated with upstream transportation by mode *(tCO_2e)*

	2023	2022	2021	Change 2023/2022
Road freight	10,184	23,370	7,690	-56%
Sea freight	561	1,232	1,018	-54%
Rail freight	10	27	75	-63%
Air freight	148,799	174,802	154,405	-15%
• *Deductions relating to purchasing of sustainable aviation fuels*	*-21,008*	*0*	*0*	*N/A*
• *Air freight including deductions relating to purchasing of sustainable aviation fuels*	*127,791*	*174,802*	*154,405*	*-27%*
TOTAL	159,554	199,431	163,188	-20%
TOTAL – Including deductions relating to purchasing of sustainable aviation fuels	138,546	199,431	163,188	-31%

The reduction in emissions in 2023 relative to 2022 is due to a reduction in volumes of goods. This reduction is consistent across all transportation flows and means of transport used.

Furthermore, in 2023, Kering invested in the development of sustainable aviation fuels by supporting their use in the air freight market via one of its transportation providers. These biomass-based fuels allow for significant reductions in air freight emissions of up to 91% compared with fossil fuels. This investment represents an equivalent of 21,008 tCO_2e for the Group in the form of certificates, allowing for a 14% reduction in carbon emissions relating to air freight and thereby contributing to the 27% reduction in air freight emissions relative to 2022 (see methodological note on 2023 environmental reporting).

- **downstream transportation** (Category 9): this covers all deliveries of finished products between logistics platforms or points of sale and customers.

GHG emissions associated with downstream transportation by mode *(tCO_2e)*

	2023	2022	2021	Change 2023 vs. 2022
Road freight	3,581	2,424	2,627	+48%
Sea freight	4	0	0	N/A
Air freight	17,995	41,887	70,451	-57%
TOTAL	21,580	44,311	73,078	-51%

The reduction in emissions relating to downstream transportation between 2022 and 2023, particularly in air freight, is due to lower e-commerce sales volumes, as well as some adjustments to the methodology specifying the classification of transportation flows and resulting in certain flows being categorized as upstream transportation.

5.2.4.3.4 Emissions relating to employee travel (Categories 6 and 7)

GHG emissions associated with employee travel *(tCO_2e)*

	2023	2022	2021	Change 2023 vs. 2022
Business travel - TOTAL	23,688	21,230	9,828	+12%
• *of which Business air travel*	*20,837*	*18,879*	*8,594*	*+10%*
• *of which Business train travel*	*614*	*979*	*517*	*-37%*
• *of which Business road travel*	*2,237*	*1,372*	*717*	*+63%*
Commuting	37,599	37,761	38,769	-0.4%

After two years of public health restrictions in 2020 and 2021, which affected international flights in particular, business travels resumed in 2022 and continued to rise in 2023, resulting in an increase in associated carbon emissions.

Emissions associated with commuting remained stable between 2022 and 2023 and decreased relative to 2021. This is consistent with the alternatives developed by the Houses to encourage use of public transportation and environmentally friendly modes of transport, as well as car pooling among employees.

5.2.4.3.5 Emissions relating to use of sold products and end-of-life treatment (Categories 11 and 12)

Emissions relating to the use of sold products and their end-of-life treatment account together for 9% of the Group's Scope 3 emissions, amounting to 237,457 and 4,626 tCO_2e respectively.

Sections 5.5 and 6.1 of this document contain a detailed description of Kering's initiatives to reduce the impact of these categories and influence consumers.

5.2.4.4 Contribution to climate change mitigation

In 2023, Kering offset 2,135,568 tCO_2e, 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. These offset emissions therefore do not include the new Scope 3 categories or the methodological adjustments calculated in 2023, as detailed in section 3.2.

5.3 Preserving biodiversity and ecosystems

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.

5.3.1 Biodiversity strategy: preserving natural capital across the entire supply chain (up to Tier 4)

The Group's Houses primarily use natural materials to manufacture their products. These raw materials come from farms, rangelands, forests and mines. Protecting ecosystems and ensuring they work properly are essential for Kering.

5.3.1.1 Biodiversity Strategy

In 2023, Kering published the second edition of its Biodiversity Strategy, which aims to stem biodiversity loss, restore ecosystems and protect the species composing them, as well as drive systemic change through the entire supply chain. This version adds to and explains the policy to combat deforestation and the conversion of ecosystems.

Kering has structured its activities around four phases: avoid, reduce, restore/regenerate and transform. This conservation hierarchy is applied as recommended by the Science Based Targets Network (SBTN) to create a nature-positive trajectory and develop scientific methods for ensuring that human activities respect planetary boundaries.

Kering is also one of the Taskforce for Nature-Related Financial Disclosures (TNFD) Early Adopters, undertaking to publish reports aligned with the TNFD reference framework.

Focus: Kering selected to pilot Science-Based Targets for Nature, an SBTN initiative

It was announced in 2023 that Kering is one of 17 companies in the world selected by SBTN to pilot the first version of the SBTN guidance for freshwater and land. The pilot will enable the Group to set freshwater and land targets in line with planetary boundaries.

5.3.1.2 Objectives

Kering is committed to contributing to a net positive impact on biodiversity by 2025, in line with target 15 of the Global Biodiversity Framework, as agreed at the COP15 conference on diversity conference (Montreal, 2022):

- Kering will support 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 that transform farming and rearing practices in areas that supply raw materials to the fashion industry;
- Kering will 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.

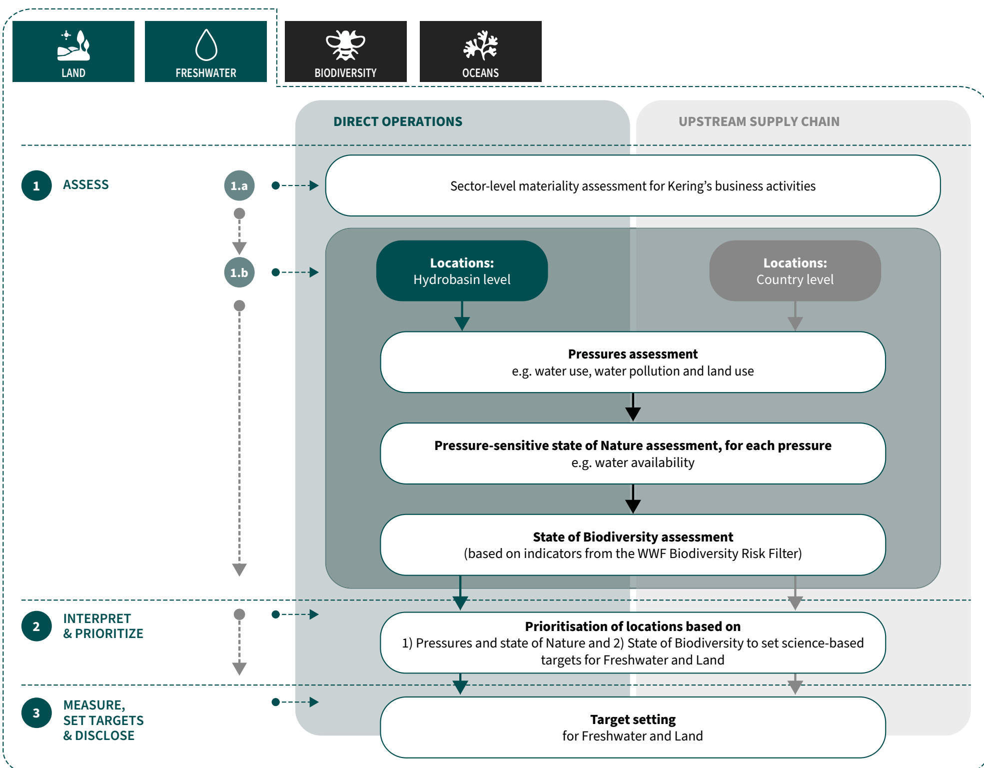
The Group is also aligned with target 19 regarding increasing the level of financial resources for nature conservation and restoration via the Climate Fund for Nature.

5.3.2 Responsible land use and protection of biodiversity

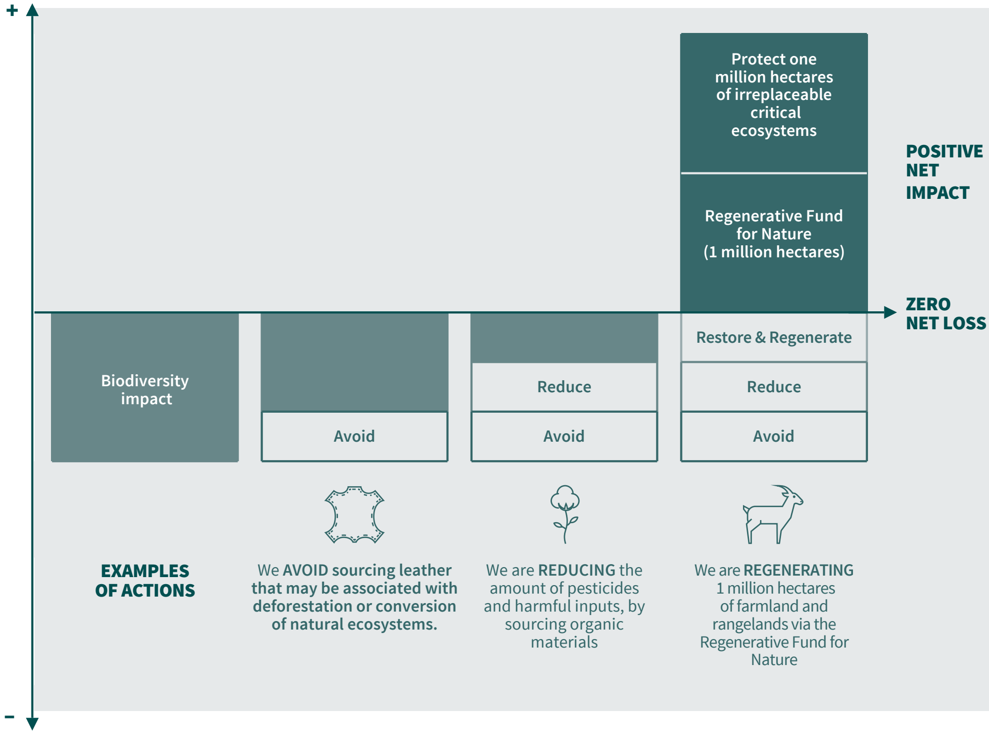
5.3.2.1 Measurement of ecosystem services and biodiversity and focus on key geographic regions

The "land use" part of the EP&L assesses how raw materials used by the Group affect ecosystem services and biodiversity. The methodology used to value natural capital for this indicator takes account of the following three factors as a proxy for the ecosystem services provided: species richness, above-ground biomass and soil organic carbon (SOC).

In 2023, as part of the SBTN pilot, Kering assessed its pressures on nature, the state of nature associated with these pressures and the state of biodiversity, in alignment with Version 1 of the Science Based Targets for Nature guidance. This exercise was performed at hydrobasin level for the Group's direct operations (offices, stores, production plants, warehouses and tanneries) and at country level for impacts associated with the upstream value chain, according to the stages shown below.



5.3.2.2 Actions guided by the conservation hierarchy



1. Avoid

As a priority, the Houses avoid any known negative impact on the environment. This includes avoiding the loss of natural ecosystems through a zero deforestation and conversion commitment, which applies to all natural materials used, as specified in the Biodiversity Strategy and the Kering Standards.

2. Reduce

When impacts cannot be entirely avoided, Kering and its Houses strive to reduce negative impacts on the environment by sourcing materials from preferred sources as defined in the Kering Standards. These standards list recommended third-party certifications in the Group's supply chains that guarantee low-impact agricultural practices, such as organic farming. In 2023, 75% of raw materials were aligned with the Kering Standards. The goal is to reach 100% by 2025.

3. Restore & Regenerate

In addition to avoiding negative impacts, Kering aims to bring about a paradigm shift by restoring and regenerating ecosystems, which are both impacted by the production of key raw materials for the Group and critical areas for biodiversity and ecosystem services. Kering's goal is to convert one million hectares of farms and rangelands in landscapes where key raw materials are produced to regenerative agricultural practices by 2025, primarily by means of the Regenerative Fund for Nature. The first seven projects were selected in 2021 across various critical sourcing landscapes:

- cotton (India);
- leather (Argentina, France and Spain);
- wool (Argentina and South Africa); and
- cashmere (Mongolia).

Each of these projects has a monitoring framework to assess the impact on soil health (including improved soil organic carbon sequestration), biodiversity, the elimination of synthetic input usages, improved livelihoods for local communities and animal welfare. The measurement methods and indicators used – proposed by the project owners with technical and scientific support from Conservation International – vary according to the geographic region so that they can be adjusted to the local context. At an aggregated, portfolio level, Kering measures the number of hectares over which regenerative practices are being implemented thanks to the Fund's support – with a target of 1 million hectares by 2025 – and the number of beneficiaries. These projects represent a total of 840,000 hectares that will eventually be converted into regenerative agricultural spaces and involve 60,000 people across the globe. The fund was extended in 2023 with the arrival of Inditex as co-investor alongside Kering, while a new call for projects was launched.

Focus on: the Patagonia project

The project run by the Wildlife Conservation Society (WCS) and the Wildlife-Friendly Enterprise Network (WFEN) in Patagonia, Argentina, within the framework of the Regenerative Fund for Nature aims to regenerate land that has been severely affected by overgrazing by sheep over the last few decades, by adopting regenerative livestock management practices that respect wild fauna, rehabilitating natural vegetation, improving carbon storage and water retention in soil, and increasing biodiversity.

In particular, the project promotes practices such as rearing livestock guardian dogs to protect herds of sheep from being attacked by pumas. This practice has proven to be a highly effective non-lethal alternative to conventional strategies against pumas, thereby helping to protect puma populations while also safeguarding livestock and wool production.

The project also includes the creation of traceable supply chains for fibers and promoting regenerative and certified wildlife-friendly practices for wool production.

For each participating site, WCS and WFEN perform periodical analysis of carbon sequestration in soil, soil productivity and biodiversity inventories. The project has grown from 87,000 hectares under regeneration in 2021 to over 320,000 hectares in 2023. In late 2023, WCS detected a rare species, the Patagonian opossum, at one of its sites.

The Houses also work on projects to develop regenerative farming practices and improve soil quality. Gucci has launched its Regenerative Agricultural Program in collaboration with Chargeur Luxury Fibers. The program covers 100,000 hectares in Uruguay and includes around 10 farms with the goal of improving soil quality in the region.

Since 2022, Saint Laurent has supported a project in South Africa alongside Kering to support supply chain partners in their efforts to adopt regenerative farming and responsible rearing practices for wool and leather. The program aims to support the regeneration of 215,000 hectares by 2025. At the end of 2023, more than 35,000 hectares had been restored.

In 2023, Balenciaga helped to pilot eDNA technology, an innovative way of monitoring biodiversity. The technology consists of taking samples of soil, water or insects from a site and then analyzing them to find traces of DNA. The data provided by eDNA help give farmers a more accurate picture of the diversity of species present in the ecosystem at a given time and assess how this evolves over time. The technology will be used in 2024 as part of a project spearheaded by Epiterre, part of the Regenerative Fund for Nature.

4. Transform

In support of the net positive impact goal, Kering supports initiatives outside the Group's direct supply chains.

1) External collaborations to transform the industry and raise awareness of biodiversity

SBTN CORPORATE ENGAGEMENT PROGRAMME Member	**ORGANIC COTTON ACCELERATOR** Founding member	**TEXTILE EXCHANGE** Member	**ACT4NATURE** commitments renewed in 2023 Committed company	**ORGANIZATION FOR BIODIVERSITY CERTIFICATES (OBC)** Supporting scientific work on biodiversity certificates Member and financial support
THE FASHION PACT Founding member and member of the biodiversity pilar	**ONE PLANET FOR BIODIVERSITY BUSINESS (OP2B)** Member	**INTERNATIONAL PLATFORM FOR INSETTING (IPI)** Board member	***ENTREPRISES POUR L'ENVIRONNEMENT*** Chair of the biodiversity committee	
SBTN INITIAL TARGET VALIDATION GROUP Pilot company	**TASKFORCE ON NATURE RELATED DISCLOSURES (TNFD)** Early adopter	**CANOPYSTYLE INITIATIVE FOR SUSTAINABLE CELLULOSIC FIBERS** Member	**BUSINESS FOR NATURE** Supporter	**WATCH & JEWELLERY INITIATIVE 2030** Founding member and member of the "Preserving natural resources" taskforce

2) Positive contribution for climate and biodiversity beyond Kering's supply chains

Outside of its supply chain, Kering will protect one million hectares of critical and irreplaceable habitats through programs that deliver benefits for biodiversity protection, avoidance of greenhouse gas emissions arising from deforestation and from ecosystem degradation, increased carbon sequestration and improved livelihoods for local communities.

Kering uses nature-based solutions to contribute to climate change mitigation in relation to its carbon footprint (Scope 1, 2 and 3 emissions excluding product use and end-of-life)[8]. The Climate Fund for Nature (see section 5.2.3.3), created in 2022, has enabled it to support projects covering 127,000 hectares to date.

The Houses are also taking action within their supply chains (see section 5.4), as well as through conservation initiatives undertaken in their own name (see section 6.3.2).

(8) See section 5.2.4.4 for information about carbon offsetting in 2023 and the amount of related credits.

5.3.3 Responsible use of water resources and discharges to water

The Group's 2023 EP&L results show that 4% of Kering's monetized environmental impacts associated with the products' life cycle and their commercialization concern water consumption, while 14% concern wastewater discharges (water pollution), which mostly arise in Tier 4 (production of raw materials) of its supply chains, particularly in the production of leather, metals, plant fibers and precious skins.

5.3.3.1 Water strategy

Kering recognizes the central role that water plays in its production processes and supply chains, as well as the growing risks that climate change presents for the availability of water as a resource. The Group is committed to develop a strategy and defining targets to preserve water resources.

In 2023, this entailed analyzing the water-related risks to which the Group's operations may be exposed, depending on the region. This analysis was done using the World Resource Institute's Aqueduct tool, looking at four main indicators: risk of drought, flooding (differentiating between river and coastal flooding), water stress (corresponding to the ratio of total annual water withdrawals to total available annual renewable water supply) and the physical risks (water pollution). These risks were analyzed for facilities with the highest water consumption, representing 80% of Kering's total water consumption. A total of 110 sites were analyzed, including all tanneries and all industrial sites.

As part of its pilot of the Science Based Targets for Nature guidance, Kering has extended its analysis of pressures on nature in terms of water use and pollution to its upstream value chain, using estimated impact data from the EP&L and data on the availability of water and water pollution from the SBTN Unified State of Nature Water Layers tool.

Kering has also established a formal requirement relating to the provision of WASH services at all of its sites and for all suppliers, and set the goal of maintaining 100% compliance for the next few decades and beyond.

Kering's water management strategy is detailed in the Group's public response to the 2023 CDP Water Security Questionnaire, which can be accessed on the www.cdp.net website. Kering achieved an A rating in 2023.

5.3.3.2 Water consumption

Kering's water consumption within its own operations

Operations and sites under Kering's direct control (Tier 0 of the EP&L scope) account for 2% of the Group's total direct and indirect water consumption (Tier 0 to Tier 4). Given the nature of Kering's operations, the direct environmental impact of its water consumption is not significant in terms of the total volume.

Water consumption *(in m³)*

	2023	2022	2021	Change 2023 vs. 2022
Water from the public network	751,543	806,637	682,980	-7%
of wich water for domestic use	*657,442*	*703,102*	*618,083*	-6%
of wich water for industrial use	*94,101*	*103,535*	*64,897*	-9%
Groundwater	211,014	226,564	270,113	-7%
Rainwater	0	0	0	N/A
Surface water	0	0	0	N/A
TOTAL	962,557	1,033,201	953,093	-7%

Total water consumption decreased by 7% between 2022 and 2023, mainly in relation to the reduction in activity:

- 68% of water consumed is used for domestic purposes (store cleaning, sanitary facilities, etc.);
- 32% is used for industrial purposes, of which 22% comes from groundwater levels. Water consumed for industrial purposes relates primarily to tanneries.

Water consumption intensity (m^3 of water used for industrial purposes/Group revenue) decreased by 4% between 2022 and 2023.

Water withdrawals for the Group's tanning activities were highest in comparison with other sites, representing 29% of total water consumption and less than 0.3% of the number of sites in 2023. These sites are also most at risk in terms of water stress.

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 and its Houses are also implementing measures to reduce domestic water consumption, particularly at stores, headquarters and offices. In the Kering Standards dedicated to stores, the Group has established precise technical criteria in order to limit stores' domestic water consumption. For example, the standards prohibit the use of drinking water as a heat sink in air conditioning systems, encourage the use of non-drinking water (e.g., recovered rainwater) for certain maintenance purposes, and require the installation of plumbing systems with low water consumption. For example:

- Gucci, Saint Laurent, Pomellato and Kering have introduced water fountains, filters, water-saving devices and rainwater harvesting systems at logistics sites;
- Kering Eyewear has set up a station at one of its factories for treating wastewater from its closed-loop production process, allowing 100% of treated water to be reinjected into the process.

Initiatives for reducing consumption in Kering's supply chain

Kering is applying its EP&L approach to conduct an innovative review of responsible water management across its entire value chain. Indirect water consumption linked to the use of agricultural raw materials such as cotton and extraction of precious metals is a major environmental issue.

The Kering Standards encourage suppliers to use water-efficient equipment, automate water flows, and increase liquor ratios in dyeing and finishing processes. They also encourage the use of waterless dyes and efficient dyeing technologies, such as cold pad batch dyeing. Wet processing factories (dyeing, finishing, printing and tanning) are encouraged to install a reverse osmosis system at the end of the wastewater treatment process in order to close the water loop.

The Clean by Design program (see section 4.1.2) includes measures to reduce water and chemicals use. On average, factories reduce their water use by 5 to 10%. In 2023, one supplier reduced its water consumption by around 150,000m^2 a month by improving water flow controls. As a result, the supplier's water consumption decreased by 54%.

The Houses have also launched initiatives to reduce water consumption in their supply chains. All ready-to-wear Houses favor using certified organic materials and recycled fibers, allowing them to reduce water consumption in their supply chains.

5.3.3.3 Water pollution

Management of chemicals used in the production of articles by the Houses is an integral part of the Kering Standards, which set out guidelines for the Group's main manufacturing processes (tanning, textile processing and leather goods manufacturing). As production sites use these chemicals, pollutants are found in their wastewater discharges. The chemicals used and the effluents discharged by these sites must therefore be managed properly in order to prevent and limit this pollution.

Management of chemicals within Kering's own operations

Within Kering's own operations, discharges into water do not represent a significant impact, except for its tanning activities. The total percentage of water discharged by Kering was stable in 2023 at 75%.

Beyond complying with regulations, 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. Furthermore, the Group is aiming to reduce the quantity of pollutants discharged before treatment at all of its sites. The expected impact will focus initially on the Chemical Oxygen Demand (COD), which is the most relevant indicator of the quality of effluents after treatment. This indicator allows to assess the overall amount of organic pollutants in wastewater. The Group's target is to identify and implement action plans to reduce COD by 2025.

In addition, special wastewater treatment measures are required for tanneries, which use large amounts of water. Each tannery has its own on-site wastewater treatment plant. At all the Group's tanneries, wastewater is pre-treated on site before continuing the wastewater treatment process. The Group's Italian tanneries pre-treat their wastewater containing chromium, which is then sent to a special treatment plant used by several other tanneries, which purifies the water and recovers the chromium. The Group's other tanneries have treatment plants that use sedimentation and physicochemical and biological treatment techniques.

More specifically, in 2023, the Périers tannery in France launched an ambitious effluent recycling project with an innovative decontamination system specially adapted to the specific needs of the industry. This project has allowed for an annual reduction in water consumption of around 80%, thereby preserving water resources and reducing volumes discharged into the communal wastewater treatment plant, resulting in a positive societal impact.

To ensure compliance with local wastewater legislation, regular analyses are carried out at each tannery and the results are continuously monitored. If any anomalies are recorded, dedicated procedures and action plans are put in place and, where applicable, described in the ISO 14001 certified environmental management system.

Chemical Oxygen Demand (COD) after treatment – tanneries *(in metric tons)*

	2023	2022	2021	Change 2023 vs. 2022
COD	42	34	57	+24%

COD increased significantly between 2022 and 2023. This is due to the use in 2023 of calcination, during which fur is removed from skins and the skins are prepared for chemical tanning products. There was no calcification in 2022.

Management of chemicals in the supply chain

As part of its commitment to eliminating all hazardous chemicals from the production of all Houses, Kering has compiled to lists of substances subject to restrictions:

- the Manufacturing Restricted Substance List (MRSL) for production processes;
- the Product Restricted Substance List (PRSL) for products.

Focus on: Kering's commitments and objectives concerning chemicals management in the supply chain

- Contractual requirements for 100% of suppliers include the implementation of a chemicals management system within businesses and rolling out these requirements among suppliers during the early stages.
- By 2025:
  – level 2 of the ZDHC Supplier to Zero program for 100% of strategic suppliers;
  – 100% of eligible suppliers evaluated in the Vendor Portal as regards chemicals management and compliance with the MRSL;
  – testing of wastewater, in line with the ZDHC Wastewater Guidelines, for all strategic suppliers.

Zero Discharge of Hazardous Chemicals (ZDHC) program

Kering has been a signatory member of the ZDHC (Zero Discharge of Hazardous Chemicals) program since 2016, an initiative to eliminate use of the most hazardous chemicals in supply chains in the textiles, leather and shoe industries by means of two programs:

- ZDHC Brands to Zero, which aims to assess members' alignment with the ZDHC program and define a customized roadmap for each signatory: Kering's efforts have been assessed by a third party;
- ZDHC Supplier to Zero: Kering organized training sessions to promote the program involving the Group's strategic suppliers representing 50% of raw materials purchases (leather and fabrics), 83% of suppliers of leather products and shoes, and 68% of finished products bought for the Group's ready-to-wear items and accessories. The sessions were organized in collaboration with other signatories, with the support of a ZDHC training provider to ensure a consistent approach. Kering continued to support its supply chains through the distribution of ZDHC vouchers suitable for the program's Level 1 certification, and by providing active support with preparing ZDHC Performance InCheck and ZDHC ClearStream reports.

Rollout of the MRSL in the supply chain

The MRSL is focused on discontinuing the use of dangerous chemicals in the manufacturing process, firstly to ensure that workers within the Group's operations and in the supply chains of the Houses are not exposed to hazardous substances, and secondly to reduce toxic discharges into water.

Kering provides active support for its key suppliers in the leather (tanneries and suppliers in charge of production), textiles and finished product categories in ready-to-wear and accessories to encourage them to comply with the MRSL, offering implementation tools and training:

1) Contractual requirements

The MRSL requirements signed with suppliers have been contractually binding since 2020. This means that no substance listed in Kering's MRSL can be intentionally used in the manufacturing processes of the Houses' supply chains. In 2023, Kering published a new version of the MRSL, aligned with the ZDHC MRSL V3.1 and including a specific appendix on per- and polyfluoroalkyl substances (PFAS).

2) Supplier evaluation

Kering assessed more than 1,100 suppliers in 2023, representing 85% of purchases, on their alignment with Kering's contractual requirements in relation to the MRSL. This was done by means of an annual self-assessment questionnaire (via the Vendor Portal, see section 4.1.2), detailed assessments, audits or certifications.

90% (in terms of value) of eligible suppliers assessed via the Vendor Portal as regards chemicals management and compliance with the MRSL received a rating of "good" or "excellent". The percentage was 94% for the Group's strategic suppliers. The results are reviewed biannually with the Houses' operations departments. These committee meetings provide the opportunity to discuss supplier compliance and define measures to be taken for the suppliers concerned, such as help to improve their performance, implementation of remedial measures or even the termination of business relations with suppliers that fail to comply.

In addition, on-site audits and certifications are used to check whether suppliers meet requirements relating to chemicals management.

In 2022-2023, 274 suppliers were either audited or underwent a certification process (such as Kering on-site audits, the 4Sustainability protocol, the ZDHC Supplier to Zero program Level 1 or Level 2), covering 58% of raw materials purchases (leather and fabrics) and 60% of purchases of finished products for Kering's ready-to-wear items and accessories.

In order to promote ongoing improvement in chemicals management, Kering intends to step up its checks of MRSL compliance by also performing tests on wastewater for all strategic suppliers by 2025. This approach is recommended by ZDHC and will make it possible to identify compliance failings and potential contamination by analyzing the root causes and improving the quality and safety of effluents.

3) Ongoing training

An Idea Lab on the management of chemicals was held in 2023, aimed at providing training and information on the subject, focusing on ZDHC-related initiatives, as well as making joint decisions about Kering's action and strategy in this area.

5.3.4 Air pollution

The Group's 2023 EP&L results show that 8% of Kering's monetized environmental impacts related to the products' life cycle and their commercialization concern air pollution, and that they mostly happen in Tier 4 (production of raw materials) of its supply chains.

Solvents used in tanneries contain Volatile Organic Compounds (VOCs) that are released into the atmosphere in gaseous form. There are specific guidelines for managing VOCs and emissions are calculated and monitored closely by each of the Group's tanneries.

Tanning processes can also give rise to odor pollution because of hydrogen sulfide emissions, especially at the stripping stage. Unpleasant odors are managed by an air evacuation system at the stripping tubs, which channels polluted air through a filter that traps sulfur-bearing particles and outputs clean air.

Volatile Organic Compound (VOC) emissions in – Group tanneries *(in metric tons)*

	2023	2022	2021	Change 2023 vs. 2022
VOCs	89	65	58	+37 %

5.4 Sustainable sourcing and use of raw materials (Tier 3 and Tier 4)

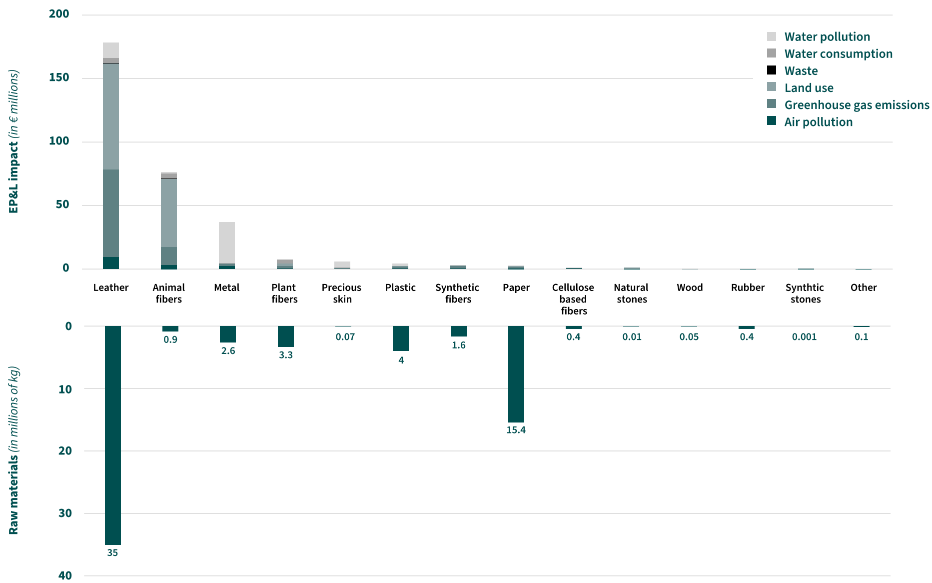
5.4.1 Traceability and transformation of raw material production practices

The Group's EP&L clearly shows that most environmental impacts related to the life cycle and sale of its products (84%) are located in its upstream supply chains (Tier 1 to Tier 4) during the production of raw materials and their initial transformation (Tiers 3 and 4, 75%).

By analyzing the impact of each material, Kering can prioritize and focus efforts on the materials that have the greatest impact:

- materials used in large quantities and whose production can have a significant impact on the environment, such as leather;
- materials used in smaller quantities but whose extraction or production has a major impact. This is the case for animal fibers such as wool and cashmere, as well as metals (such as gold and brass).

Breakdown of EP&L impacts (in €m) of Tier 3 and 4 by material *(in millions of kg)*



Kering has committed to reducing its environmental footprint, starting with the production of its raw materials. The Smart Sourcing program launched in 2013 draws on the Kering Standards and relies on close collaboration between the Group and its Houses, bringing together the MIL and supply chain, R&D and Sustainability teams, with the aim of adopting new responsible sourcing solutions suited to the specific needs of each House.

The Kering Standards lay down the Group's requirements for the raw materials used by the Houses (see section 4.1.1) in terms of traceability. The overall level of traceability of raw materials is consolidated annually through the EP&L by collecting information about purchasing volumes. The level of traceability required by type of material was set on the basis of a risk matrix for each type of raw material, as well as the level of transparency achievable by the market. The origin of the raw materials is established by supplier declarations and may be supplemented by specific protocols including certification (such as ICEC for leather) and verification by the Houses. In addition to audits, the Houses are investigating various technologies to trace the path from the extraction of raw materials to the intermediate production stages and then into their own operations and finally into stores. These technologies include RFID and NFC chips, blockchain, mechanical marking of hides, and forensic technology.

Kering has undertaken to:

- achieve 100% traceability by 2025, at least to the country of origin and beyond (potentially to the farm) for certain materials (as specified in the Kering Standards);
- achieve 100% alignment with the Kering Standards by 2025, which is reflected by concrete targets for most raw materials.

5.4.2 Results of actions concerning the main raw materials

In 2023, Kering achieved the following levels of traceability and alignment with the Kering Standards:

Raw materials	2023 traceability rate[(1)]	Level of traceability	2025 Kering Standards target	2023 alignment rate[(2)]
TOTAL – ALL RAW MATERIALS	97%		• Traceability across the entire value chain • Zero deforestation and conversion of natural ecosystems • Promotion of regenerative rearing and farming practices • Support for local communities and cultural practices • Use of recycled or regenerated raw materials wherever possible • Observance of the MRSL and PRSL lists: no hazardous or potentially hazardous substances used in the production process or in the finished product	75%
Leather	98%	Back to the slaughterhouse	• Tanning without heavy metals • From authorized countries • Animal welfare	76%
Wool	97%	Back to the country of origin	• Use of 100% certified or recycled wool • Rearing practices that restore natural ecosystems and soils • Animal welfare	63%
Cashmere	97%	Back to the country of origin	• Use of 100% certified or recycled cashmere • Rearing practices that restore natural ecosystems and soils • Animal welfare	35%
Silk	97%	Back to the country of origin	• Use of 100% certified organic, regenerative or recycled silk	41%
Gold	100%	Sourced through Kering's gold sourcing platform or internal recycling	• Use of 100% RJC CoC-certified recycled gold, or from artisanal mines that are Fairmined or Fairtrade-certified or approved by Kering	100%
Cotton	95%	Back to the country of origin	• Use of 100% certified organic, regenerative or recycled cotton	70%
Paper/ Cardboard	96%	From approved suppliers (certified) and back to the country of origin	• Use of 100% recycled or FSC-certified paper or wood	95%
Precious skins	100%	Back to the farm (farmed species) or slaughterhouse (harvested species)	• Observance of CITES procedures (international conventions for endangered species, flora and fauna) • No sourcing of species threatened with extinction • Sourcing from countries and supply chains that are certified or approved by Kering • Preventing any adverse impact ton wildlife and their habitat • Animal welfare	90%
Cellulosic fibers	60%	From approved suppliers (FSC or Canopy "Dark Green Shirt" certification)	• Use of 100% recycled fibers or from sustainably managed forests (FSC - Forest Stewardship Council) and sourced from suppliers with a "Dark Green Shirt" rating in CanopyPlanet's most recent Hot Button report	75%

(1) Traceability rate: volume of materials for which traceability has been achieved/total volume of materials purchased.
(2) Rate of alignment: volume of materials for which alignment has been achieved according to the Kering Standards/total volume of materials purchased.
Information is collected by declarations made by all of the Group's Houses and their suppliers for each material, in order to calculate the Group's EP&L and determine rates relative to the Kering Standards.

5.4.2.1 Leather

The concept of responsible leather, as defined in the Kering Standards, combines traceability, i.e., leather that can be traced back to all stages from the slaughterhouse, sourcing from farms that minimize their environmental impact, respect animal welfare and adopt practices that promote soil regeneration, and tanning using chrome-free processes. In the last five years, an internal working group dedicated to responsible leather has brought together representatives from all the Group's leather-using Houses. In 2023, work focused on transparency and traceability, animal welfare and regenerative agriculture within leather supply chains.

Several Houses have implemented leather scraps collection and recycling systems with their suppliers, such as Saint Laurent, Balenciaga, Bottega Veneta and Gucci (see section 5.5.3.3).

Animal welfare

Kering published its standards for all animal species present in its supply chains in 2019, as well as standards specific to species present in the leather supply chain, accompanied by a guide to specific practices for slaughterhouses. In 2021, Kering updated its map of food labels that meet a level equivalent to its standards in terms of animal welfare and environmental protection, both at the farm and in the slaughterhouse. The chosen approach draws on existing standards in the food industry and creates links between the leather and meat supply chains. To date, 16 standards have been identified in close to 40 countries around the world. In 2023, around 20 on-site checks were performed at slaughterhouses.

In addition, Kering also worked in 2023 on animal welfare and mitigating the associated risks by using the ICEC traceability system.

Chrome-free and metal-free tanning

Since 2017, the Group has been working closely with its tanneries, as well as its Houses and their suppliers, to promote the use of leather tanned without metals in the following ways:

1. development of chrome- and metal-free tanning at all the Group's tanneries through R&D activities;
2. close collaboration with tanneries to develop new metal-free tanned items and gradually increase the metal-free proportion of their products. A growing number of tanneries have started to convert their facilities to fully metal-free production;
3. increase in the proportion of metal-free tanning in the collections of the Houses: in 2023, 52% of volumes purchased by the Houses for leather goods were metal or chrome free.

Leather traceability

In 2023, Kering expanded its work on the investigation and traceability of hides, most of which come from Europe, by completing its in-depth map of its supply chain, making it possible to identify 487 slaughterhouses. The Houses that use leather are developing technologies and processes to trace leather at each stage of production, in particular to avoid losing track at the slaughterhouse, which is the most sensitive link in the chain.

Collaborative initiatives

INSTITUTE OF QUALITY CERTIFICATION FOR THE LEATHER SECTOR (ICEC)	**TEXTILE EXCHANGE –** Leather Round Table	***CUIR DE VEAU FRANÇAIS RESPONSABLE*** **(CVFR)** (French association for responsible calf leather) – member of the leather division	**LEATHER WORKING GROUP (LWG)**	**TEXTILE EXCHANGE** Deforestation-Free Call to Action for Leather

The Group's strategy for managing leather sourcing in relation to deforestation is made public and described in Kering's responses to the 2023 CDP Forests Questionnaire, available on www.cdp.net. Kering achieved an A rating in the 2023 CDP Forests Questionnaire for the Cattle category.

5.4.2.2 Animal textile fibers

Materials made from animal fibers are those with the second-greatest impact in Kering's EP&L and are central to many projects launched by the Group and its Houses.

Wool

In 2023, Kering continued its active engagement with various potential and existing wool suppliers to assess them and help them to improve their sustainable environmental, biodiversity, and animal welfare management practices. Kering also provides expertise to various initiatives, aimed at developing certifications and sustainable wool production methods, such as the Responsible Wool Standard, the Responsible Mohair Standard and the Responsible Alpaca Standard.

In 2023, 63% of wool used by the Group's ready-to-wear fashion Houses was certified, recycled, organic or sourced from regenerative agriculture (in particular GOTS, ZQ, RWS, GRS, EOV, ZQRX).

Cashmere

In 2015, Kering and the Wildlife Conservation Society, an international NGO, launched the Gobi Desert Cashmere program to promote sustainable and traditional production of high-quality cashmere in partnership with two cooperatives of nomadic herders representing 160 families and 150,000 hectares of pasture in 'Omno-Gobi province. The program also focuses on pastoral techniques such as rotating herds to improve the impact on biodiversity and animal welfare. In 2022, the project was integrated into the Regenerative Fund for Nature.

Kering's sustainable cashmere program is now a notable source of high-quality cashmere for the Group's Houses, as it meets the animal welfare and biodiversity conservation criteria laid down in the Kering Standards, with the added bonus of reducing the Group's environmental footprint.

All Houses that use cashmere (Gucci, Balenciaga, Alexander McQueen, Brioni, Saint Laurent, Bottega Veneta) favor use of GRS or GCS certified cashmere.

In 2023, 35% of cashmere used by the Group was certified, recycled, organic or sourced from regenerative agriculture.

In terms of cashmere from farms in China (Inner Mongolia), in 2021, Kering joined the Good Cashmere Standard (GCS), which promotes farming practices that meet demanding animal welfare requirements.

Alongside their efforts to increase and verify the use of certified cashmere and cashmere produced using regenerative practices, the MIL and the Houses are seeking to replace some of the cashmere they use with alternative fibers that have a smaller environmental footprint and recycled options.

Silk

Kering supports certified organic silk production that provides better traceability and a reduced environmental impact. The Group’s direct Procurement department has signed agreements with the main suppliers of certified silk to guarantee that the Group’s Houses have access to this high-quality fiber. All Houses that use silk (Balenciaga, Gucci, Saint Laurent, Alexander McQueen, Bottega Veneta, Brioni) are gradually incorporating organic certified silk (GOTS) or recycled silk (GRS) into their collections. In 2023, 41% of silk used by the Group was certified, recycled, organic or sourced from regenerative agriculture.

For example, Gucci is supporting the reintroduction of the silk supply chain in southern Italy with a pilot project. It encourages the introduction of new techniques such as planting mulberry trees, the development of new technologies for production processes, and training farmers and craftspeople in transforming silk. This initiative will enable Gucci to source silk from local organic farms, which it will be able to use in its future collections.

5.4.2.3 Metals, stones and other precious materials

Mining can endanger communities by causing serious health and environmental damage if unregulated, whereas properly managed mining can generate responsible development for local communities. Kering is therefore committed to limiting its purchases of metals and precious stones to mined sources in areas that minimize harmful impacts on the environment and generate opportunities for local communities.

Gold

The Group's Houses source gold via the Kering Precious Metals Platform (PMP), which allows for centralized sourcing of gold and other precious metals in an ethical, responsible and transparent way. This has enabled Kering to draw up a list of accredited refiners that have been meticulously checked, audited and selected by the Group. Sourcing options available via the PMP include gold that is Fairmined or Fairtrade certified, from small-scale mines whose practices have been verified by the Group, 100% recycled from electronic or jewelry waste, and RJC Chain-of-Custody (CoC) certified.

Responsible gold purchases totaled 3 metric tons in 2023, bringing the volume of responsible gold purchased to almost 14 metric tons since the platform was launched.

For all gold bought via the PMP, the Houses pay a premium that goes towards a fund to support responsible gold producers and contribute to their growth by supporting mining communities. Each year, a committee composed of representatives of Kering and its Houses selects projects to be supported for the benefit of mining communities and offering social and environmental benefits.

Following on from the reforestation programs carried out in French Guiana since 2018, the PMP signed a new two-year contract in 2023 to support the full reforestation of mining sites in the Amazonian rainforest (French Guiana) in collaboration with reforestation expert Solicaz, agroecology product developer Amasisa and mining company Sial. The aim of this program is to reforest all 15 hectares of the alluvial sites mined, going beyond the regulatory requirement to reforest just 30%, by 2025. Gold from these mines is approved by the PMP.

Silver, platinum and palladium

The Houses also source silver, platinum and palladium from refiners assessed and approved by Kering. The Group has since 2021 been working on adopting programs similar to the PMP for silver, platinum and palladium, with the pre-qualification of RJC CoC-certified recycled metals. Gucci uses 100% recycled palladium and silver.

Pomellato, DoDo and Qeelin use 100% recycled silver.

Diamonds

As regards diamonds, Kering works with its suppliers to ensure that all diamonds used in its products comply with the Kimberley process, which aims to ensure the legality of trade in the international market, so that it does not serve to finance rebel armed conflicts. The Group’s Houses map risks in the regions from which diamonds originate. Since 2022, the Group no longer sources diamonds from Russia. Kering has also worked with its Houses to roll out guidelines and best practices on the traceability and sustainable sourcing of diamonds. For example, Boucheron sources diamonds from RJC CoP-certified suppliers and follows the recommendations of the World Diamond Council System of Warranties.

Pomellato, Boucheron and Qeelin have introduced systems to ensure that diamonds are traceable. For example, Boucheron and Qeelin use Sarine technology. 100% of solitaires in Boucheron’s *Étoile de Paris* collection and 83% of 1 carat diamonds in Qeelin’s engagement ring collection can be traced using this technology.

Other metals

The Houses also make use of other lower-impact processes: Saint Laurent and Balenciaga have been using physical vapor disposition (PVD) coating on stainless steel for several years now for certain metal parts on their leather goods. This vacuum metalization process deposits thin films of material in vapor form, which reduces the environmental impact compared to classic electrolytic plating processes.

Sector certifications and initiatives

RJC CERTIFICATIONS (RESPONSIBLE JEWELLERY COUNCIL)	MARINE STEWARDSHIP COUNCIL (MSC)	COLOURED GEMSTONES WORKING GROUP (CGWG)	WATCH & JEWELLERY INITIATIVE 2030
Are certified RJC CoP: Pomellato, DOdo, Boucheron, Qeelin and Gucci (also certified RJC CoC)	Boucheron	Founding member	(see section 6.2.2.2) Boucheron, Gucci, Pomellato, Dodo and Qeelin

5.4.2.4 Cotton and plant textile fibers

Kering prioritizes use of certified recycled or traceable, organic and sustainably grown cotton, and is committed to encouraging the transition towards regenerative cotton production, in order to protect and restore biodiversity, improve soil quality and ensure that farmers are fairly paid. Kering takes a multi-level approach to responsible cotton:

1. Define and maintain high sourcing standards

The Kering Standards for cotton specify traceability at least back to the country of origin to avoid sourcing from countries that are high-risk in terms of both environmental and social impacts, and prohibit the use of chemicals and pesticides. Alignment with the Kering Standards by 2025 includes a target to achieve 100% certified organic or recycled cotton. Kering encourages the use of organic cotton through its preference for GOTS (Global Organic Textile Standard) and OCS 100 (Organic Content Standard) certifications, and for regenerative practices, for example through ROC (Regenerative Organic Certified) and EOV (Ecological Outcome Verification) certifications.

2. Increase the proportion of cotton sourced from organic and regenerative farming or recycled cotton in their purchasing

In 2023, almost half of the cotton used by the Houses was organic (48%) and 23% was certified recycled.

The Group is seeking to transition some of its cotton sourcing toward alternative plant fibers that have a lower environmental impact (such as linen and hemp), as well as recycled options. Using recycled materials significantly reduces the impact associated with producing virgin materials.

3. Collaborate with other companies in the sector to promote cotton from organic and regenerative farming

Kering continues to support the development of organic cotton farming and the market for organic cotton, as well as the adoption of regenerative practices in cotton production through various collaborations:

ORGANIC COTTON ACCELERATOR (OCA)	TEXTILE EXCHANGE	PARIS GOOD FASHION
Co-founding member; Contributor	Organic Cotton Roundtable (OCRT) - member; Cotton Regenerative Metrics Working Group - member	Member

4. Support projects in the field

Through its partnership with OCA, Kering provides practical support for on-the-ground projects in India, with the aim of stepping up the pace at which organic farming practices are adopted by helping farmers making the transition. Furthermore, through the Regenerative Fund for Nature, Kering also enables OCA to encourage farmers already practicing organic farming to adopt additional measures to achieve quantifiable regeneration of soil and of biodiversity. Thanks to this project in four Indian states (Gujarat, Odisha, Madhya Pradesh and Rajasthan), 2,000 family farmers will receive support to move from conventional to organic and regenerative farming, and around 50,000 other producers that are already certified organic will be supported in adopting regenerative practices such as crop diversification, reducing or eliminating tilling, use of mulching, planting of ground cover and green manure, mainly through a network of "demonstration" regenerative farms. Between 2021 and 2023, OCA estimates that it supported the introduction of regenerative practices on around 68,000 hectares, well above the initial target of 53,500 hectares.

5. Cotton traceability

The MIL has been working actively since 2018 to obtain the first fully verified organic cotton fabric using forensic science methods. The project has been carried out with two long-standing Kering partners, Italian weaver Albini and Supima, a US-based organization advocating high-quality cotton, as well as with traceability expert Oritain. The technology uses digital fingerprinting of organic cotton, which means it can be tracked at all stages of production. The current Oritain program (2022-2023) allows the Houses to check their suppliers' claims and ensure that they comply with rules restricting the origin of cotton in accordance with the Kering Standards.

5.4.2.5 Plastics and synthetic fibers

The Houses' use of plastics is governed by the Kering Standards. Kering has had a zero-PVC product policy in place since 2012 and aims to stop using single-use plastics by 2025 (see section 5.5.4.1). In addition, the Houses must favor plastics with recycled content or, failing that, certified biobased content, and ensure that chemicals used comply with the Group's MRSL (see section 5.3.3.3) and PRSL (see section 6.1.3). For the product end-of-life phase, the Kering Standards emphasize recyclability.

The impact of microfiber pollution on human health and the environment is also a major concern for the textile industry. Kering is working on eliminating the use of toxic chemical products and removing microfibers and microplastics from its production processes, for example by developing specific dyeing processes, from the product design phase.

In 2021, Kering joined forces with The Microfibre Consortium as part of a collaborative approach between manufacturers and brands to highlight the need for better understanding of microfiber pollution and its adverse effect on aquatic environments and air quality. The consortium calls for the sector to measure and reduce levels of microfiber release. Kering requires its suppliers to comply with its Sustainability Principles, including implementing measures to reduce the formation of microfibers and microfiber emissions.

All the ready-to-wear Houses are continuing to reduce the proportion of synthetic materials used and gradually incorporate new alternative materials or more responsible synthetic fibers into their collections, made from biomaterials or recycled. For example, in 2023, 42% of nylon used by Gucci was recycled. Since 2018, Gucci has also worked with its suppliers on the "Gucci-ECONYL®PRE CONSUMER FABRIC TAKE BACK PROGRAM", which aims to recover ECONYL® production scraps (100% recyclable nylon fiber from fishing nets) and recycle them to create new materials.

5.4.2.6 Precious skins

Sustainable sourcing of precious skins such as from crocodilians and other reptiles, including compliance with the strictest animal welfare standards, is a priority for the Group. Kering and its Houses support a range of initiatives on sustainable supply chains for precious skins. These initiatives combine the Houses' Sustainability departments and the Group's operations division (which manages its own tanneries and incoming supplies) and various external stakeholders.

The Group and its Houses comply with national and international legislation and regulations on the trade of precious skins: all skins of species classified as endangered or vulnerable by the Convention on International Trade in Endangered Species ("CITES") are obtained with certificates attesting to their legal origin, issued by CITES and the export authority, to ensure that trade does not threaten endangered species. In 2023, the Group resumed its grassroots verification activities, particularly in Southeast Asia and specifically Indonesia, but also continued to help international associations working on the ongoing improvement of sustainable trade and use of exotic leather. Kering actively supports the development of industry standards for all exotic species, such as crocodilians, ostriches and reptiles from Asia:

SOUTHEAST ASIAN REPTILE CONSERVATION ALLIANCE (SARCA)	INTERNATIONAL CROCODILIANS FARMERS ASSOCIATION (ICFA)	SOUTH AFRICAN OSTRICH BUSINESS CHAMBER (SAOBC)
Founding member	Development of the ICFA 1001 standard: 2022 Crocodilian Farming – Requirements: sourcing of certified materials in accordance with this standard	Animal welfare standards for the ostrich trade: sourcing of certified materials in accordance with this standard

In 2023:

- 100% of Kering's exotic tanneries sourced their supplies from ICFA-certified farms;
- 100% of crocodilian and ostrich skin suppliers had certifications aligned with the Kering Standards (ICFA, SAOBC);
- 100% of python and lizard skin suppliers were pre-audited according to SARCA's RRSS protocol.

5.4.2.7 Cellulosic fibers

Kering takes great care with its sustainable sourcing strategy for cellulosic fibers such as viscose since they can made from wood pulp, which can present significant risks in terms of deforestation and forest degradation. In 2023, viscose accounted for approximately 6% of ready-to-wear raw materials, and in total less than 1% of the Group's raw material purchases.

To a very large extent, the Kering Standards follow the requirements of Canopy, an NGO that works to protect the world's forests, species and climate. In 2018, Kering funded CanopyStyle's launch of ForestMapper, an interactive map tracking ancient and endangered forests, thereby providing businesses with decision-making support for their purchases of paper, packaging, wood and cellulosic textiles. The Group and its Houses source primarily from suppliers that have achieved "dark green" level (score of over 30 out of 35) according to the Canopy Hot Button Ranking methodology, as well as buying FSC-certified cellulosic fiber. The main suppliers – Lenzing, Eastman, Aditya Birla, Jilin, Tangshan Sayou, Bailu Group, Acegreen, Yibin Grace et Enka – all achieved a score of over 30 in Canopy's 2023 Hot Button report.

Kering is exploring a number of recycling technologies and, in 2020, joined forces with Fashion for Good for the "Full Circle Textiles Project: Scaling Innovations in Cellulosic Recycling" project, which is looking into economically viable and scalable solutions for chemical recycling of cellulose, in order to enable a closed-loop system to convert textile waste into new man-made cellulosic fibers.

At COP 27 in 2022, Kering supported the collective commitment alongside NGO Canopy to buy more than half a million metric tons of cellulosic fibers and paper packaging made from "next-generation" materials that have a lower impact on the climate and biodiversity. This commitment is intended to attract the investment needed to achieve a rapid ramp-up of production of these much sought-after alternatives.

In line with the Kering Standards, all Houses with ready-to-wear ranges favor using sustainable cellulosic fibers in their collections, particularly FSC-or GRS-certified viscose and/or lyocell, and RCS-certified or recycled cupro, from suppliers with a score of over 30 in the Canopy report, as mentioned above. They also favor FSC-certified products in their packaging and paper (see section 5.5.4.1).

Kering's strategy on sourcing wood-based products (including cellulosic materials, viscose, etc.) that have an impact in terms of deforestation is described in Kering's responses to the 2023 CDP Forests Questionnaire, available on www.cdp.net. Kering achieved an A- rating in the 2023 CDP Forests Questionnaire for the Timber category.

5.4.2.8 Fur

Kering has made the decision to stop using animal fur. None of the Group's Houses have used fur since the Fall 2022 collections.

5.4.3 Animal welfare: the Kering Animal Welfare Standards

Kering believes that the products developed by its Houses must meet the highest standards in terms of the welfare of animals, supplying many of the materials used by the Houses.

With this in mind, Kering published its Animal Welfare Standards in 2019, with the aim of ensuring optimum treatment of all species in the Group's supply chain. For each of these species, the standards highlight specific challenges, laying down rearing, transportation and slaughtering requirements, and provide the list of existing certifications serving as benchmarks. In 2021, these standards were updated to reflect changes in practices and experience gained during visits and assessments within our value chains.

Developed with input from animal welfare experts, farmers and herders, scientists and NGOs such as the Royal Society for the Prevention of Cruelty to Animals (RSPCA), Compassion in World Farming (CIWF), the Nicolas Hulot Foundation for nature and Humankind (FNH), Welfarm and French charity for animals taken to slaughter Œuvre d'Assistance aux Bêtes d'Abattoirs (OABA), the standards are based on the latest scientific research, as well as prevailing regulations and best management practices.

The standards lay down a number of requirements for animal management that would significantly improve the welfare of animals if they were adopted by the industry more broadly. They include Bronze, Silver and Gold levels to encourage the Group's suppliers to make continuous improvements.

Protocols and assessment results

Specific assessment protocols have been developed describing how Kering and its Houses can measure their suppliers' compliance with the Kering Standards. The protocols cover livestock rearing, transportation and slaughter conditions, but also include broader criteria such as farms' environmental performance and their impact on local communities and people.

A country-by-country risk assessment approach is implemented, based on the Animal Protection Index of NGO World Animal Protection. It assesses the risks inherent to each country in terms of animal welfare, based on indicators such as the prevailing legislation and the voluntary commitments that exist. The level of verification implemented to ensure compliance with Kering's Standards is then adapted to this level of risk by country, as well as other factors such as the type and volumes of raw materials concerned.

In 2023, the monitoring and verification of compliance with animal welfare standards focused on leather and precious skins. This led to a case-by-case action plan reflecting the risk presented by the countries of operation and with regard to existing animal welfare certifications for slaughterhouses. Around 20 field evaluations were carried out in 2023 to verify that Kering's animal welfare requirements were being met. In the absence of field evaluations, a bibliographical evaluation of a number of standards and suppliers was carried out with regard to their approaches to animal welfare, particularly for the wool and leather supply chains.

Fragrances and cosmetics

In 2023, Kering decided to invest directly in the beauty sector by creating a specialist entity: Kering Beauté, which has developed an in-house sustainable production charter that includes a section on animal welfare, with undertakings:

1. to limit use of animal-derived products to only substances that present a relatively low risk – beeswax, lanolin, honey and carmine. The risks and impacts of these raw materials on the environment, society and animal welfare should also be carefully evaluated and taken into account before they are used;
2. not to accept animal testing by not developing any products that require their raw materials, ingredients, formulae or finished products to be tested on animals, anywhere in the world. In the case of new ingredients, suppliers and sub-suppliers must provide evidence that animal testing is not required for the product to go to market in China or any other country.

In 2023, some Group brands in the "fragrances and cosmetics" category operated via licensing agreements with leading industry operators such as L'Oréal and Coty to develop and sell fragrances and cosmetics. The entities with which Kering and its Houses have signed licensing agreements have developed strict policies on animal testing, compliant with internationally recognized standards and best practices. Their approaches and requirements are set out in their respective reports.

5.5 Fostering circularity

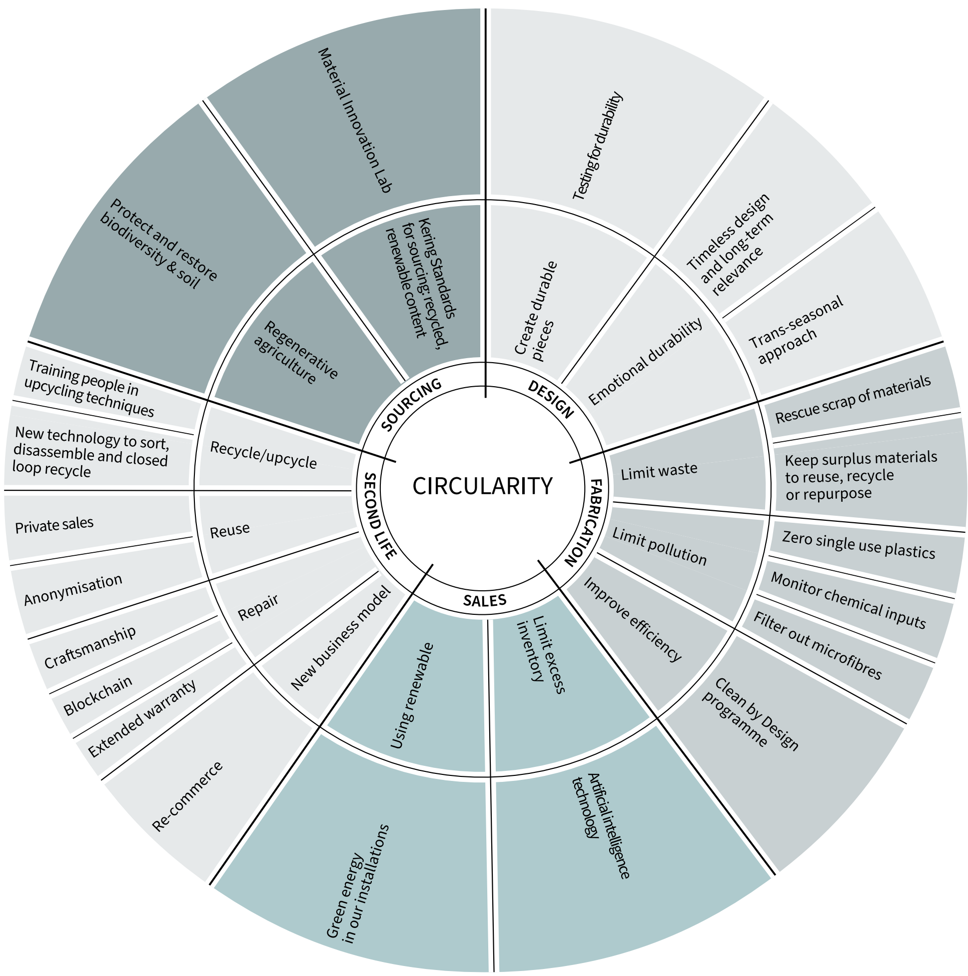
Moving away from the conventional model of "take, make, waste" is not only about recycling. Transitioning to a truly circular economy requires a complete rethink of the way we produce and use resources as well as the way we extend the life of products.

5.5.1 Circularity ambition: "coming full circle"

Kering sees the circular economy as a true opportunity to shape the industry by adapting it to the needs of future generations. The "Coming Full Circle" ambition has three central aspects:

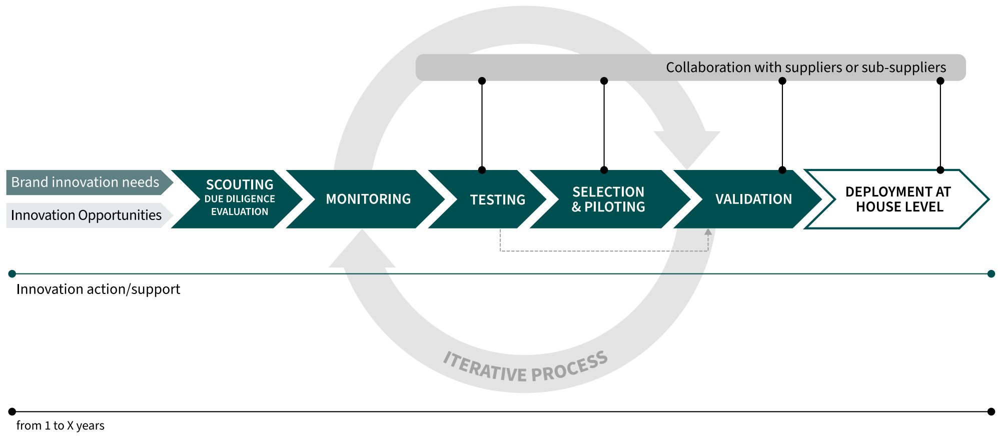
1. luxury that lasts;
2. regenerative sourcing and clean production;
3. making production processes more efficient.

Kering has set a series of targets: zero product destruction, 100% renewable energy by 2022 (target achieved based on RE100 criteria, see section 5.2.4.2), zero single-use plastic by 2025, 100% of raw materials to comply with the Kering Standards by 2025, and zero microfiber leakage by 2030.



5.5.2 Sustainable innovation

Kering aims to stimulate disruptive innovation, transform traditional production processes and encourage the widespread adoption of more sustainable practices. The Group is driving sustainable innovation and setting up internal workshops and structures, while the Houses are developing initiatives specific to their businesses and priorities. Kering is also committed to developing an ecosystem of innovation actors. The graphic below summarizes Kering's innovation approach and the various stages involved, from identifying innovation opportunities (external or internal via the MIL, JIL or specific departments within the Houses such as R&D, operations, strategy) through to the rollout of innovations:



5.5.2.1 Supporting innovation within and outside the Group

Material Innovation Lab (MIL)

Kering's Houses can rely on the Material Innovation Lab (MIL), which opened in 2013 at the heart of the Group's production operations in Italy. It consists of a team of experts and a materials library, with three main missions:

1. Provide a sustainable materials library	2. Investigation of supply chains	3. Leading responsible innovation
• Develop and make available to the Houses materials (fabrics, yarns, trims, etc.) aligned with Kering Standards to replace conventional materials in their collections. • Provide technical support for R&D efforts relating to sustainable materials, to design new textile structures and yarns for different product categories. • Update the MIL materials library every six months to incorporate fabric and yarns of suppliers' new collections. All obsolete collections are regularly donated to educational institutions in Italy and other countries.	• Help the Houses to source sustainable raw materials (cotton, wool, silk) in larger quantities and develop multi-brand synergies. • Map supply chains from field to end supplier, collect and check the various certifications at each stage in order to improve transparency. The MIL is also working on rolling out a digital traceability tool and also mapping out the textiles industry and Kering's supply chains (over 400 subcontractors and suppliers mapped). • Maximize efforts to create sourcing mechanisms that enable the Houses and suppliers to source regenerative materials from the Regenerative Fund for Nature and approve a shared sourcing mechanism with suppliers and subcontractors.	• Identify, assess and select sustainable textiles innovations in a variety of areas such as biotech fibers, recycling techniques, dyeing, printing and traceability technologies, etc. • Steer these innovations to make them more mature and get them to a level of development where they can be applied by the Group's Houses. • Support pilot projects from the Fashion for Good accelerator, of which Kering is an active member.

The MIL's main achievements in 2023 were as follows:

- Around 8,000 samples of textile components listed (fabrics, yarns, trims, packaging, nonwoven, hard and composite materials, etc.).
- Over 150 textile developments and research using sustainable and innovative materials for the ready-to-wear, soft accessories (scarfs, gloves, hat), denim, packaging, shoes and bags categories:
  - new fabrics and yarns that use low-impact fibers (hemp, linen, etc.) and recycled materials (cotton, wool and cashmere);
  - new textiles structure to replicate fur effect using natural and synthetic materials;
  - innovative fibers or fibers originating from Regenerative Fund for Nature projects (wool, cotton, cashmere);
  - dyeing and finishing using alternatives to controversial substances.
- Six main medium-term research streams:
  - low-impact denim (11 projects in progress);
  - fur alternatives (8 projects);
  - closed-loop recycled materials (14 projects);
  - access to new fibers and adaptation to collections (15 projects);
  - transparency and traceability (11 projects);
  - alternatives to conventional polyester (14 projects).
- 178 training sessions:
  - externally: dedicated online training at supplier facilities (spinning, dyeing, weaving mills, etc.);
  - internally: online training, webinars and workshops with the Houses and suppliers;
  - IN LAB workshop: operational workshops dedicated to specific teams at each House working with external stakeholders on developing samples of materials and textiles.
- More than 800 manufacturers (materials, yarns, accessories and raw materials producers) listed in the materials library (350 of which were added in 2023).
- Operational collaboration with innovative startups to bring seven technologies to a level of maturity close to implementation (alternative materials, natural or biotech-based dyes, finishing without controversial substances).
- Approximately 100 Group suppliers supported in their ecological transition:
  - financial contributions to share the cost of certification or to include more sustainable materials in their fiber portfolios;
  - onboarding in sourcing more sustainable materials and training for aligning with the Kering Standards.

Jewellery Innovation Lab (JIL)

The main role of the Jewellery Innovation Lab (JIL) is to help Kering's Jewelry Houses with adopting more sustainable practices by means of innovation and networking. Its two key aims are:

1. develop sustainable innovations for materials and processes to reduce the impact of the supply chains;
2. assert the leading position of Kering and its Jewelry Houses in terms of sustainability through key partnerships and groundbreaking initiatives.

In 2023, the JIL worked on alternatives to precious stones and on processes and materials with a lower environmental impact, such as ceramics produced using limited energy consumption and green batteries.

Innovation in leather

Some of the Group's tanneries conduct trials on developing alternative materials to leather in partnership with external innovators, drawing on their expertise in leather tanning. The aim is to be able to offer high quality, plastic-free materials of non-animal origin with a significantly lower environmental impact to the Group's Houses and beyond. This work also aims to prepare the future of tanneries for new processes relating to these innovative materials, and enable Kering to achieve its targets in terms of reducing greenhouse gas emissions, as leather accounts for 44% of greenhouse gas emissions relating to the products' life cycle and their commercialization, according to the EP&L.

5.5.2.2 Innovation-oriented initiatives from Kering's Houses

In addition to Group-level initiatives, the Houses also run their own innovation initiatives, addressing their specific activities and priorities. These include:

- Balenciaga organized its fifth Material Innovation Unit (MIU), bringing together over 50 designers, developers and operational representatives to converge towards common practices and processes. The platform is also useful for training teams and putting them in touch with startups, NGOs and experts from the academic world on topics including responsible sourcing, innovative materials and sharing of best practices;
- in 2023, Balenciaga launched a coat made from Lunaform™, a new biomaterial produced by micro-organisms during fermentation. This is the first time this material has been used in the fashion industry. The process only involves natural ingredients and no synthetic chemicals products are used. It is free of animal products and plastics. The House won the Best Luxury Product of 2023 at the PETA Fashion Awards;
- Gucci has extended its range of products made from Demetra, an animal-free alternative to leather produced in Italy, to include the Gucci Horsebit 1955 bag, which is made from 75% plant-based raw materials. The House took the Best Vegan Bag prize at the 2023 PETA Fashion Awards;
- Alexander McQueen used marine leather in its 2023 shoe collection, in collaboration with French startup ICTYOS. Initial assessments by ICTYOS highlight the reduced environmental impact of this leather in terms of carbon emissions and water consumption compared with conventional cowhide leather;

- Kering Eyewear's Blockchain *Virtus* project: a system adopting blockchain technology on a regulated platform to measure and quantify the impacts of all parties and processes throughout production flows and check that each link within the chain is adhering to the quality standards and environmental, social and ethical practices set by Kering Eyewear;
- the *TextileGenesis* platform implemented by Saint Laurent: a supply chain traceability platform to trace materials back to the farm. Saint Laurent focused on wool and cashmere supply chains in 2023 and is looking to extend its scope of application in 2024.

5.5.2.3 External partnerships

Partnership with Fashion for Good

Kering became a founding partner of the Fashion for Good accelerator in 2017. Its aim is to drive innovation in the Luxury and fashion industries considering in sustainability criteria and supporting the development of startups through an intensive accelerator program. Partners can identify startups and support them in their development.

In 2023, particular emphasis was placed on dry and wet finishing treatments, fiber-to-fiber mechanical and chemical recycling, development of low-impact dyeing techniques and leather alternatives (bio-based or recycled materials).

Of the 151 pilot projects launched via the accelerator, 33 were coordinated with Kering Houses through the MIL and at Group level, including:

- the "D(r)ye Factory of the Future" project, initiated in 2022 and continued in 2023, to trial innovations in the pre-treatment and dyeing of fibers and more specifically cotton denim, wool, polyester and wool-cotton blends, in order to reduce consumption of water (maximum reduction of 99% and average of 84%), energy (maximum reduction of 93% and average of 69%) and chemicals (maximum reduction of 90% and average of 59%) during the dyeing process;
- a hydroponic cotton project, aiming to grow cotton in conditions similar to those of a greenhouse, with considerable reduction in the use of water, chemical pesticides and synthetic fertilizers, while quadrupling yields;
- the "Black Pigment Project", initiated in 2022 and continued in 2023, for validating and scaling bio-black pigments derived from waste feedstocks such as industrial carbon, algae and wood that could replace synthetic carbon black dyes, offering a lower carbon impact compared with classic dyeing techniques.

Partnership with Biofabricate

Biofabricate is a services platform based in New York that aims to popularize and democratize emerging biotechnologies and biomaterials. It connects Luxury goods houses with innovators around the world. In 2023, Biofabricate launched a web platform dedicated entirely to biomaterials. Kering played an active part in this platform, defining the needs of its Houses taking an educational approach and acting as beta tester ahead of its public rollout in 2024. In January 2024, Kering was main sponsor of the Biofabricate Summit in France, bringing together an international panel of innovators, creatives and investors.

Kering Generation Awards

Kering and the innovation platform Plug and Play China have created the Kering Generation Awards to promote sustainable innovation in the fashion industry. As well as identifying innovators in sustainable fashion in mainland China, the award program also seeks to raise awareness within the Chinese fashion ecosystem about the importance of more responsible fashion.

The rollout of the Kering Generation Awards in Japan has begun with local accelerator CIC. The first awards ceremony will be held in Tokyo in December 2024.

5.5.3 Promote circularity and the reuse of products

5.5.3.1 Durability by design

The priority of circular fashion is to create products that last, retain their value over time and to produce the right number of products so as to avoid unsold products. The Group's luxury products fall within this framework, combining 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.

Furthermore, 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 warranty:

- Brioni offers its customers a reconditioning service, which it promotes via its e-commerce site;
- Bottega Veneta has introduced its Certificate of Craft lifetime warranty program for its most iconic bags (Jodie, Cassette and Pouch) offering unlimited refresh and repair. This initiative is free for customers, who receive a physical certificate that matches the serial number of their bag.

To make it easier to access repair services, Kering has created specialist repair centers for customers: one located in Shanghai, another one in Hong Kong SAR and a last one in the United States (near its headquarters in Wayne, New Jersey). Kering already offers a resoling service for sneakers, and several Houses have launched pilot programs for shoe cleaning and repairs. Kering's after-sales service is an essential part of building loyalty towards the Houses. This contributes to its excellence and savoir-faire, with the aim of enhancing the lifespan of the Group's luxury products.

Gucci, with the support of Kering, announced the launch of the first circular luxury goods hub in Italy in 2023. The aim of the Gucci "Circular Hub" is to speed up the transformation of production methods in the Italian fashion industry, redefining the entire value chain. From raw materials and design through optimizing production and logistics, the "Circular Hub" is an open-source innovation platform for the design and manufacture of circular products and research of new solutions. It supports the creation of innovative and circular luxury products that maximize the use of recycled materials, durability, repairability and recyclability.

5.5.3.2 Build a business model that gives products a second lease of life

Extending the lifespan of products also means looking for new business models that preserve the value of the product and keep it in the economy. As such, the sale of second-hand products is growing in importance and is a strategic focus for the Group, primarily via Kering Ventures. Its purpose is to invest in innovative new technologies, brands and business models for the future of the luxury sector. This includes the acquisition of a financial stake in 2021 in *Vestiaire Collective* (worldwide pre-owned fashion platform), *Cocoon* (luxury bag rental service) and *VitroLabs* in 2023 (startup specializing in the production of lab-grown leather), etc.

The Group has also accelerated its movement to collect products that are no longer used by customers, collectively via extended producer responsibility if the organizational structure is in place locally, as is the case in France with Refashion, or through partnerships such as Alexander McQueen x Vestiaire Collective, which offer a practical solution for collecting products that are no longer used, while increasing products' active lifespan.

5.5.3.3 Reuse, upcycle, recycle

To limit the quantity of unsold products at the end of each season, the Group is investing in artificial intelligence technologies to improve sales forecasts and therefore optimize production and distribution. Machine learning models improve the Group's ability to anticipate seasonal demand and current trends, thereby reducing possible prediction errors.

As the destruction of unsold products is prohibited throughout the Group, Kering is actively working to develop operational solutions to give products and materials a second lease of life. This means that products that are not sold in stores, particularly because of feedback about quality, are then offered for sale to employees and their friends and families, or are donated. If products still remain unsold, pilot upcycling and remanufacturing projects are in place to develop lasting and value-added recycling systems that preserve the value of materials in order to use recycled materials in fashion products. These processes are not the same as downcycling, which does not allow for a circular economy.

The Houses have developed a number of reuse, upcycling or recycling projects such as:

- Balenciaga used obsolete fabrics and shoe scraps to produce insulation panels for its training center and factory in Cerreto Guidi. This enabled it to insulate a total of 2,800 m^2 of walls and use 5.8 tons of shoe scraps and 1.5 million tons of fabric. The House is also involved in a leather scraps recycling project with a number of external partners, allowing for the recovery of 5.2 tons of leather in 2023;
- Bottega Veneta has set up several leather scraps recycling projects. The first allowed for the launch in 2023 of the "Reserve Leather Series" collection, using leather from high quality surplus stock to create unique pieces. The second project consisted of collecting leather scraps (free of chrome and other metals) to create paper. Finally, another project has been launched to turn leather scraps into fertilizer;
- As part of its "Circular Hub", Gucci has worked in partnership with *International Promo Studio*, *Candiani Denim* and *Filatura Astro* to develop jeans made from 74% cotton fiber grown using regenerative agriculture practices and 26% post-consumer recycled fibers, collected and re-spun in Italy. The House has also set up the "Gucci-Up" program to upcycle scraps of leather and textiles generated during the production process. Between 2018 and 2023, Gucci reused 111 tons of leather scraps;
- Saint Laurent has used upcycled leather in its Sunset collection since Fall 2021;
- Kering Eyewear has developed ReAce, a 100% recycled acetate derived from pre-consumer acetate scraps. Using ReAce promotes a circular economy approach by recovering subproducts that would otherwise be wasted. Producing one kilo of ReAce reduces carbon emissions by at least 50% compared with producing the same quantity of conventional acetate;
- Pomellato has launched the *Pomellato Iconica Cocktail* ring collection using ancient stones from unsold rings from the *Veleno* collection.

These practices have enabled the Group to anticipate French and EU regulations and even go beyond these regulations by banning the destruction of unsold products, regardless of location.

5.5.3.4 Responsible and regenerative sourcing of materials and responsible collections

The final aspect relates to the sound management of chemicals, the maximum use of recycled or renewable materials, and recycling at every stage of production. Kering and its Houses have focused primarily on materials deemed strategic by virtue of their volume, their environmental impacts or their contribution in overall sourcing (see section 5.4).

This approach, coupled with the Group's innovation strategy (see section 5.5.2), has resulted in a steady rise in the weighting of responsible materials aligned with the Kering Standards within the Houses' collections, helping to raise greater awareness among customers and respond to growing demand for responsible products (see also section 6.1).

5.5.3.5 Circular economy partnerships in fashion

ELLE MACARTHUR FOUNDATION Kering – Member Gucci - Strategic partner	***FÉDÉRATION DE LA MODE CIRCULAIRE*** Founding member

5.5.4 Packaging and waste management

5.5.4.1 More sustainable packaging

According to the definition given in the European Directive on packaging and packaging waste, a packaging is a disposable article made of any material, intended to contain and protect specific goods and allow them to be handled and transported. As a result, certain items used to protect the Group's products, and intended to be used by customers throughout the products' lives, are not categorized as packaging. For example, this is the case for jewelry boxes, eyewear cases, clothing and shoe dust bags that are not used as disposable items by customers.

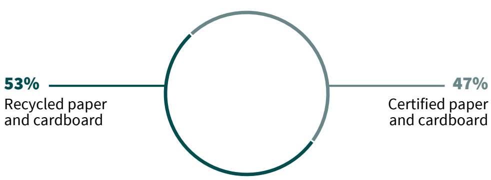
Packaging consumption *(in metric tons)*

	2023	2022	2021	Change 2023 vs. 2022
Paper and cardboard	13,185	19,640	29,849	-33%
Textiles	427	442	2,552	-3%
Plastics	608	581	1,136	+5%
Metals	70	50	683	+40%
Wood	33	37	219	-11%
Leather	3	0	2	N/A
Other materials	4	6	63	-33%
TOTAL PACKAGING	14,330	20,756	34,504	-31%

The Group does not use glass packaging. The general reduction in packaging used by the Group's Houses between 2022 and 2023 is mainly due to the reduction in production volumes over the year, as well as anticipated new artistic directions.

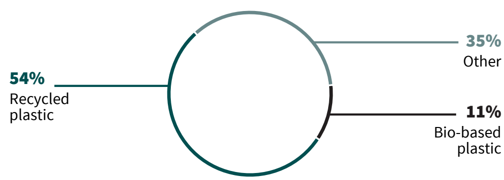
Paper and cardboard packaging

92% of packaging used by Kering consists of paper and cardboard. In 2023, all paper and cardboard packaging was certified or recycled.



Plastic packaging

4% of the Group's packaging is made of plastic. In 2023, 65% of plastic packaging consisted of recycled or bio-based material.



Measures to promote more sustainable packaging

Kering and its Houses strive to source recycled or certified biobased materials. They have also adopted initiatives aimed at reducing the use of packaging while guaranteeing an optimal level of protection for the goods manufactured. The Kering Standards dedicated to packaging set out the principles of ecodesign: reduce (weight and volume), reuse, recycling and incorporate sustainable materials (recycled, bio-based and certified). It should be noted that the use of compostable plastic is not considered as a viable solution for the Group, as these materials have not demonstrated specific environmental benefits.

All the Houses are developing plastic alternatives for their packaging, gradually replacing it with paper (FSC-certified) or cotton (organic, GOTS-certified). In particular, in 2023, Boucheron presented its new jewelry case concept. It is made from just two materials: aluminum (made from 15 to20% recycled aluminum) and felt (made from RWS-certified wool). Using felt means that glue and stitching is not necessary, which makes recycling easier.

In 2022, an ecodesign tool was developed to help teams implement the Kering Standards on an operational level. This guide will be shared more widely with suppliers at the start of 2024.

The Houses pay special attention to packaging used for e-commerce. For example, Bottega Veneta uses a box made from cardboard that is lighter than the traditional packaging used, thereby optimizing space and reducing the impact of product shipping. Gucci no longer uses plastic in its retail and e-commerce packaging, which consists of reusable cotton packaging and filling made from FSC Mix certified paper. Gucci is also cascading its requirements to its suppliers. As regards plastic protective boxes for its accessories, Gucci's "Take Back" program avoided the production of 360,000 boxes, equal to 43 metric tons of plastic avoided for BtoB packaging in 2023.

Single-use plastics

Kering believes that eliminating plastic packaging across the industry is a priority and has adopted the ambitious target of eliminating it completely by 2025. The solutions being considered are as follows, in order of priority:

BtoC:

1. eliminate packaging;
2. replace plastic with another material such as paper.

BtoB:

1. eliminate packaging;
2. choose reusable rather than single-use packaging;
3. replace plastic with another material such as paper;
4. use 100% circular plastic:
   - containing 100% recycled material,
   - recyclable in practice and at scale.

5.5.4.2 Hazardous and non-hazardous waste

The Group's 2023 EP&L results show that 3% of Kering's monetized environmental impacts related to the products' life cycle and their commercialization concern waste production, and that they are mostly in Tiers 1 and 2 (final assembly and manufacturing).

Hazardous and non-hazardous waste production

Kering produces primarily packaging waste. Waste production is directly related to the intensity of its retail activities. The repackaging of products or the use of pallets for transportation mostly generate non-hazardous waste.

Small quantities of hazardous waste are produced, corresponding to specific waste in production sites and other waste produced mainly in stores and offices (lighting, ink cartridges, etc.). The main source of the Group's hazardous waste production is linked to its industrial operations, and more specifically its tanneries. One of the main challenges is the presence of heavy metals, which are used during the tanning process, in waste. Kering's tanneries are therefore actively involved in the research and development of alternative tanning methods that are more environmentally friendly (see section 5.4.2.1). As a result, a heavy metal-free tanning method is now available at the Group's tanneries and Life Cycle Assessments (LCA) have been carried out to confirm the improvement in environmental impact associated with the new process, which does not use chrome or heavy metals.

Total waste produced *(in metric tons)*

	2023	2022	2021	Change 2023 vs. 2022
Non-hazardous waste	18,341	22,702	20,452	-19%
Of which recycled and recovered	*67%*	*65%*	*77%*	
Hazardous waste(1)	604	569	645	+6%
Of which recycled and recovered	*60%*	*43%*	*46%*	
TOTAL WASTE	18,945	23,271	21,097	-19%
Of which recycled and recovered	*67%*	*64%*	*76%*	

(1) Hazardous waste includes batteries, neon lights, waste electrical and electronic equipment, used oil, paint, aerosols, soiled packaging and ink cartridges.

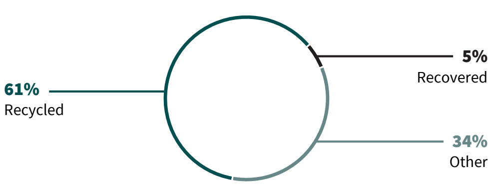
In 2023, 97% of waste generated by the Group was non-hazardous. The quantity of waste produced decreased by around 19% in 2023. The Kering Standards on store operation and maintenance are being introduced to more and more sites. At all Alexander McQueen, Balenciaga, Bottega Veneta, Brioni and Qeelin stores in France, waste is regularly weighed and declared, with average recycling rates of over 80%.

The proportion of non-hazardous waste recycled and recovered rose to 67% in 2023.

Non-textile waste recycling

Kering is constantly looking for ways of recycling the waste generated by its operations. For example, Kering, Balenciaga and Saint Laurent collect and recycle paper and packaging at their offices.

Waste recycling rate in 2023 *(%)*



Measures are also being taken on a local level to combat food waste, such as Kering Eyewear's partnership with food waste collection and recovery expert *Moulinot*, or Balenciaga and Saint Laurent's partnerships with waste and compost recovery specialists *Linkee* and *Les Alchimistes*, particularly in relation to showroom events. Gucci has been involved in the *Siticibo* initiative in collaboration with *Banco Alimentare* since 2011, which also partners with Pomellato and Dodo.

Textile waste

Kering and its Houses have launched numerous initiatives and entered into multiple partnerships with schools, associations and recycling organizations to collect waste and scraps from production processes and fashion shows with a view to recycling or reusing them (see sections 5.5.3 and 6.1.2):

- Revalorem for the reuse and recovery of damaged and unsold items;
- donations to charities or schools, or private sales of stocks of fabric from old collections;
- with support from the MIL, Gucci has established an ambitious collection and recycling program for ECONYL® scraps. Known as the "ECONYL®-Gucci pre-consumer fabric take back program", it aims to maximize the benefits of this innovative material in Gucci's ready-to-wear collections;
- at the end of 2023, 10 tanneries were involved in the Gucci "Scrap-less" project. The project consists of cutting off parts of hides that cannot be used in finished products due to their size or quality before tanning actually takes place. The outcome over the period from 2018 to 2023 was a greatly reduced environmental impact, achieved by reducing the quantity of leather needing to be tanned (314 tons of scrap leather avoided). This meant lower carbon emissions (28 tCO_2e avoided), a reduction in use of water (35 million liters of water saved), chemicals (reduction of 484 metric tons, including 82 metric tons of chrome) and energy (2.9 million kW), and a lower impact from transportation.

Several Houses have also established leather scraps management systems (see section 5.5.3.3).

5.6 Identification of Group economic activities covered by the EU Taxonomy regulation

5.6.1 Principles and key performance indicators of the "Green Taxonomy"

This section has been prepared in accordance with EU Regulation 2020/852 of June 18, 2020 (known as the "Green Taxonomy" Regulation), Delegated Regulations (EU) 2021/2139, (EU) 2021/2178, Climate Delegated Regulation (EU) 2023/2485 and Environmental Delegated Regulation (EU) 2023/2486 to encourage sustainable investment.

The Taxonomy aims to identify economic activities that meet at least one of the following six environmental objectives:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

Application of the "Green Taxonomy" Regulation will be phased in as of the end of 2021. For 2023, eligible activities have been extended to include the six environmental objectives. Companies are required to publish three indicators in 2023: turnover, CapEx and OpEx, corresponding to the proportion eligible in relation to the six objectives and aligned only with the two climate objectives of climate change mitigation and adaptation.

On the basis of the new activities introduced in the amendment to the Delegated Regulation of June 13, 2023 (DR 2023/2485 and DR 2023/2486), Kering has analyzed the activities that could apply to the Group and identified the following activities: 5.1 Repair, refurbishment and remanufacturing and 5.4 Sale of second-hand goods, with the aim of moving towards a circular economy.

As a result of the analysis and the amounts associated with these new activities, the main impact for Kering remains linked to CapEx related to real estate , in particular purchases of property and leases. Details of the methodology used and Kering's assessment of compliance with the cross-cutting conditions for alignment (Do No Significant Harm – DNSH and minimum safeguards) are provided in section 5.6.2.

5.6.1.1 Kering's application of the Taxonomy

Analysis of eligible CapEx focused on expenditures related to assets or expenditure eligible for the Taxonomy on an individual basis. The main CapEx targeted are real estate assets, in particular new leases and new acquisitions. As a company involved in retail and luxury goods, the majority of right-of-use assets in 2023 correspond to leases for stores, most of them are located in historic buildings in city centers. In many cases, these buildings do not meet the highest energy efficiency standards. Through its Kering Standards and building certifications (such as LEED Platinum/Gold and BREEAM), Kering improves significantly the energy efficiency of its sites and stores (see section 5.2.3.1.2).

Turnover

In relation with the new activities listed in the amendment of the Delegated Act of June 13, 2023 (DR 2023/2485 and DR 2023/2486), Kering has analyzed turnover and investments associated with the following activities with the aim of moving towards a circular economy:

- 5.1 Repair, refurbishment and remanufacturing;
- 5.4 Sale of second-hand goods.

This analysis shows that turnover relating to these Taxonomy-eligible activities is below the Group reporting thresholds, representing less than 0.1% of the Group's total turnover and thus considered as non-material.

Nevertheless, all Group Houses have launched initiatives to encourage circularity (see section 5.5):

- repair services offered to customers. These services are usually free and represent more an operating expense than a source of revenue for the Group;
- selling second-hand and vintage products via online platforms such as *Vestiaire Collective* and *Reflaunt;*
- use of materials that promote circularity.

A detailed table of ratios of Taxonomy-eligible and Taxonomy-aligned turnover is provided in section 5.6.1.2.

	Proportion of turnover/ (absolute turnover)	
	Aligned	**Eligible**
Climate change mitigation (5)	0%	0%
Climate change adaptation (6)	0%	0%
Water and marine resources (7)	N/A	0%
Circular economy (8)	N/A	0%
Pollution (9)	N/A	0%
Biodiversity and ecosystems (10)	N/A	0%

Capital expenditure

In accordance with the regulation, Kering has analyzed its acquisitions of property, plant and equipment (IAS 16) and intangible assets (IAS 38), right-of-use assets (IFRS 16) and business combinations (IFRS 3).

Highlights: Strategic investments and perimeter changes had a significant impact on the Group's CapEx in 2023:

- acquisition of strategic real estate assets in Paris for €1.7 billion (see Note 14 "Property, plant and equipment" of the Notes to the financial statements), of which €468 million is Taxonomy-eligible;
- consolidation of two new entities:
  - Richard Ginori, with an impact on Group CapEx of €68 million, of which €44 million is Taxonomy-eligible,
  - Creed, with an impact on Group CapEx of €328 million, of which €74 million is Taxonomy-eligible.

These acquisitions and additions to the scope of consolidation have been analyzed according to the criteria described for activity 7.7 Acquisition and ownership of buildings, with the aim of mitigating climate change.

Eligibility and alignment ratios: Eligible expenditures represented 46% of total CapEx in 2023, compared with 59% in 2022. The change in the proportion of eligible expenditures is primarily due to the impact of the acquisition of three buildings in Paris, increasing the total amount of CapEx (denominator) by 68% relative to 2022. Note that total CapEx also includes land that is not Taxonomy-eligible.

Furthermore, Kering did not directly implement any solutions responding to the objective of adaptation in 2023, as in the light of the Group's activities and risk review, expenditures over the year are related mainly to climate change mitigation measures.

The main changes in eligibility and alignment ratios compared with 2022 were as follows:

- **7.7 Acquisition and ownership of buildings**
  - all new leases and acquisitions were reviewed;
  - the eligible proportion relating to activity 7.7 (climate change mitigation) of the Taxonomy amounted to 41% of total CapEx in 2023. This 53% reduction relative to 2022 is due to a 68% increase in total CapEx (impact of the value of land from acquisitions mentioned above). The total eligible amount comes to €1,886 million compared with €1,416 million in 2022, corresponding primarily to the value of the three buildings (excluding land) acquired in Paris during the year;
  - the aligned proportion is 10% of total CapEx, stable relative to 2022 (11%). This is mainly because of the alignment of assets acquired in 2023 and achieving the energy criteria (EPC A rating) for new leases, representing a total of €472 million;
  - regarding the consolidation of Ginori and Creed, the Group carried out a review of the two consolidated entities' eligible property, plant and equipment, including mainly production plants, offices and stores. Based on the information obtained and the Taxonomy criteria, these assets are not considered to be Taxonomy-aligned but are included in Taxonomy-eligible assets in 2023. A more in-depth review of Creed's assets will be carried out in 2024, as it was consolidated into the Group at the end of the year.
- **7.2 Renovation of existing buildings**
  - the main major renovation projects in accordance with local regulations or aiming for a 30% reduction in primary energy demand have been analyzed for their eligibility and alignment;
  - eligible assets in relation to the renovation of existing buildings increased to €115 million from €60 million in 2022, as expenditure on store renovations was taken into consideration in 2023. In 2022, analysis concerned mainly expenditures not related to stores (production plants and warehouses). As a result, some renovation projects were aligned with activity 7.2 criteria (climate change mitigation) in 2023, representing a total of €37 million (0.8% of CapEx);
  - in 2024, the Group will endeavor to take greater account of Taxonomy criteria when starting renovation projects in order to meet energy consumption reduction criteria.
- **7.3 Installation, maintenance and repair of energy efficiency equipment**
  - for sites for which investments are not eligible for a major renovation, the eligibility and alignment of energy efficiency equipment have been analyzed;
  - taxonomy-aligned expenditures accounted for 2% in 2023, similar to the proportion in 2022 of 3%. Emphasis is placed on this type of expenditure in the Kering Standards and energy efficiency features such as insulation and LED lighting are included in each real estate project.
- **7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings**
  - for sites for which expenditures are not eligible for a major renovation, Kering has analyzed eligibility and alignment n relation to instruments for measuring, regulation and controlling energy performance;
  - these devices are widely used within the Group's buildings, as emphasized in the Kering Standards, and required for site certification;
  - these expenditures remained stable compared with 2022, amounting to €10 million in 2023.

Based on analysis of the technical criteria for substantial contributions, application of the "Do No Significant Harm" principle and minimum safeguards, Taxonomy-aligned CapEx represents 13% of Kering's total Taxonomy CapEx, or €593 million, compared with €412 million in 2022 (15% of total CapEx).

Information about the methodology used and a review of DNSH criteria are provided in section 5.6.2.

	Proportion of CapEx/ (absolute CapEx)	
	Aligned	Eligible
Climate change mitigation (5)	13%	46%
Climate change adaptation (6)	0%	0%
Water and marine resources (7)	N/A	0%
Circular economy (8)	N/A	2%
Pollution (9)	N/A	0%
Biodiversity and ecosystems (10)	N/A	0%

A detailed table of ratios of Taxonomy-eligible and Taxonomy-aligned turnover is provided in section 5.6.1.2.

Operating expenditure

In 2023, total Taxonomy OpEx as defined by the relevant regulations amounted to less than 10% of the Group's total operating expenditure (cost of sales, personnel expenses and other recurring operating expenses). In view of this limited amount and the nature of the expenses in question, which do not represent the core business of Kering and its Houses, the work carried out concluded that this indicator was not material for the Group. The numerator is therefore considered to be zero. In accordance with the Regulation, analysis of Taxonomy-eligible and Taxonomy-aligned OpEx was not conducted.

	Proportion of OpEx/(Absolute OpEx)	
	Aligned	Eligible
Climate change mitigation (5)	0%	0%
Climate change adaptation (6)	0%	0%
Water and marine resources (7)	N/A	0%
Circular economy (8)	N/A	0%
Pollution (9)	N/A	0%
Biodiversity and ecosystems (10)	N/A	0%

A detailed table of ratios of Taxonomy-eligible and Taxonomy-aligned OpEx is provided in section 5.6.1.2.

5.6.1.2 2023 eligibility and alignment ratios[9]

Turnover eligibility and alignment ratios

Financial year	2023			Substantial contribution criteria						DNSH (Do No Significant Harm) criteria									
Economic activities (1)	**Code(s) (2)**	**Absolute turnover (3)**	**Proportion of turnover (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy-aligned turnover (A.1) or Taxonomy-eligible turnover (A2), year N-1 (18)**	**Category (enabling activity) (19)**	**Category (transition activity) (20)**
		(€m)	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y;N**	**Y;N**	**Y;N**	**Y;N**	**Y;N**	**Y;N**	**Y;N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**0%**		
of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		
of which transitional		0	0%							N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**100%**	**0%**	**0%**								**0%**		
Turnover of Taxonomy-eligible activities (A)		**0**	**0%**	**0%**	**0%**	**0%**	**100%**	**0%**	**0%**								**0%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities		19,566	100%																
Total (A + B)		**19,566**	**100%**																

CapEx eligibility and alignment ratios

Total Taxonomy CapEx corresponding to the denominator to calculate eligibility and alignment ratios has been reconciled with the amounts shown in the consolidate financial statements:

Expenditure category	**Increase in gross value in 2023** *(in € millions)*
Lease right-of-use assets (IFRS 16)[1]	1,472
Property, plant and equipment (IAS 16)[2]	2,654
Intangible assets (IAS 38)[3]	425
TOTAL TAXONOMY CAPEX (DENOMINATOR)	4,551

(1) Note 13 of the Notes to the consolidated financial statements, "Leases" - new leases and lease modifications.
(2) Note 14 of the Notes to the consolidated financial statements, "Property, plant and equipment".
(3) Note 12 of the Notes to the consolidated financial statements, "Brands and other intangible assets".

(9) Y: Yes; N: No; EL: Eligible; N/EL: Not eligible; n.a.: not applicable

Financial year	2023			Substantial contribution criteria						DNSH (Do No Significant Harm) criteria									
Economic activities (1)	Code(s) (2)	Absolute capital expenditure (3)	Proportion of capital expenditure (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned CapEx (A.1) or Taxonomy-eligible CapEx (A2), year N-1 (18)	Category (enabling activity) (19)	Category (transition activity) (20)
		(€m)	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Renovation of existing buildings	CCM 7.2	37	1%	Y	N	N/EL	N/EL	N/EL	N/EL	n.a.	Y	Y	Y	Y	N/A	Y	0%	n.a.	T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	74	2%	Y	N	N/EL	N/EL	N/EL	N/EL	n.a.	Y	N/A	N/A	N/A	N/A	Y	3%	E	N/A
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	10	0.2%	Y	N	N/EL	N/EL	N/EL	N/EL	n.a.	Y	N/A	N/A	N/A	N/A	Y	1%	E	N/A
Acquisition and ownership of buildings	CCM 7.7	472	10%	Y	N	N/EL	N/EL	N/EL	N/EL	n.a.	Y	N/A	N/A	N/A	N/A	Y	11%	n.a.	N/A
Capital expenditure of environmentally sustainable activities (A.1)		**593**	**13%**	**13%**	**0%**	**0%**	**0%**	**0%**	**0%**								**15%**		
of which enabling		84	2%	0%	0%	0%	– %	0%	0%								3%		
of which transitional		37	1%														0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Renovation of existing buildings	CCM7.2; CE3.2	78	2%	EL	N/EL	N/EL	EL	N/EL	N/EL								2%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	8	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Acquisition and ownership of buildings	CCM 7.7	1,415	31%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								42%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.2	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Capital expenditure of Taxonomy-eligible but not environmentally sustainable activities (A.2)		**1,501**	**33%**	**33%**	**0%**	**0%**	**0%**	**0%**	**0%**								**44%**		
Capital expenditure of Taxonomy-eligible activities (A)		**2,094**	**46%**	**46%**	**0%**	**0%**	**0%**	**0%**	**0%**								**59%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Capital expenditure of Taxonomy non-eligible activities		2,457	54%																
Total (A + B)		**4,551**	**100%**																

OpEx eligibility and alignment ratios

Financial year 2003				Substantial contribution criteria						DNSH (Do No Significant Harm) criteria									
Economic activities (1)	Code(s) (2)	Absolute operating expenditure (3)	Proportion of operating expenditure (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned OpEx (A.1) or Taxonomy-eligible OpEx (A2), year N-1 (18)	Category (enabling activity) (19)	Category (transition activity) (20)
		(€m)	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Operating expenditure of environmentally sustainable activities (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**0%**		
of which enabling		n.a.	0%	0%	0%	0%	— %	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		
of which transitional		n.a.	0%							N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Operating expenditure of Taxonomy-eligible but not environmentally sustainable activities (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
Operating expenditure of Taxonomy-eligible activities (A)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Operating expenditure of Taxonomy non-eligible activities		566	0%																
Total (A+B)		**566**	**100%**																

In accordance with the Climate delegated act 2022/1214 (appendix XII), below the table dedicated to activities related to nuclear energy:

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

5.6.2 Methodological note

Alignment is based on meeting substantial contribution criteria and on the non-opposability of a generic or specific DNSH criterion. Kering assessed these criteria on the basis of documentation, certifications and supporting evidence required to ensure that EU Taxonomy criteria are met with regard to activities concerning the Group.

DNSH – Climate change adaptation

The climate change adaptation criterion applies only to Kering's eligible activities, but all of the Group's locations were included in the analysis regarding the application of the criterion. The Group analyzed the risks of exposure to chronic and acute physical risks and adaptation related to climate change, as well as the vulnerability of various sites (see section 5.2.2). Analysis was carried out on the basis of two IPCC scenarios (RCP 2.6 and RCP 8.5) and two time horizons (2030 and 2040) and allowed for financial exposure to be modeled. Measures have been adopted within the Group, particularly in relation to insurance policies and business continuity plans, with more detailed management of climate change risk at the Group's sites (annual site-by-site monitoring, strengthening of business continuity plans, annual financial impact monitoring and discussions with the stakeholders involved, including insurers) that could lead to adaptation solutions being adopted in addition to annual risk analysis.

It should be noted that the Group is mainly a tenant of its sites, which in many cases take up limited space within buildings, with lease terms that are variable but can be fairly short. As a result, landlords will be mainly responsible for physical adaptation solutions.

DNSH – Water

For the alignment of expenditures under activity 7.2 – Renovation of existing buildings, it should be checked whether expenditures comply with water flow rates per minute, which vary depending on the water supply equipment used. Kering has checked whether water meters or water consumption management solutions are in place, which indicate alignment with the thresholds set by the European Commission.

DNSH – Circular economy

For each of the renovation projects under activity 7.2, Kering has ensured that at least 70% of construction waste by weight is prepared for recycling, reuse or any other form of recovery by collecting the necessary documentation, based in particular on work carried out to obtain LEED Gold/Platinum certification for the sites and other documents such as the existence of a green worksite charter or on-site waste monitoring.

The Group has also checked that the design and construction techniques used promote circularity (reusing materials, dismantling, etc.) by collecting technical documentation on the materials used on construction sites.

DNSH – Pollution

Kering has ensured that the pollutants listed in Appendix C of the Climate Delegated Act have not been used in expenditures made, particularly for renovations of existing buildings (7.2) and the installation, maintenance and repair of energy efficiency equipment (7.3).

The Group has also checked that thresholds for certain polluting substances such as volatile organic compounds are respected, for example by consulting documents such as indoor air quality plans.

Finally, the Group has made sure that measures have been put in place to limit noise, dust and polluting emissions during works (for example by consulting the Low Disruption Worksite Charter, the Green Worksite Charter, etc.).

For Taxonomy-aligned projects, these criteria are deemed to have been met on the basis of applicable French and EU regulations concerning pollution.

Minimum safeguards

Minimum safeguards apply to the entire Group and mostly relate to subjects within the scope of Group programs or policies. For the Group, minimum safeguards consist of compliance with the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the United Nations International Bill of Human Rights and the fundamental conventions of the International Labour Organization (ILO). Minimum safeguards mainly cover human rights and business ethics (anti-corruption, responsible taxation, competition law). The Group relied on the Sustainable Finance Platform's report on minimum safeguards to ensure its compliance with these principles. The Group's policies, programs and action plans on the subject are presented in part 2 "Ethics, the cornerstone of our business", in particular the Code of Ethics, the Human rights Policy and measures to detect and prevent risks of corruption and influence peddling, and in the chapter 5 of this Universal Registration document on the Duty of Care Plan, responsible taxation and tax commitments.

There were no breaches of these rules in 2023.

6 - COMMITMENTS TO OUR CUSTOMERS, OUR STAKEHOLDERS AND SOCIETY AS A WHOLE

6.1 Crafting tomorrow's Luxury

Key documents
Section 6

- **Code of Ethics**
- **Fashion Models Charter**
- **Responsible communication guidelines**
- **Green Fashion Show guidelines**
- **Environmental claims guide (within the Kering Standards)**

Tools and actions

Customers
- INFORMING CUSTOMERS — *Section 6.1.1*
- PRODUCT CONFORMITY — *Section 6.1.3*

Creative talents and Houses
- RESPONSIBLE COMMUNICATION — *Section 6.1*
- PRESERVATION OF KNOW-HOW — *Section 6.2.1*

Civil society, businesses and professional organizations
- PRESERVATION OF KNOW-HOW — *Section 6.2.1*
- COLLABORATIVE INITIATIVES — *Section 6.2.2*
- PHILANTHROPIC INITIATIVES INCLUDING THE KERING FOUNDATION — *Section 6.3*

SDGs

1 No poverty; 12 Responsible consumption and production; 8 Decent work and economic growth; 17 Partnerships for the goals

Material topics

Crucial
- Transparency

Major
- Responsible advertising and consumer awareness
- Customer satisfaction and experience

Core
- Community engagement
- Craftsmanship and know-how
- Stakeholder dialogue

2025 Strategy

CARE

COLLABORATE

CREATE

6.1.1 Communicating with our customers

Responsible communication

Conducting effective and responsible communication and marketing activities is essential for building trust with our stakeholders and fostering sustainable relationships. For this reason, Kering strives to communicate in an ethical and transparent manner across all channels.

To this end, a Policy and internal guidelines have been developed and are implemented with the support of a robust internal control framework under the supervision of the Chairman and Chief Executive Officer. They detail key principles, golden rules and processes to be implemented in every House and throughout the Group.

To ensure that our communications comply with these principles at Group level and within each House, a Brand Trust function was created in 2023, tasked with making recommendations to the Houses regarding their content and marketing and communications activities, and to help them assess risks. The Brand Trust must be consulted for advertising campaigns that touch on one or more sensitive topics identified internally, for all fashion shows and on demand for ad hoc requests.

In 2022, Kering also published a Practical Guide to Environmental Claims as part of the Kering Standards, designed to provide support to its Houses and to avoid any risk of potential greenwashing statements. The guide sets out the kind of information that should be provided. According to best practice guides on green claims, for a claim to be fully responsible and trustworthy it must be: true and relevant, clear and unambiguous, fair and without exaggeration, substantiated and verifiable, not over-using visual natural or nature-like elements, and putting forward certifications properly. A practical guide for the Houses' internal use (the "Kering Anti-Greenwashing Guidelines") is currently being finalized.

The Charter on fashion models' working conditions and well-being, published in 2017 by Kering and LVMH and applied to all of their brands, promotes high standards of integrity, responsibility and respect toward the people concerned. As well as paying particular attention to models' working conditions, this Charter forms part of the Group's responsible communication efforts, aiming to promote respect for the dignity of all people and to convey a positive image to the audiences of the Group's various Houses, particularly among vulnerable groups.

Gucci has a set of responsible marketing and communication guidelines that set out the procedures that should be implemented before and during photo shoots, fashion shows and other events and initiatives, such as the creation of promotional materials and more generally any photographic/audiovisual material produced or used by Gucci.

Informing customers

To provide customers with clear, accurate and reliable information about the sustainability characteristics of their products and sustainability, the Houses provide retail teams with specific trainings. This is notably the case for Gucci (Global Retail Academy), Saint Laurent (E-University), Bottega Veneta (Green Atelier), Balenciaga (Global Retail Meeting), Alexander McQueen (Responsible Materials training), Brioni (My Brioni app) and Boucheron. Kering Eyewear has also developed a guide for its retail teams in order to respond to consumer requests as effectively as possible, including details about the sustainable materials used in its products.

In addition, the Houses have developed initiatives for their customers and the general public:

- Gucci, Boucheron, Saint Laurent, Pomellato, Brioni, Balenciaga, Bottega Veneta, Alexander McQueen or Kering Eyewear communicate on sustainability matters via dedicated apps, their websites or social media;
- Boucheron's second impact report and Gucci's third were published in 2023.

Kering has held discussions with various department store landloards (particularly in Asia) regarding the criteria for a product to be classed as sustainable, in order to guide customers.

Measuring the footprint of products

Kering takes part in methodological work regarding environmental labeling to consumers, particularly via the work done by the Fédération de la Haute Couture et de la Mode (FHCM) as part of the European PEF (Product Environmental Footprint) project and the French Anti-Waste and Circular Economy (AGEC) Law. In 2022, preparations for the implementation of article 13 of AGEC law included developing a data collection system in order to display environmental information to consumers at the time of purchase. The information displayed relates to matters such as the recycled content of products and packaging, their recyclability and the traceability of materials. In 2023, only Gucci and Balenciaga were concerned by this regulation in relation to their products, while Saint Laurent, Alexander McQueen and Bottega Veneta will be concerned in 2024.

In 2023, Bottega Veneta continued using its Green Atelier, an integrated system for monitoring the sustainability performance of its materials and suppliers, and therefore of its products. The system allows the House to assess all ready-to-wear, leather goods and shoes collections across five criteria: traceability of materials, compliance with sustainability standards, environmental impact, social performance and the quality of suppliers' chemical management processes. The Green Atelier uses a number of interfaces that allow results to be shared widely in-house, including an app installed on the phones of Bottega Veneta's employees, which shows each product's performance and strengths.

6.1.2 Green fashion shows: rethinking fashion shows and managing event footprints

Fashion shows are a unique opportunity to raise awareness about sustainability and to mobilize all the parties involved in organizing a fashion show (brands, model agencies, event organizers, media, etc.) around this important topic.

Since 2019, all of the Houses that hold fashion shows (Gucci, Balenciaga, Saint Laurent, Alexander McQueen and Bottega Veneta) have followed Kering's Green Fashion Shows internal guidelines on minimizing the environmental impact of shows, while allowing the creative directors to express their artistic potential. The topics covered by the guidelines include governance, stakeholder relations, energy and waste management, elimination of single-use plastics, catering and transportation. The associated specifications cover the before, during and after phases of each event. Since 2020, the safety department has carried out procedures to check that the guidelines are applied in each show. These procedures were reinforced in 2022.

The actions put in place to minimize the overall footprint of the fashion shows include reducing and sorting waste; renting, reusing and upgrading stage materials (wood, steel, synthetic materials, carpets, seating, etc.); using compostable crockery; reducing and optimizing the transportation of employees, merchandise and equipment; and offsetting the carbon footprint of events via forest protection projects. Partnerships are also formed with various local nonprofits and organizations to collect and redistribute materials (at the Group level with La Réserve des Arts), as well as equipment and leftover food. For example:

- Gucci obtained ISO 20121 certification for its advertising campaigns and shows, both physical and virtual. The ISO 20121 standard examines environmental, social and economic factors to determine whether an event can qualify as sustainable, and Gucci's compliance was verified by Bureau Veritas. In addition to the Group's guidelines, Gucci applies its own standards – the Gucci Guidelines for Sustainable Events – to all its events. The House also measures the environmental impact of all its shows, verified by an independent third-party organization;
- For all of Balenciaga's shows, the House works with an ISO 20121-certified agency that is involved in all stages of organization (installation, management of the show itself, supplier relations, disassembly, etc.). In 2023, Balenciaga also continued working with NGO Up2Green Reforestation and supported two projects: one based in the Indian province of Gujarat to offset emissions related to its physical shows and one based in Senegal to promote the use of green energy (production of biochar) to combat deforestation and climate change.

In 2022, in a circular approach, Kering formed a partnership with M.E.TA, an Italian organization that upcycles business materials, to create guidelines and share best practice regarding the eco-design of fashion shows. The partnership is also creating a traceability system for materials along with the performance indicators needed to ensure circularity as regards the sets used in shows. In 2023, Gucci sent M.E.TA 26 tons of materials as part of their collaboration as well as 19 tons to *La Réserve des Arts*, for a total of 103 tons since 2021. Kering also takes part in working groups on this topic, set up by fashion industry associations and nonprofit organization Paris Good Fashion.

6.1.3 Product compliance and consumer health and safety

Kering is committed to helping raise awareness of sustainability issues among consumers, while ensuring that its products respect both their health and the environment.

To enable customers to enjoy the products developed by the Houses safely, Kering has defined a set of quality and compliance control procedures that comply with the strictest international consumer health, safety and environmental standards and regulations, such as REACH, US CPSIA, China GB Standards and Japan Industrial Standards (JIS). The Product Compliance Advisory department aims to pool services, for the purpose of advising and supporting the Houses on product development and the various stages of production, including product testing protocols to ensure that products comply with the local characteristics of each market. The department publishes the Product Restricted Substance List (PRSL) and Product Safety Requirements, an internal document listing substances to be removed and thresholds not to be exceeded, as well as requirements in terms of product safety. To take into account the pace of technological development and progress in chemical research, the PRSL is updated at least once a year. In particular, it has specific modules for products intended for children in terms of managing chemical substances and safety. Specific training sessions are provided each year.

Focus on: the Test & Innovation Lab (TIL)

The Test & Innovation Lab (TIL), acquired by Kering in 2021, is based in Prato (Italy) and has obtained ISO/IEC 17025 accreditation from Accredia. It helps the Group's Houses (as well as external clients) with their testing activities (250,000 tests performed in 2023) and various sustainability-related projects. The TIL is also involved in various problem-solving, R&D and analysis activities.

In 2023, the TIL received CPSC (Consumer Product Safety Commission) accreditation for the United States as well as ZDHC certification relating to its use of chemicals.

In 2023, the TIL developed its skills by integrating a new Robotics department in order to test the sustainability of finished products and their components, and acquired new equipment for identifying PFAs and tracing the origin of textile and leather materials based on forensic analysis.

In 2023, the Product Compliance Advisory department continued its activities with the following aims:

1. strengthen compliance controls: regular audits of product compliance were conducted at the warehouse level together with the Houses to detect potential non-compliance. Relations with laboratories accredited to carry out tests and measurements were maintained to cover the growing number of non-core products (food contact materials, toys, electrical/electronic devices);
2. improve knowledge-sharing on product compliance processes: training programs have been strengthened and extended to all key departments (product development, production, quality and purchasing), from raw materials to production (leather, fabric and metal accessories) and testing. In 2023, around 15 training sessions on production processes, compliance requirements and related tests and checks were organized, attended by over 450 employees. The department also adopted specific guidelines covering the most important subjects regarding product compliance;

3. support the product development teams: in collaboration with the Chinese authorities, company-specific product standards have been established for Kering's Houses. These standards relate particularly to handbags, wallets, shoes and belts, and set out chemicals-related requirements for non-regulated product categories. They make it possible to develop pieces that meet all requirements in terms of health, safety and compliance, while leaving the Houses' creative teams significant scope to follow their inspiration.

Kering's Customs & Trade Compliance department is tasked with optimizing the Houses' global distribution flows from the regulatory and procedural perspective around the world. This activity consists mainly of analyzing requirements and laws relating to customs and compliance in destination countries for new products and projects, working with local logistics teams and external experts if need be. By working with the Customs & Trade Compliance department from the early stages of development, Houses can prevent risks, penalties and delays, and ensure that the distribution chain is fully compliant. Once requirements have been defined, the Customs & Trade Compliance department is tasked with pulling together and sharing product-related information and documents with regional logistics teams, brokers and clients; checking the consistency of product's master data managed by the Houses' production departments and taking steps to correct potential errors; managing product certifications and supplier audits by following the standards established by international certification authorities; and implementing appropriate compliance procedures, often by directing other Group entities. In 2023, the department dealt with almost 40,000 internal requests.

The Group also has a Multi Brand After Sales department, a single point of contact for all the Houses that deals with quality assurance for products after they have been sold, in accordance with House standards as regards Value-Added Services (VASs). The department also implements and manages activities related to product returns from stores to the Group's distribution centers and warehouses. Activities include repair management, product checks, on-demand audits, re-labeling and the hallmarking process for jewelry.

Some Houses also carry out specific actions related to regulatory compliance in respect of hazardous substances and the implementation of the PRSL and MRSL (see section 5.3.3.3). Houses including Boucheron, Pomellato and Dodo, also ensure that their products conform to the REACH regulation. Lastly, Kering Eyewear uses accredited laboratories with specific expertise in eyewear for its compliance checks.

6.2 Involving our ecosystem in creating tomorrow's Luxury

6.2.1 Positive community impact and preservation of know-how

Conscious of its responsibility to future generations, Kering is continuing its policy of academic partnerships with design schools, business schools and universities worldwide. The aim is to raise awareness and train designers and future fashion industry leaders regarding the major social and environmental challenges they will face. Details of the main partnerships are provided in section 3.1.2.

In addition, and in order to ensure that top-level expertise is maintained and promoted within their business activities, certain Houses are developing dedicated training centers and local partnerships. These professional bodies help to ensure the preservation of some very demanding and unique skills, and support long-term employment in the regions where these crafts originated. To date, more than 4,000 people have taken part in these programs and training courses delivered by the Group and its Houses such as:

- Gucci and its Gucci ArtLab center of excellence for leather goods and shoes (1,470 participants in 2023) as well as its collaboration with *Instituto Secoli*, sewing school (18 participants in 2023);
- Saint Laurent and the Saint Laurent Couture Institute for ready-to-wear apparel (104 participants in 2023);
- Bottega Veneta's *Accademia Labor et Ingenium*, launched in 2023, to preserve its know-how and creativity and strengthen its commitment to craftsmanship. This school allows new Bottega Veneta employees and students to learn from master artisans via training sessions, workshops and courses (40 participants in 2023). The program also offers upskilling and reskilling courses for the House's employees in order to preserve Italian craftsmanship;
- Brioni and its partnership with the *Scuola di Alta Sartoria* (10 participants for the 2023 summer school);
- Boucheron and its partnership with the Haute École de Joaillerie in France (50 participants in 2023);
- Pomellato and its partnership with the Galdus Goldsmith Academy, which trains future goldsmiths (122 participants in 2023).

The Houses support craft guilds and undertake local initiatives, for example Bottega Veneta with its Bottega for Bottegas program. The project supports and celebrates the creativity of Italian bottegas, which are small artisan stores that sell handmade products. For the second consecutive year, Bottega Veneta has supported fourteen bottegas from around the world whose products are inspired by Italian culture, from a Shanghai-based pasta maker to a Vermont carpenter.

Finally, in 2018, Brioni integrated the Arazzeria Pennese historic tapestry production site – one of Italy's most important tapestry centers – with its Montebello workshops in order to preserve this highly specific form of craftsmanship.

6.2.2 Conveying our vision for future generations

6.2.2.1 The Fashion Pact

The Fashion Pact has strengthened its foundations by launching a Corporate Virtual Power Purchasing Agreement, of which Kering was one of the main sponsors. Bringing together more than 65 members representing more than one third of production volumes in the fashion and textile industry, The Fashion Pact now has considerable European and international influence, establishing itself as the leading CEO-led coalition for the sustainable transition of the fashion sector. Its practical actions, split between the three key areas of climate, oceans and biodiversity, are driving positive impacts for the signatories. They cover subjects including renewable energy, microplastics and microfibers leakage, regenerative agriculture practices in sourcing raw materials and tools for calculating biodiversity footprint.

In 2023, The Fashion Pact officially launched its European Accelerator project, aimed at reducing the Scope 3 greenhouse gas emissions of textile producers that have a supply chain in Italy. The project aims to fund the environmental transition of suppliers, allowing them to invest in new equipment that will save water and energy and reduce their use of chemicals.

6.2.2.2 Watch & Jewellery Initiative 2030

Kering and Cartier are the co-founders of the Watch & Jewellery Initiative 2030. The initiative was launched in 2022 and its main aim is to establish a sustainable supply chain for watches and jewelry. The coalition had 55 members at the end of 2023, ranging from brands to suppliers and focuses on three key areas: increasing climate resilience, preserving resources and fostering inclusion. By encouraging suppliers to make strong commitments to these objectives, Kering aims to steer the whole industry toward a sustainable transformation.

6.2.2.3 Mobilizing the whole of civil society

Kering and its Houses support and take part in numerous events and forums focused on sustainability. Through these events and speeches, the Group regularly shares Kering's vision and strategy with future generations, helps to raise public awareness about sustainability issues and aims to mobilize the whole of civil society to address these themes. The main highlights in 2023 were:

PROGRESS REPORT AND 2025 TARGETS

"In conversation with"

Two new episodes of this video series were released in 2023. Marie-Claire Daveu, Chief Sustainability and International Affairs Officer, spoke with influencer and sustainability advocate Doina Ciobanu and model Hikari Mori to discuss the links between luxury, fashion and sustainability.

ChangeNOW, 2023 edition

For the fifth time, Kering was one of the main private-sector partners of ChangeNOW. In this event, Marie-Claire Daveu presented the Group's sustainability strategy.
A sustainable fashion space was set up in the middle of the event to promote the startups and innovators with which the Group works.

KERING GENERATION AWARD, 3RD EDITION

Kering representatives spoke at around 50 major events

The Salon de l'Agriculture, Watches and Wonders, the Vogue Business Sustainability Forum, the Global Fashion Summit, the Innovation Forum in Amsterdam, IMD Luxury 2050 Forum, the Festival de Hyères and the WWD Japan Forum.

Earth & Climate Weeks

In June and December, Kering held two in-house awareness-raising weeks. They included employees training relating to the Climate Fresk and Atelier 2Tonnes initiatives, allowing them to learn more about climate change issues and understand collective and individual ways to achieve ecological transition; zero-waste lunches; "slow cosmetics" workshops and other workshops on the themes of couture and repairs.

On March 17, 2023, during an event held in New York and attended by partners, peers and journalists, Kering **announced a commitment to reduce its absolute greenhouse gas emissions** by 40% by 2035 (see section 5.2.3).

"FASHION OUR FUTURE", THE PODCAST

6.3 Initiatives carried out by the Kering Foundation and sponsorship programs

6.3.1 After 15 years of combating violence against women, Kering strengthens its efforts and impact to include combating violence against children

Worldwide, one in three women is or will be a victim of violence in her lifetime, regardless of her background, culture or social class. In 2008, based on its belief that companies have a vital role to play in addressing this issue alongside public authorities and NGOs, Kering launched its corporate foundation dedicated to combating violence against women. Since its creation, the foundation has received and endowment of €20 million from Kering.

When the foundation's third term came to an end in August 2023, 15 years after its creation, the Kering Foundation changed its status to an endowment fund, in order to amplify its commitment and make it easier for the Foundation to work with Kering's Houses, other companies and other foundations, as well as to raise funds. In addition, the Group extended the Kering Foundation's commitment to include combating violence against children, and particularly incest, which affects all cultures and all social classes. Since 2019, the Kering Foundation has worked on the intersection of violence against both women and children by joining forces with various initiatives. For example, it supported a new unit dedicated to caring for women incest survivors at *La Maison des femmes* in Saint-Denis, working with *Face à l'Inceste*.

To break the cycle of violence that is passed on from generation to generation, the Kering Foundation now works to combat violence from the earliest age with the following strategy:

- supporting partner organizations to ramp up grass-roots initiatives (appropriate care for victims and survivors and prevention work);
- engaging Kering's ecosystem to create safe and supportive workplaces;
- influencing new audiences and mobilizing others to take action alongside Kering.

Focus: the annual *Caring for Women* dinner

In 2023, the Kering Foundation organized its second annual fundraising dinner entitled *Caring for Women*. The event took place on September 12 in New York with the support of Kering's Houses. It raised over $3 million and benefited three nonprofit organizations: the *National Network to End Domestic Violence* (NNEDV), the N*ew York City Alliance Against Sexual Assault* (NYCAASA) and the *Malala Fund*. The funds raised will finance: a microcredit program for victims of domestic violence, initiatives to prevent sexual violence against young people at risk, and Afghan nonprofits offering alternative learning opportunities to girls in regions where their education is under threat.

In 2023, the Kering Foundation's main actions were as follows:

COMPREHENSIVE, TAILORED SUPPORT FOR FEMALE SURVIVORS OF VIOLENCE

In each country, the Kering Foundation supports networks of nonprofit organizations that welcome and protect women and their children at the grass-roots level, such as the *National Network to End Domestic Violence* (NNEDV) in the United States, the *Fédération Nationale Solidarité Femmes* (FNSF) in France, *Donne in Rete contro la violenza* (D.i.Re) in Italy, *Women's Aid* in the United Kingdom and the *Red Nacional de Refugios* (RNR) in Mexico, providing support to a total of 172,525 women in 2023.

It supports pilot initiatives such as the *Casa di Accoglienza delle Donne Maltrattate* (CADMI) and its "Work and Freedom program". The aim of this program is to facilitate the integration and professional development of women survivors of domestic violence, in order to contribute to their socio-economic empowerment. At the end of 2023, 423 women had joined the program.

The Kering Foundation supports Women's funds that finance local feminist nonprofit organizations: *Rosa Fund* in the United Kingdom, the *Mediterranean Women's Fund* in France and Italy, *Fondo Semillas* in Mexico, and the *Women's Foundation of California* in the United States. Through these partnerships, the Foundation supported 12 local nonprofits and 3,484 women.

A new *Maison des femmes* was opened in Rennes in 2023, based on the innovative model developed by the *Maison des femmes* in Saint-Denis. The Kering Foundation is mobilized, alongside the *Re#Start* collective to create 15 women's centers providing accommodation, care and support for women who have suffered violence and their children in France, based on the same model, providing €5 million, alongside public authorities.

The Foundation works with social entrepreneurs that take innovative approaches to combating violence against women, such as *Colori Vivi*, du *Pain & des Roses* and *Las Panas*, a social bakery in Mexico where disadvantaged women can receive training and support and escape violence. These initiatives supported 794 women in 2023.

CHANGING BEHAVIORS AND MENTALITIES BY ENGAGING WITH YOUNGER GENERATIONS TO PROMOTE GENDER EQUALITY

The Foundation has funded project *Dream Own Tell* (DOT), an initiative of the *New York City Alliance Against Sexual Assault* (NYCAASA): this innovative program puts young people from underprivileged communities at the heart of its efforts to prevent sexual violence. In 2023, 25 young people benefited from the project and more than 220 people took part in trainings about violence awareness. The organization has also started translating its resources into Spanish in order to reach these communities more effectively.

The Kering Foundation and *Equimundo* launched the French edition of the *Global Boyhood Initiative* (GBI), called *D'égal à égale*, to provide boys aged 4-13 (and the adults around them) with educational tools to help them grow into men who embrace a healthy and gender-sensitive masculinity. *En avant toute(s)*, a nonprofit partner of the Kering Foundation, designed and held equality workshops in three schools, with the aim of raising students' awareness of the fight against discrimination. 450 young people benefited from this pilot project.

The Kering Foundation partnered with Make.org for the *La Grande Cause pour la Protection de l'Enfance* (a child protection project), which ended in November 2023. This involved developing 11 practical initiatives, including a discussion and awareness-raising platform for young people aged 10-14, run by *En avant toute(s)* with the support of the Kering Foundation.
Since the platform was launched in April 2023, 7,000 people have visited the website to discuss the themes of romantic and family relationships.

Gendes, a nonprofit based in Mexico, runs weekly men's group sessions to encourage a shift in mindsets with regard to the definition of masculinity. In 2023, 270 men explored how every person is responsible for their actions.

WORKING TOGETHER FOR GREATER IMPACT

The Foundation is strengthening its program of support for women employees who have experienced domestic violence, including training sessions for employees from the Group and its Houses on understanding, listening to and supporting women survivors, in partnership with expert organizations: *the Fédération Nationale Solidarité Femmes* (FNSF, France), *Donne in Rete Contro la Violenza* (D.i.Re, Italy), *Women's Aid* (United Kingdom), *the National Network to End Domestic Violence* (NNEDV, United States), and for the first time in 2023 *Red Nacional de Refugios* (RNR, Mexico). So far, 2,177 employees have received this training, including all members of the Executive Committee. The Foundation also offers a 30-minute e-learning session, available in seven languages (English, French, Italian, Spanish, German, Portuguese and Dutch) for all employees, and it launched a Global Policy on Domestic Violence in 2021.

In connection with World Children's Day and International Day for the Elimination of Violence against Women, Kering raised awareness within the Group through a panel discussion featuring four experts on the theme of "Breaking the cycle of intergenerational violence: combating abuse from the earliest age", accessible to all of Kering's 49,000 employees.

Kering Foundation and FACE co-founded *One In Three Women*, the first European network of companies committed to combating violence against women.
The network currently comprises 56 companies, active members and signatories to the commitment charter.

The Kering Foundation encourages Group employees to use their professional and personal skills to support partner organizations through the *Giving Back* platform managed by the Human Resources team. Employees in France, Italy and the United Kingdom can dedicate 21 hours per year volunteering for local nonprofits.
In 2023, nine Kering Foundation partner organizations offered 73 volunteering opportunities, with 30 employees taking part.

6.3.2 The Group's philanthropic activity

Alongside the initiatives undertaken by the Kering Foundation, Kering and each House support causes that are important to them by providing financial support, donating products, running special sales, taking part in charity dinners, offering the skills and time of its employees, or forming partnerships with nonprofit organizations. In 2023, support for various causes in line with the priorities of the Group's philanthropic approach – including efforts to combat violence against women and children, inclusion and the fight against discrimination, the preservation of cultural, artistic and historical heritage and environmental protection – totaled more than €22,900,000. It also supported initiatives in the fields of education, health, sport and the eradication of poverty. Of the €22,900,000 mentioned above, €5,990,000 went to initiatives benefiting women and children, who are central to the Group's priorities. The Houses' main philanthropic activities in 2023 are summarized below:

Areas of philanthropic activity	Description
Support for women and children Financial support provided: €5,990,000 3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY	• Saint Laurent, Brioni, Bottega Veneta, Gucci, Balenciaga, Pomellato and Alexander McQueen joined forces to support the *Caring for Women* fundraising dinner organized by the Kering Foundation, buying tables and donating items for auction to a value of more than €1,200,000 to raise money for the *National Network to End Domestic Violence* (NNEDV), the *New York City Alliance Against Sexual Assault* (NYCAASA) and the *Malala Fund*. • In 2023, Gucci donated more than €4,000,000 to organizations promoting gender equality, including more than €1,000,000 via the global *Gucci Chime campaign*. Projects that were granted funding include the *Global Fund for Women*, which distributed the donation to four women's funds: *Fondo Semillas* in Mexico, *ELAS Fund* in Brazil, *HER Fund* in Hong Kong and the *Mediterranean Women's Fund*. Gucci also supported *Associazione Artemisia*, a center to provide help for women and children, which received a donation to help minors who have suffered sexual violence, along with *Mothers to Mothers*, a nonprofit that provides healthcare services to women and children in Africa. This initiative seeks to provide HIV-positive women with tools to end mother-to-child transmission of HIV. Gucci also supported *UNICEF*'s global education programs. • Balenciaga and the Kering Foundation announced a partnership with the *National Children's Alliance* (NCA). With Balenciaga's support, the NCA will be able to train close to 2,000 professionals specializing in post-traumatic therapies for children, and around 55,000 children will receive mental health care. • Pomellato supported two Kering Foundation partners: *FreeFrom* and *CADMI*, which support women survivors of domestic violence to achieve economic independence. • Saint Laurent renewed its support for *charity: water*, a nonprofit that works with numerous local organizations to bring safe drinking water to people who lack it, while helping young girls attend school. The House also donated 10% of the revenue generated by two employee private sales to Kering Foundation partners.
Long-term support for culture and heritage Financial support provided: €3,700,000 4 QUALITY EDUCATION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Balenciaga took part in a fundraising event for the Metropolitan Museum of *Art's Costume Institute.* • In Venice, Italy, Pomellato continued to provide financial support to *Venetian Heritage Onlus* to help restore St Mark's Basilica. • Boucheron donated products for the *World Monuments Fund* (WMF), the leading independent organization dedicated to safeguarding the world's most precious places in order to enrich people's lives and foster mutual understanding between cultures and communities. • Saint-Laurent made a five-year commitment to the *Maison Gainsbourg* museum. • Gucci made donations to the *Opera Di Santa Maria del Fiore* to support the restoration of this cultural landmark in the heart of Florence, and to help preserve Gyeongbokgung Palace in South Korea. • Bottega Veneta was the main sponsor of the *Biennale Danza* for the third consecutive year in 2023, and provided extensive support for the artistic and cultural scenes in Italy and the United States.
Protecting the environment and ecosystems Financial support provided: €2,200,000 13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND	• Kering Eyewear contributed €1,000,000 to a fundraising initiative, which is still ongoing, to provide shelter, food and financial aid to people affected by the wildfires in Maui, Hawaii. • Gucci raised money to help people affected by the 2023 July storms that hit the Milan region, and helped fund initiatives by *Worldrise Onlus* to protect marine biodiversity and by *The Ocean Cleanup* to remove plastic from the oceans. • Qeelin maintained its commitment to the *World Wildlife Fund* (WWF) in China, to monitor the day-to-day lives of pandas, protect their environment and develop suitable habitats for them. • Balenciaga continued the reforestation project it began in 2019 in the Gujarat province of India, in partnership with NGO *Up2green Reforestation*. • Brioni designed a capsule collection that was initially available only online, followed by a limited release in the House's stores in mainland China, to support World Environment Day. 8% of the revenue from that capsule collection went to the *Mangrove Foundation* to support its wetlands conservation and environmental education efforts. • Since 2021, Alexander McQueen has been involved in a three-year partnership with the *Royal Botanic Gardens Kew* and its national awareness-raising program called *Grow Wild*. In particular, the House is supporting community projects aiming to transform urban spaces and protect the United Kingdom's biodiversity.

7 - CROSS-REFERENCE TABLE

Pursuant to Articles L.225-102-1 and R.225-105 of the French Commercial Code/Green Taxonomy Regulation/Global Compact/Global Reporting Initiative (GRI)

This chapter, entitled "Sustainability", constitutes Kering's Non-Financial Information Statement (NFIS) for 2023, and as such sets out information on the Group's principal non-financial risks and the related policies, outcomes and performance indicators.

Kering is disclosing the information required by article L.225-102-1 and by article R.225-105 of the French Commercial Code (Code de commerce), where relevant taking into account the principal non-financial risks identified, as well as information required by Regulation (EU) 2020/852 of June 18, 2020 (the "Green Taxonomy" Regulation). In accordance with article R.225-105, Kering also presents additional information, where that information offers further insight into Group operations.

Furthermore, Kering has made a series of publications available in the Sustainability/Measuring our impact/Reporting and indicators section of its website to increase transparency in relation to sustainability:

- a glossary of the main documents relating to the Group's Sustainability approach, providing details of each key document's contents;
- an ESG data book, containing all indicators published by the Group, information about Kering's performance in ESG ratings and indices, and cross-reference tables with the major international standards (Sustainability Accounting Standards Board (SASB) – Apparel, Accessories & Footwear; UN Sustainable Development Goals (SDGs); UN Guiding Principles on Business and Human Rights (UNGPs);
- Various themed factsheets and methodological notes on environmental and social reporting.

	GRI	Sections of the Universal Registration Document
The Group's vision and business model	102-1 to 102-8, 102-10	Chapter 4, section 1.2 Chapter 1
Information on the value chain	102-9	Chapter 4, sections 1.2; 4; 5, 6
Materiality and main priorities, principal non-financial risks linked to NFIS categories	102-11, 102 15, 102 46 & 102 47, 103-1 & 103-2	Chapter 4, section 1.3 See also chapter 5, "Risks and internal control"
Sustainability strategy	103-1 & 103-2	Chapter 4, section 1.4
Governance and organization of sustainability within the Group	102-18	Chapter 4, section 1.5
Methodology for reporting non-financial information, Assurance report	102-45 to 56	Chapter 4, sections 1; 3.1; 5.1.2; 7; 8 and 9
Taxonomy:		
Proportion of eligible turnover, capital expenditure and operating expenditure resulting from products and/or services associated with economic activities defined as sustainable in Annexes I & II of the Climate Delegated Act		Chapter 4, section 5.6

Non-financial information	GRI	Global compact	Sections of the Universal Registration Document
SOCIAL AND SOCIETAL CONSEQUENCES, HUMAN RIGHTS, COMBATING CORRUPTION AND TAX EVASION			
Employment:		**#3 to 6**	
Total number of employees and breakdown of employees by gender, age and region	102-8		Chapter 4, section 3.1
Hires and redundancies	401-1		Chapter 4, section 3.1
Remuneration and changes in remuneration			Chapter 4, section 3.3
Work organization:		**#3 to 6**	
Organization of working time			Chapter 4, section 3.2.4
Absenteeism	403-10		Chapter 4, section 3.2.4
Health and safety:		**#1 to 6**	
Occupational health and safety	403-1 to 403-8		Chapter 4, section 3.2.4
Work-related accidents, in particular frequency and severity, and work-related illnesses	403-9		Chapter 4, section 3.2.4

Non-financial information	GRI	Global compact	Sections of the Universal Registration Document
Labor relations:		**#3 to 6**	
Organization of social dialogue, procedures for informing, consulting and negotiating with employees	402-1		Chapter 4, section 3.4
Collective bargaining agreements in place within the Group and their impacts on economic performance and working conditions of employees, including in terms of occupational health and safety	102-41		Chapter 4, section 3.4
Training:		**#3 to 6**	
Training policies, especially in terms of environmental protection	404-2		Chapter 4, sections 3.2.3; 4.1; 5
Total number of training hours	404-1		Chapter 4, section 3.2.3
Fair treatment:		**#1 to 6**	
Measures taken to promote gender equality	405-1		Chapter 4, sections 2; 3.2; 6.3
Measures taken to promote the employment and integration of people with disabilities	405-1		Chapter 4, section 3.2.2
Anti-discrimination policy	405-1		Chapter 4, sections 2; 3.2; 6.3
Societal commitments to sustainability:		**#1 to 6**	
Impact of the Group's operations with respect to employment and local development	203-1, 203-2		Chapter 4, sections 3.2; 4.1; 6.2
Impact of the Group's operations on neighboring or local populations	203-1, 203-2		Chapter 4, sections 6.1; 6.2
Relationships and dialogue with Group stakeholders			Chapter 4, sections 1.2; 6.1; 6.2
Partnership and sponsorship initiatives			Chapter 4, sections 2.6; 6.3
Supporting armed forces reservists			Not concerned
Combating food insecurity			Not concerned
Respecting responsible, fair and sustainable nutrition			Not concerned
Subcontractors and suppliers:		**#1 to 10**	
Incorporating social and environmental issues into the purchasing policy	413-1 to 414-2		Chapter 4, sections 4; 5 Chapter 5, section 3 (Duty of Care Plan)
Steps taken to raise awareness among suppliers and subcontractors with respect to corporate social responsibility	413-1 to 414-2		Chapter 4, section 4 Chapter 5, section 3 (Duty of Care Plan)
Fair practices: measures taken to promote consumer health and safety	**416-1 & 2**		**Chapter 4, section 6.1.3**
Information on combating corruption: anti-corruption measures	**102-16 205-1 to 205-3**	**#10**	**Chapter 4, section 2**
Information on steps taken to protect human rights	**406-1 to 412-3**	**#1 to 6**	**Chapter 4, sections 2; 3; 4.1; 6.3**
Promotion of and compliance with the provisions of the International Labour Organization conventions relating to:			Chapter 4, sections 2; 3; 4
Compliance with freedom of association and the right to collective bargaining		#3	Chapter 4, sections 3.4; 4
Elimination of discrimination in respect of employment and occupation		#4	Chapter 4, sections 2; 3.2; 4
Elimination of forced and compulsory labor		#6	Chapter 4, sections 2; 4
Effective abolition of child labor		#5	Chapter 4, sections 2; 4
Other measures taken to protect human rights		#1 to 6	Chapter 4, sections 2; 3; 4
Respect for animal welfare			**Chapter 4 section 5.4.3**

Non-financial information	GRI	Global compact	Sections of the Universal Registration Document
ENVIRONMENTAL CONSEQUENCES			
General environmental policy:		**#7 to 9**	**Chapter 4, section 5**
Steps taken to address environmental issues and any environmental assessment or certification procedures			Chapter 4, sections 1; 4; 5
Resources allocated to the prevention of environmental risks and pollution			Chapter 4, section 5
Amount of provisions and guarantees for environmental risk (provided that this information is not likely to cause serious damage to the Group in an ongoing dispute)			Not consolidated at Group level
Pollution:		**#7 to 9**	
Measures taken to prevent, reduce and rectify emissions into air, water and soil that have a significant impact on the environment	303-2, 303-4		Chapter 4, section 5
Steps taken to address noise, light and any other form of pollution relating to a specific activity			Chapter 4, section 5
Circular economy:	**301-3**		
Waste prevention and management:			
Measures taken to prevent, recycle and reuse waste, and other means of waste recovery and elimination	306-2		Chapter 4, section 5.5.4
Steps taken to prevent food insecurity and waste; Respect for responsible, fair and sustainable food			Not concerned
Sustainable use of resources:			
Water consumption and supply of water in accordance with local regulations	303-1, 303-3, 303-5		Chapter 4, section 5.3.3
Raw materials consumption and measures taken to promote more efficient use	301-1, 301-2		Chapter 4, section 5.4
Energy consumption and measures taken to improve energy efficiency and use of renewable energy	302-1 to 5		Chapter 4, sections 5.2.4
Land use			Chapter 4, sections 5.3; 5.4
Climate change:	**201-2, 305-1 to 305-5**	**#7 to 9**	
Key issues regarding greenhouse gas emissions arising from the Group's activities and from use of the goods and services it produces	305-1 to 305-5		Chapter 4, section 5.2.4
Measures taken to adapt to the consequences of climate change			Chapter 4, section 5.2
Medium-and long-term targets set voluntarily to reduce greenhouse gas emissions and the measures put in place to achieve this			Chapter 4, sections 1.4; 5.2
Protection of biodiversity: measures taken to protect and restore biodiversity	**304-1 to 4**	**#7 to 9**	**Chapter 4, section 5.3**

Information required under the SFDR (Sustainable Finance Disclosure Regulation)

Kering presents below the list of information expected by financial market participants subject to the SFDR for the consideration of the principal adverse indicators (PAI) relating to sustainability:

	Indicators identified in connection with the principal adverse indicators	Kering performance indicators (2023)	Sections
ENVIRONMENT			
Greenhouse gases emissions (GHGs)	Greenhouse gas emissions	Scope 1: 14,918 tCO_2e Scope 2: 7,923 tCO_2e Scope 3: 2,573,898 tCO_2e	Chapter 4, section 5.2
	Offsetting strategy	Total Scopes 1,2 and 3: 2,596,739 tCO_2e	Chapter 4, section 5.2
	Greenhouse gas intensity of investee companies	132.7 tCO_2e/€m of revenue (Scopes 1, 2 and 3)	Chapter 4, section 5.2
	Exposure to companies active in the fossil fuels sector	Not applicable to Kering	
	Share of non-renewable energy consumption and production	Consumption:20% Production: 0%	Chapter 4, section 5.2
	Energy consumption intensity per high impact climate sector	Not applicable to Kering	Chapter 4, section 5.2
Biodiversity	Activities negatively affecting biodiversity-sensitive regions	The EP&L tool identifies pressures on nature through six impacts in each country (GHG emissions, air pollution, land use, water consumption, water pollution and waste production) connected with Kering's operations and its value chain. The 2023 results show that the main impacts (94%) arise outside of Kering's operations, particularly at the level of raw materials production and processing (75%).	Chapter 4, sections 5.1 and 5.3
Water	Emissions to water	COD after treatment: 42 metric tons (Group tanneries)	Chapter 4, section 5.3.3
Waste	Hazardous waste ratio	Hazardous waste: 604 t	Chapter 4, section 5.5.4
SOCIAL			
Social, human rights and anticorruption indicators	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	No violation	Chapter 4, sections 2 and 4
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	• Group Code of Ethics • Group compliance program and related procedures • Duty of Care Plan • Whistleblowing system	Chapter 4, sections 2; 4 Chapter 5, section 3 Duty of care plan
	Unadjusted gender pay gap	14.2% in favor of men. In average and not considering role, seniority and location, women's average salary is 14.2% lower than men's average salary.	Chapter 4, section 3
	Adjusted gender pay gap	1.6% in favor of men. This pay gap show the remaining difference in pay between men and women after accounting for legitimate factors that drive pay in the Group.	Chapter 4, section 3
	Board gender diversity	Proportion of women: 50% as of December 31, 2023. Percentage not taking into account Directors representing employees, in accordance with recommendations of the AFEP-MEDEF Code.	Chapter 3, section 2.3.1
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Not applicable to Kering	

8 - REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL PERFORMANCE STATEMENT AND ON THE VERIFICATION OF CERTAIN ENVIRONMENTAL INDICATORS

Year ended December 31, 2023

This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders' Meeting,

In our capacity as Statutory Auditor of Kering (hereinafter the "Company"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee COFRAC under number 3-1886 (Cofrac Inspection Accreditation, scope available at www.cofrac.fr), we have conducted procedures to express a limited assurance conclusion on the historical information (observed or extrapolated) in the consolidated non-financial performance statement, prepared in accordance with the Company's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2023 (hereinafter the "Information" and the "Statement", respectively), presented in the Group management report pursuant to the legal and regulatory provisions of Articles L.225-102-1, R.225-105 and R.225-105 and R.225-105-1of the French Commercial Code (Code de commerce).

It is also our responsibility to express, at the request of the Company and outside the scope of accreditation, a conclusion of reasonable assurance regarding whether certain information selected by the Company and presented in the Declaration has been prepared, in all material respects, in accordance with the Guidelines.

Conclusion of limited assurance on the consolidated non-financial performance statement in accordance with article L.225-102-1 of the French Commercial Code (*Code de commerce*)

Based on the procedures we have performed as described in the section "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that causes us to believe that the non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines, in all material respects.

Conclusion of reasonable assurance on selected information included in the Statement

In our opinion, the information selected by the Company has been prepared fairly, in all material aspects, in accordance with the Guidelines:

- energy consumption and associated CO_2e emissions for 2023;
- renewable electricity proportion at Group level for 2023;
- GHG emissions associated with upstream transportation for 2023;
- tons of CO_2e offset for 2023.

Preparation of the statement

The absence of a generally accepted and commonly used reference framework or established practices on which to base the assessment and measurement of the Information enables the use of different but acceptable measurement techniques that may impact comparability between entities and over time.

Accordingly, the Information must be read and interpreted with reference to the Guidelines, available on the Company's website.

Limits inherent in the preparation of the Information

As stated in the methodological notes of the Statement, the Information may be subject to uncertainties inherent to the state of scientific or economic knowledge and the quality of external data used. Some information are sensitive to the methodological choices, assumptions, and/or estimates made for its preparation, as presented in the methodological notes referenced in section 1.4 of chapter 4 of the Statement.

Responsibility of the Company

Management of Kering is responsible for:

- selecting or determining the appropriate criteria for the preparation of the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented with respect to these risks as well as the outcomes of these policies, including key performance indicators and the information set-out in article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- designing, implementing and maintaining internal control over information relevant to the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the management.

Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R.225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of article R.225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information".

As we are engaged to form an independent conclusion on the information prepared by management, we are not permitted to be involved in the preparation of the Information, as doing so may compromise our independence.

It is not our responsibility to provide a conclusion on:

- the Company's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in article 8 of Regulation (EU) 2020/852 (Green taxonomy), the duty of vigilance and the fight against corruption and tax evasion);
- the fairness of information set-out in article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 et seq of the French Commercial Code, with our verification program consisting of our own procedures (Verification programme for the statement of non-financial performance, of 7 July 2023) and with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such engagement, in particular the professional guidance issued by the *Compagnie Nationale des Commissaires aux Comptes, Intervention du Commissaire aux Comptes – Intervention de l'OTI – déclaration de performance extra-financière*, and acting as the verification programme and with the international standard ISAE 3000 (revised)[1].

Independence and quality control

Our independence is defined by article L. 821-28 of the French Commercial Code and French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

Means and resources

Our work engaged the skills of six people between September 2023 and February 2024 and took a total of about eight weeks.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around thirty interviews with people responsible for preparing the Statement, including representatives from the human resources, sustainable finance, and sustainable development departments of Kering and its Houses.

Nature and scope of procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

We consider that the procedures conducted in exercising our professional judgment enable us to express a limited assurance conclusion:

- We obtained an understanding of all the consolidated entities' activities and the description of the main risks associated.
- We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.

(1) ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information.

- We have verified that the Declaration covers each category of information required under III of article L. 225-102-1 of the French Code de Commerce relating to social and environmental aspects, respect for human rights and the fight against corruption and tax evasion, and includes, where applicable, an explanation of the reasons for the absence of the information required under paragraph 2 of III of article L.225-102-1 of the French Code de Commerce.
- We have verified that the Declaration includes the information specified in II of article R.225-105 where relevant to the principal risks.
- We verified that the Statement presents the business model and a description of the main risks associated with all the consolidated entities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the main risks.
- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented; and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important. For certain risks or information, our work was carried out on the consolidating entity while for other risks, our work was carried out on the consolidating entity and on a selection of entities[2].
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with article L. 233-16, with the limits specified in the Statement and its methodological note.
- We obtained an understanding of internal control and risk management procedures implemented by the Company and assessed the data collection process aimed at ensuring the completeness and fairness of the Information.
- For the key performance indicators and other quantitative outcomes[3] that we considered to be the most important, we implemented:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes there to;
  - test of details, on a sample basis and using other selection methods, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. This work was carried out on a selection of contributing entities[4] and covers between 19% and 73% of the consolidated data relating to the key performance indicators and outcomes selected for these tests.
- We assessed the overall consistency of the Statement in relation to our knowledge of the all the consolidated entities.

The procedures conducted in a limited assurance review are substantially less in extent than for a reasonable assurance conclusion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Pursuant to the request of the Company, we performed additional work with the aim of providing a reasonable assurance conclusion on the following Information:

- energy consumption and associated CO_2e emissions for 2023;
- Group's share of renewable electricity for 2023;
- GHG emissions associated with upstream transport for 2023;
- tonnes of CO_2e offset for 2023.

The work carried out was of the same nature as that described in the section on limited assurance above, but more in-depth, particularly regarding:

- analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
- substantive tests, on a sample basis that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents.

The selected sample represents between 71% and 73% of the information concerned.

Paris-La Défense, February 29, 2024

One of the Statutory Auditors,

Deloitte & Associés

Bénédicte Margerin
Associée, Audit

Julien Rivals
Associé, Développement Durable

(2) Qualitative information selected: Highlights of 2023, existence of Kering Standards and monitoring mechanisms for "alignment" and "traceability", notably in relation to the footnotes of the table presented in section 5.4.2 of the URD.

(3) Indicators and quantitative results selected:
- **Social and health-safety indicators**: Workforce and breakdown, Permanent/fixed-term contract hiring, Permanent staff departures, Training hours (including safety training), Employees who have received at least one training (excluding safety training), Frequency and severity rates of occupational accidents, Overall absenteeism rate.
- **Environmental indicators**: Energy consumption and associated CO_2e emissions for 2023, Group's proportion of renewable electricity, GHG emissions associated with upstream transport, tonnes of CO_2e offset, industrial water use, % of water discharged, and COD.

(4) Brands or entities selected for:
- Social indicators: Gucci, Kering Eyewear.
- Environmental indicators: Gucci, Balenciaga, and Kering Corporate (for 2023 energy consumption and associated CO_2e emissions), KERING Operations Caravel Tannery (for industrial water use and COD), and Trecate/LGI (for upstream transportation-related greenhouse gas emissions).

9 - LIMITED ASSURANCE REPORT OF ONE OF THE STATUTORY AUDITORS ON A SELECTION OF INFORMATION RELATED TO THE ENVIRONMENTAL PROFIT AND LOSS ACCOUNT ("EP&L")

Year ended December 31, 2023

This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Executive Management,

Pursuant to your request and in our capacity as Statutory Auditor of Kering (hereinafter the "Company"), we performed a review with the aim of providing limited assurance on information concerning the Environmental Profit & Loss Account ("EP&L") selected by the Company (hereinafter "the Information") for financial year ended December 31, 2023.

Conclusion

Based on the procedures we have performed as described under the paragraph "Nature and scope of procedures", and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Information is not prepared, in all material respects, in accordance with the criteria and procedures used by the Company (hereinafter "the Guidelines").

Preparation of the Information

The absence of a generally accepted and commonly used reference framework or established practices on which to base the assessment and measurement of the Information enables the use of different but acceptable measurement techniques that may impact comparability between entities and over time.

Accordingly, the Information must be read and interpreted with reference to the Guidelines and criteria, summarised in the environmental methodological note referred in chapter 4, section 1.4 of the Universal Registration Document and available on the Company's website or on request from its headquarter Sustainable Finance Department.

Limits inherent in the preparation of the Information

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used, including certain elements such as traceability and certifications, environmental impact factors ("multipliers") and monetisation factors used. Some data are sensitive to the choice of methodology and the assumptions and/or estimates used for its preparation and presented in the methodological note referred in chapter 5 section 1.4 of the Universal Registration Document.

Responsibility of the Company

The Company is responsible for:

- selecting or establishing suitable criteria and procedures for preparing the Guidelines;
- preparing the Information in accordance with the Guidelines;
- designing, implementing and maintaining internal control over information relevant to the preparation of Information that is free from material misstatement, whether due to fraud or error.

Responsibility of the Statutory Auditor

The conclusion presented in this assurance report only covers the Information.

Based on our work, we are responsible for:

- expressing limited assurance on the fact that nothing has come to our attention that causes us to believe that the Information is not prepared, in all material respects, in accordance with the criteria and procedures used by the Company (hereinafter "the Guidelines"), whether due to fraud or error;
- forming an independent conclusion, based on the evidence we have obtained; and
- reporting our conclusion to the management of the Company.

As we are engaged to form an independent conclusion on the information prepared by management, we are not permitted to be involved in the preparation of the Information, as doing so may compromise our independence.

Applicable regulatory provisions and professional guidance

The work described below was performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux comptes*) relating to this engagement and with the international standard ISAE 3000 (revised) « Assurance Engagements other than Audits and Reviews of Historical Financial Information » issued by the IAASB (International Auditing and Assurance Standards Board).

Means and resources

Our work engaged the skills of four people between December 2023 and February 2024 and took a total of about four weeks. To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around ten interviews with people responsible for preparing the Information, including representatives from the sustainable finance department.

This work involved the use of information and communication technologies allowing the work and interviews to be carried out remotely, without hindering the good execution of the verification process.

Independence and quality control

Our independence is defined by article L. 821-28 of the French Commercial Code and French Code of Ethics for Statutory Auditors (Code de déontologie). In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

Nature and scope of procedures

We planned and performed our work in order to express a limited assurance regarding the following Information:

- total amount for environmental impact estimated in € for 2023;
- intensity (€EP&L/1,000€ of revenue) for 2023;
- mapping of 2023 impacts per environmental impact (6 impacts for Tiers 0 to 4 and for the use and end of life phases);
- distribution of impacts per raw material (Tiers 3 & 4) for 2023.

The nature, timing and extent of procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error, in the Information.

We:

- assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability;
- verified the set-up of a process to collect, compile, process, and check the completeness and consistency of the Information;
- interviewed the relevant staff from the Company's departments at its headquarters and for a selection of contributing entities in order to analyze the deployment and application of the Guidelines;
- performed analytical procedures on the Information and verified, the calculations as well as the consolidation of the data and the consistency of its evolution;
- carried out tests of details using sampling techniques, for a representative selection of entities that we selected to verify the correct application of the definitions and procedures and reconcile data with supporting evidence.

We consider that the evidence obtained are sufficient and appropriate to enable to express our conclusion. The procedures conducted in a limited assurance review are substantially less in extent than those required to issue a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Applicable law

In our capacity of Statutory Auditor of Kering, our responsibility towards Kering and its shareholders is defined by French law and we do not accept any extension of our responsibility beyond that provided for by French law. We are not liable and accept no liability to any third party. We cannot be held responsible for any damage, loss, cost or expense resulting from fraudulent behavior or fraud committed by directors, officers, employees or stakeholders of Kering or its subsidiaries.

This report is governed by French law. The French courts have exclusive competence to receive any dispute, claim or dispute that may arise from our engagement letter or this report, or any question relating thereto.

Paris-La Défense, February 29, 2024

One of the Statutory Auditors,

Deloitte & Associés

Bénédicte Margerin Associée, Audit	**Julien Rivals** Associé, Développement Durable

CHAPTER 5

Risk management and internal control

1 - INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED BY KERING

This section of the Report by the Chairman of the Board of Directors on the Group's risk management and internal control system is part of the reference framework of the French financial markets authority (*Autorité des marchés financiers – AMF*) published in July 2010 and draws on the ESMA guidance on risk factors provided under European Regulation (EU) no. 2017/1129 of June 14, 2017 (the "Prospectus Regulation") supplemented by Commission Delegated Regulation (EU) no. 2019/980 of March 14, 2019. It also takes into account of the requirements set out in article 173 of French law n° 2015-992 of August 17, 2015 on energy transition for sustainable development.

The AMF's framework is based not only on the aforementioned French and EU legislation and regulations, but also on internal control and risk management best practices and international standards, in particular the ISO 31000 and COSO (Committee of Sponsoring Organizations) frameworks.

1.1 Scope and principles of organization

Kering is the parent company of the Kering Group, whose entities operate in the Luxury industry. The following report aims to describe the internal control process in place at the Group and especially for the preparation and processing of financial and accounting information. The scope of the Group covered by the report includes all fully consolidated subsidiaries, i.e., the companies over which the Group directly or indirectly exercises exclusive control.

As a holding company, Kering's own operations consist in: (i) defining and implementing its strategy, (ii) organizing and managing its holdings, (iii) stimulating the development of its activities and coordinating their financing, (iv) providing support and communication functions, and (v) defining and implementing the insurance coverage policy.

The structure of the internal control process is aligned with the general organization of the Group. It is both:

- decentralized at the level of the activities: Executive Management of the operating and legal entities is responsible for managing and coordinating the internal control process;
- unified around a common methodology and a single set of standards. The Kering holding company coordinates its deployment across the Group, supported by teams at Kering Asia-Pacific and Kering Americas.

1.2 General principles of risk management

According to the AMF definition, risks represent the possibility that an event may occur and could have an impact on people, assets, the environment, the Company's objectives or its reputation.

Risk management covers area that are much wider than just financial risks: for example, operational, labor-related, environmental and compliance risk.

Risk management is a key management tool that helps to:

- create and preserve the value, assets and reputation of the Company;
- strengthen the security of the Company's decision-making and other processes to support the achievement of its objectives;
- mitigate the risk of unexpected outcomes and operating losses;
- ensure that initiatives are consistent with the Company's values;
- bring Company employees together to develop a shared view of the main risks.

1.3 Components of risk management

The Group constantly strives to make its operations more secure and improve its methodology to identify and mitigate risks. In 2023, the Group pushed ahead with the changes to its risk management methodology initiated in 2011 and maintained the resources used for its risk management process. The Group's process provides for an organizational framework, a three-step risk management process and continuous monitoring.

1.3.1 Organizational framework

This organizational framework includes:

- an organization that sets out the roles and responsibilities of the various participants and lays down procedures and standards for the process;
- a risk management policy that sets out the objectives of the process in line with the Company's culture, the common terminology applied, and the process to identify, analyze and deal with risks;
- an IT system that makes it possible to register data about risks;
- planned reporting of risk information to stakeholders identified within the Group, as well as an annual presentation to the Board of Directors.

Risk Committee

Within the scope of the Group's risk management policy and in accordance with Kering's corporate governance, Kering's Executive Management created a "Kering Group Risk Committee" in 2011. The Deputy CEO in charge of Operations and Finance, the Chief Financial Officer, the General Counsel, the Chief Audit Executive, the Head of the Security Department, the Chief Information Security Officer and the Risk Manager are the members of this Committee. As the Group's operations and activities expand, become more complex and more international, the Risk Committee helps identify and rank the main risks that could have an impact on the Group's business operations. Internal rules determine how the Committee is managed, and how it operates.

The Risk Committee reviews (i) the validation and monitoring process for the Group's risk management policy; (ii) the monitoring of the latest developments and relevance of analysis relating to operational, labor-related, environmental, financial and compliance risks; (iii) briefings on the analysis of general and specific risks; and (iv) the validation and monitoring of action plans rolled out to mitigate the risks identified more effectively.

The Risk Committee's work is brought to the attention of the Audit Committee, which is informed of the Committee's internal rules and has access to the minutes of its meetings.

Risk Manager

The Risk Manager position was created within the Company to coordinate the robust risk management process, ensure that the Executive Management teams of the Group's activities analyze the main risks within their scope of business, and provide the members of the Risk Committee, prior to each meeting, with the information and documents necessary for their work and their discussions.

Risk management policy

After reviewing the COSO internal control frameworks in particular, the Group implemented a risk management approach that was sent to the Executive Management teams of the Group and the Houses. This document describes the methods used by the Group for its risk analysis.

1.3.2 A three-step risk management process involving:

- **Risk identification by the Internal Audit Department:** in this step, the main risks are identified and addressed centrally. A risk is characterized by an event, one or more internal or external sources, and one or more consequences. Within the Group, risks are identified as part of an ongoing process that takes the Houses' perspective into account, as well as the Group's broader vision, including insights from the Sustainability Department helping to identify sustainability risks. During this step, interviews with the main stakeholders (the recommended and most widely used technique) are conducted to identify the risks that could impact the Group's ability to achieve its objectives. Kering relies on the prior year's risk registers, as well as various sources that are, both external (e.g., surveys) and internal (e.g., reporting of information).
- **Risk analysis:** this step involves evaluating the main risks identified on the basis of three criteria: their impact, their probability of occurrence and their level of control. It is also a continuous effort, and assessments are conducted once a year during work sessions with key managers from the Houses, Kering's divisions in the Americas, Asia-Pacific, and the Group. The risk management policy describes in detail the criteria and procedures for these assessments.
- **Risk ranking:** during this last step, risks are ranked by priority and the most appropriate action plan(s) for the Company is (are) identified.

Since 2011, a consolidated risk map has been submitted to the Risk Committee for comment before being presented to the Audit Committee and the Board of Directors. In addition, risk information is also shared with each of the Houses during feedback meetings.

2011
First consolidated risk map was presented to the Risk Committee

2013
The Group introduced a dedicated IT system to handle risk identification and analysis efforts. **Adoption of this system ensures consistent methodology** is applied in all these activities and expanded the scope of managers involved in these reviews.

2014
The Group expanded its approach to identifying risks by meeting with the holding company's senior managers.

2015
The Group expanded its approach to identifying risks by meeting with the senior managers of Kering's divisions in the Americas, Asia-Pacific, and of the Group.

2019
The Group introduced a top-down approach, complementing its bottom-up approach to risk identification. **Feedback meetings** were arranged with participants in the risk identification and evaluation exercises.

2020
The Group made adjustments to its approach as a result of the pandemic (e.g., online meetings).

2021
The number of risks was reduced and a direct link made to the Group's business fundamentals. The map of the Group's risks was adjusted to include the updated risk assessment undertaken as part of the Group's **Duty of Care** and initial assessments of climate risks undertaken in line with **TCFD recommendations.**

2023
The **risk** assessment undertaken as part of Kering's **Duty of Care** was updated to include all the Group's Houses. The assessments of the **climate risks** identified on the basis of the **TCFD** recommendations were reviewed and updated. All these items were **incorporated in the Group's risk map.**

1.3.3 Oversight of the risk management process

The risk management process is monitored and reviewed on a regular basis to continuously improve the process. The objective is to identify and analyze the main risks and to learn the lessons from the risks that have materialized.

The Risk Committee meets in principle at least twice a year to review the risk maps drawn up by the Group Internal Audit Department, and to monitor the progress of the specific action plans.

The Risk Committee met three times in 2023. The Audit Committee and Board of Directors were apprised of its work at their meetings held in June and October 2023, respectively.

1.4 Link between risk management and internal control

The risk management and internal control processes are complementary, which together help control the Group's activities:

- the risk management process is designed to identify and analyze the main risks. Risks are managed and addressed through action plans, which may include project management and may also involve implementing controls that can be adapted to the organization. The controls to be implemented are part of the internal control process and may be reviewed based on the risk maps;
- the internal control process uses the risk management process to identify the main risks to be mitigated;
- the audit plan uses the risk map to test the assessment of the level of control of the identified risks.

The combined interaction and balance between the two processes are influenced by the control environment, which provides a common foundation particularly the risk and control culture of the Company and the ethical values of the Group.

Operationally, the internal control process is as follows:

The internal control culture is set by Top Management/Executive Management ("tone at the top")	Every year, internal control self-assessment campaigns are organized targeting Group entities and stores	Group entities and stores undergo internal audits
Roll-out of the internal control process	**Self-assessment of the internal control process**	**Independent internal control assessment during assignments**
• The Group lays down the internal control policies and procedures for the Houses to implement in a suitable manner. The Houses remain in charge of drawing up their own internal control policies and procedures. • The Houses' top management has ultimate responsibility for the effective conduct of their activities.	• Everyone has a role to play in internal control. Audit engagements do not provide assurance of the effectiveness of internal control right across the entire scope of the Group's entities every year. Accordingly, the Internal Audit and Risk Department has made use of self-assessment questionnaires since 2012. These activities are coordinated by the Group's Internal Audit and Risk Management Department. • Respondents carry out a self-assessment of their internal control process and communicate the results to the Audit Committee. • The completion rate was 84% for Group entities and 96.4% for stores in 2023.	• The internal audits conducted by the Internal Audit and Risk Department provide a level of assurance of the internal control process in place at Group entities and stores. • To this end, the Group's auditors independently assess the internal control process in place at the entities. • Assignments are laid down in an annual audit plan approved in advance by the Audit Committee. • In 2023, the Group's Internal Audit Department conducted 38 audit assignments at the Group's entities (five focused on IT operations) and 151 in stores.

The Group seeks to strengthen its business processes through a continuous improvement approach. As well as analyzing feedback, it defines action plans based on internal control self-assessment campaigns and on recommendations made in internal audit reports.

1.5 General principles of internal control

1.5.1 Definition of internal control

The internal control process applicable within the Kering Group relies on a set of resources, policies, conduct, procedures and appropriate actions to ensure that the necessary measures are taken in order to control:

- activities, operational effectiveness and the efficient use of resources;
- operational, labor-related, environmental, financial or compliance risks that could have a significant impact on the Company's assets or the achievement of its objectives.

Internal control is defined as a process conducted by Executive Management, under the supervision of the Board of Directors, and implemented by senior executives and all employees. Regardless of its quality and its degree of application, it cannot provide absolute assurance that the objectives falling within the following categories will be met:

- compliance with laws and regulations in force;
- application of guidelines and directions set by Executive Management;
- smooth operation of internal processes, particularly those contributing to the safeguarding of assets;
- reliability of financial and accounting information.

1.5.2 Limitations of internal control

The probability of meeting these objectives is subject to the limitations inherent in any internal control process such as:

- human errors or malfunctions occurring when decisions are made or applied;
- deliberate collusion among multiple individuals, enabling them to elude the control system;
- situations in which implementing or maintaining a control would be more expensive than the risk that it is intended to remedy.

Furthermore, in pursuing the objectives indicated above, it is understood that companies are faced with events and uncertainties beyond their control (unexpected changes in the markets, competitive environment or geopolitical situation, or error in forecasting or assessing the effects of such changes on the organization, etc.).

Internal control cannot therefore provide absolute assurance under all circumstances that the Company will achieve its objectives.

1.6 Components of internal control

The quality of the internal control process is based on the following components:

- the control environment based on rules of conduct and integrity supported by management and communicated to all employees;
- an organization that clearly defines responsibilities and has adequate resources and skills;
- a system to identify, analyze and manage the main risks;
- ongoing oversight of the internal control process and regular review of the functioning of the system.

1.6.1 Internal control environment

The Group's internal control process is based on a decentralized organization that clearly defines responsibilities through the Group Charter. It includes principles and values governing the conduct and ethics of all its employees, presented in the Code of Ethics. It also includes an Internal Control Charter. Moreover, it relies on human resources management that ensures the competency, ethical conduct and involvement of its employees.

The Group Charter

The Kering Group adopted a Charter several years ago, which was updated in 2012 and provides the framework for the decentralization of the organization and the responsibility of senior executives. The Charter defines the guiding principles governing the relations between Kering and its activities. It also defines, within each functional area: (i) the matters that fall within the delegated responsibility of the activities; (ii) those that must be communicated to Kering within appropriate time frames; and (iii) those requiring Kering's prior authorization.

Code of Ethics

The ethical principles of the Kering Group are set out in the Code of Ethics, first circulated in 2005 and then updated in 2018. It is now available to all Group employees in 14 languages. The Ethics Committees are composed of representatives of the Group's Houses and Kering staff. This entire structure is managed by Kering's Chief Sustainability and Institutional Affairs Officer. The changes made to the Code and the organization of ethics within the Group are examined in detail in section 2 "Ethics, the cornerstone of our business" of chapter 4 "Sustainability" of this Document.

The Internal Control Charter

The Kering Group first adopted an Internal Control Charter in 2010 and then updated it in 2015. The Charter defines internal control and sets out its objectives as presented in the AMF's reference framework. It specifies that the holding company acts as the fulcrum point coordinating the various entities and sets out the responsibilities of each of the activities and Houses in implementing an internal control process that fits their operations.

The Charter defines the role of each person involved in the internal control process and the bodies responsible for oversight and assessment.

Furthermore, the Charter specifies the existing tools for assessing internal control and risks, namely self-assessment of internal control, mapping of major risks and sets out the basic principles for creating new procedures.

The Audit Charter

Internal Audit's operational procedures are laid down in the Audit Charter. A new version of the Audit Charter was published in 2018. The Charter stipulates that:

- at the end of each audit, the findings and recommendations are presented to the managers of the area or areas concerned;
- any agreements or disagreements made known by the audited parties concerning the proposed recommendations are included in the final report, which specifies any action plan, as well as responsibilities and the deadlines for implementation;
- the operational staff members concerned are responsible for implementing recommendations;
- the Internal Audit Department is in charge of verifying their implementation.

Human resources policy

The quality of Human resources and management cohesiveness are key success factors for the Group.

Kering makes sure that the various Houses apply human resources policies aligned with their situation, challenges, and meeting the highest local standards.

The Houses lead and engage in dialogue and employee involvement at local level concerning labor policy, while the Group manages dialogue within the Group's employee representative bodies namely the Group Works Council and the European Works Council.

The Group also supports the Houses with spotting talent for key positions and succession planning, while keeping a close eye on the market to enrich the pool of internal applicants.

Kering supports the Houses by handling transactional HR activities (payroll, absence management, employee benefit management) and provides a shared framework for developing Group-wide projects, such as digital platforms, HRIS and internal social media network, talent and performance management, internal communication for key issues linked to Kering's values, global remuneration and employee benefits policies. This framework is constantly evolving so the Houses can meet the new challenges they are faced with.

Internal control is also strengthened by the centralization of certain functions within Kering.

Legal Department

Apart from its specific function at Company level, the Legal Department assists the entire Group with important legal matters and coordinates analyses or studies common to the activities or of significant interest for the Group. It also formulates Group policy and oversees its application. It provides the Houses with a methodology for identifying standard risks enabling them to anticipate such risks and inform the Legal Department.

Tax Department

The Tax Department coordinates the Group's tax policy and advises and assists the activities on all issues related to tax law, as well as on the implementation of tax consolidation in France.

Communications Department

The Communications Department is involved in the Group's development by enhancing its image and reputation both internally and externally.

Information Systems Department

The Information Systems Department is responsible for providing optimal operational performance, controlling IT risk and improving the Group's information systems.

1.6.2 Organization and resources

The organization of internal control depends on persons involved at every level in the chain of responsibility, from Executive Management to all employees, as well as the bodies responsible for oversight and assessment: the Board of Directors, the Audit Committee, the Internal Audit and Risk Management Department, and the Statutory Auditors. Together, this forms a model with three lines of defense. A summary of it is provided in section 9 of chapter 1.

1.6.2.1 Participants in the control process

Executive Committee

The Kering Group Executive Committee, which is an Executive Management body, comprises 13 members as at December 31, 2023.

The Executive Committee meets regularly in order to:

- draw up and coordinate the Group's operating strategy;
- set the priorities via objectives assigned to the activities and the main functional projects;
- develop synergies between the Houses;
- propose acquisitions and disposals to the Board of Directors;
- ensure proper implementation of the policies and projects defined within the framework of the Group's commitments to sustainability.

Kering Group strategies and goals are discussed each year via the medium-term plans and the budgets of the business units of each of its activities.

Executive Management teams

The Executive Management teams define, coordinate and oversee the Group's internal control process. They are also in charge of taking the requisite corrective measures. The Executive Management teams' involvement is of key importance to the internal control process given the Kering Group's organization.

Management and employees

Management plays the leading operational role in internal control; it relies on internal control to perform its duties and reach its objectives. In this respect, management implements the internal control operations related to its area of responsibility and ensures that the internal control process fits its activities.

Employees must have the knowledge and information necessary to set up, operate and oversee the internal control process in order to meet the objectives assigned to them. In their day-to-day activities, they follow the principles, rules of control and can suggest ways to improve and detect malfunctions.

1.6.2.2 Bodies responsible for oversight and assessment

The bodies responsible for oversight and assessment are:

The Board of Directors

The Board of Directors contributes to the overall control environment through its members' skills and expertise. The Board is regularly informed about the methodologies used for internal control and the management of major risks, which it presents in its Board report. The duties of the Board of Directors are presented in section 3.1 of chapter 3 of this Document.

The Audit Committee

As of December 31, 2023, Kering's Audit Committee had five members, three of whom were independent. Tidjane Thiam (Chair of the Audit Committee) left the Board of Directors on January 9, 2024. The Committee has since had four members (Jean-Pierre Denis, Interim Chair), Financière Pinault, represented by Héloïse Temple-Boyer, Serge Weinberg and Véronique Weill. Under the responsibility of the Board of Directors to which it reports on a regular basis, the Audit Committee is in charge of monitoring:

- the procedures for preparing financial information;
- the effectiveness of internal control and risk management systems;
- the statutory audits of annual financial statements and, where appropriate, of consolidated financial statements performed by the Statutory Auditors;
- the independence of the Statutory Auditors.

The Kering Audit Committee also:

- verifies that the Group has an Internal Audit Department that is structured and well suited to the tasks of identifying, detecting and preventing risks, anomalies or irregularities in the management of the Group's affairs;
- assesses the relevance and quality of the methods and procedures used;
- reviews the Internal Audit reports and the recommendations issued;
- approves the annual Internal Audit plan;
- reviews the work conducted by the Risk Committee and has access to the minutes of its meetings.

Since 2021, Kering's Audit Committee has met at least five times a year.

The composition of the Audit Committee and its duties are presented in section 3.4.2 of chapter 3 of this Document.

The Internal Audit and Risk Management Department

The Kering Group's Internal Audit Department ensures full coverage of the Group's operations and reports directly to Executive Management.

Through its work, the Internal Audit Department helps assess the internal control process and recommends improvements. Its principal duties are:

- leading and coordinating risk management through risk mapping and action plan monitoring among other activities. The Chief Audit Executive informs Executive Management and reports to the Audit Committee on the main results of their assessments and on action plan monitoring at least once a year;
- coordinating, harmonizing and optimizing working methods and tools. It also provides its services (regulatory watch, expertise, useful resources, etc.);
- actively keeping track of the best practices in internal control.
- drawing up the audit plan based on the Group's process guidelines and on the major risks identified at the Houses. The audit plan takes account of special requests from senior management and other operational departments. These projects are discussed with the main persons in charge. The Audit Committee reviews and approves the final audit plan;
- implementing the audits in line with the annual audit plan. It checks the control procedures implemented by other departments and conducts operational and financial audits within its remit.

The main issues identified by the Internal Audit Department are reported to the Audit Committee. In this way, the Audit Committee is informed of the issues identified and the action plans set up by the entities concerned.

At the end of 2023, the Group's Internal Audit Department had 19 employees, two of them specialized in IT audits. The team's size has remained stable since 2017.

Internal Audit activities are performed in conjunction with the work of the Audit Committee and the results of the work performed by the Statutory Auditors.

In 2013, Kering's Internal Audit Department published the following referential frameworks that establish a common methodology: the audit manual and the audit approach. In 2020, the approach to auditing stores was updated.

In December 2021, Kering's Internal Audit Department obtained professional certification from the IFACI (French institute of audit and internal control) that it conducts its activities in accordance with the mandatory requirements of the International Professional Practices Framework of the Institute of Internal Auditors (IIA). This seal of quality demonstrates that the Internal Audit Department adds value for the Group, improves its operations and helps it to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

In 2022, the Kering Internal Audit Department introduced a tool for drafting and sharing reports on audit assignments in stores. The follow-up process on the various assignment stages is fully digitalized, making for more effective monitoring and smoother discussions with stakeholders.

The Statutory Auditors

The Statutory Auditors review internal control processes as part of their audit of the financial statements. In so doing, they identify the strengths and weaknesses of these processes, assess the risk of material misstatement, and, where applicable, make recommendations. Under no circumstances do the Statutory Auditors take the place of the Company in implementing internal controls.

The role of the Statutory Auditors is to certify the completeness, accuracy and fair presentation of the parent company and consolidated financial statements on an annual basis and issue a limited review report on the Group's interim consolidated financial statements.

The main matters covered by the Statutory Auditors are as follows:

- identifying risk areas and performing tests by sampling in order to validate the completeness, accuracy and fair presentation of the financial statements with regard to their individual or consolidated materiality threshold;
- validating the main types of accounting treatment and options throughout the year, in coordination with the management of the activities and Kering;
- applying the accounting standards defined by Kering for its activities based on the relevant accounting standards;
- preparing an audit report for each House, in order to certify Kering's consolidated financial statements, including any comments on internal control;
- presenting a general overview of the Kering Group to Kering's Management and to the Audit Committee;
- preparing the Statutory Auditors' reports for Kering's shareholders. These reports are presented in chapter 6 of this Document.

1.6.3 Risk management

The Group's risk map is defined based on various sources (see diagram below). The risk factors identified are subject to the mitigation measures presented in section 2 of this chapter.

1.6.4 Oversight of the process

The ongoing oversight of the internal control process and regular review of its functioning rely on the work performed by the Internal Audit Department, any comments made by the Statutory Auditors and the annual self-assessments.

In the annual self-assessments carried out within the entities for each process identified, the managers in charge are asked to assess the level of internal control through key controls for their operations, in order to identify any weaknesses and implement corrective measures. Self-assessment is not simply a reporting tool intended for the Internal Audit Department or the Audit Committee; it is also a system that allows the Executive Management teams of the activities to obtain reasonable assurance regarding the strength of the internal control process. Self-assessment makes it possible to strengthen the level of internal control through operational action plans. Lastly, these provide a means of harmonizing the level of internal control applied throughout the Group and of introducing best practices at all activities, especially newly acquired entities.

Self-assessment by Group entities

Key operational staff members carry out a questionnaire-based self-assessment in each of the entities following the breakdown of operations into key processes. Key controls, as well as fraud risk controls, have been identified and added to these questionnaires in order to strengthen the effectiveness of the action plans. The self-assessment campaign covers all of Kering's operations.

The questionnaires are reviewed at regular intervals in the light of participants' responses during the previous annual assessment and comments from those conducting the assessments. In 2021, the financial process questionnaires were revised to reflect the changes introduced within the Group. In 2022, the entire content of the questionnaires for the other processes was reviewed. The goal of the update was to focus on more operational, clearer and more concise points reflecting adjustments to the Group's processes that have undergone major changes.

The finance, accounting and management process questionnaire takes into account the AMF's reference framework and, in particular, its application guide. It includes some 60 questions on the Group's mandatory key controls. It is circulated among the largest subsidiaries in the Group's activities. There was no change in the scope of processes covered in 2023.

Self-assessment by the Houses' stores

The Internal Audit Department extended its self-assessment procedures to stores throughout the Group's Houses starting in 2013. These self-assessments give the sales network managers an idea of the effectiveness of their internal control and represent a training guide to help store managers meet their internal control obligations.

The self-assessment questionnaire for the Group's stores was extensively revised in the first half of 2020 to (i) take into account changes in all store activities, (ii) clarify and simplify the questions and make them more relevant, and (iii) simplify the connection with the control points verified during in-store audits for comparison purposes.

In addition, to facilitate the use of the results, the frequency of self-assessment campaigns in stores was reduced from half-yearly to yearly. This approach was presented and approved by the Kering Audit Committee.

Shared Services Centers

Since 2021, the Group's Finance Department has continued the roll-out of the tool continuously monitoring the transactional activities managed by the Group at the financial Shared Services Centers. It was deployed more widely across financial processes in accordance with the Group's financial transformation project.

1.7 Description of internal control procedures relating to the preparation of financial and accounting information

Financial and accounting information is prepared by the Group Finance Department. At the level of Kering, this department supervises the Financial Control Department (which includes the accounting, consolidation and management control teams), the Financial Communications Department, the Financing, Treasury and Insurance Department and the Tax Department.

1.7.1 Financial Control Department

Financial management procedures

The financial information is produced and analyzed using a set of financial management procedures including:

- medium-term plans, which measure the impact of strategic priorities on the Group's key financial and management indicators. They are also used for the annual assessment by the Group of the fair value of assets allocated to the various cash-generating units;
- budgets, which are drawn up on the basis of discussions between the operating departments and the members of the Group's Executive Management. The first phase takes place in the fourth quarter of the fiscal year when a preliminary budget sets out the main financial indicators and operating action plans. The second stage, which finalizes the budget, takes place in the first quarter of the following year and builds in any significant events that may have occurred in the meantime;
- monthly reporting that monitors the performance of the Group's activities throughout the fiscal year via specific indicators whose consistency and reliability are reviewed by the Financial Control Department. This department also oversees the consistency of the accounting treatment applied by the activities with Group rules and carries out, together with their financial controllers, an analytical review by comparison with the budget and the previous year;
- monthly meetings of Kering's Executive Management and the senior executives of the Group's activities to assess business trends on the basis of financial and operational data provided by meeting participants.

Consolidation process

Kering's Financial Control Department coordinates the process and is in charge of producing the Group's consolidated financial statements. For this purpose, the Department sends instructions to the activities specifying the reports to be sent, the common assumptions to be applied and the specific points to be taken into account.

Consolidation levels within the activities provide a first level of control and consistency.

The consolidation of the financial statements takes place in late June and late December using the Group consolidation tool. Financial information is transferred from the activities in real time after full validation of the consolidation reporting packages by the Statutory Auditors and by the Chief Executive Officers and Chief Financial Officers of the Houses. They make a legally binding commitment via a signed representation letter, which helps to underpin the quality of the financial information made available.

Lastly, the Group regularly monitors the activities' off-balance sheet commitments. This control is carried out as part of the consolidation process, with the activities required to provide an exhaustive list of their commercial or financial commitments and to monitor them from year to year.

1.7.2 Financial Communications Department

The Financial Communications Department's role is to produce and release the permanent and periodic information that makes up the regulatory information.

It conducts this role in line with a precise regulatory framework and in compliance with the key general principles applicable to financial reporting. The Financial Communications Department thereby upholds the principle of equal access to information for investors, the principle of consistent, accurate, precise and fairly presented information and the full and effective release of regulated information, notably through the publication on the Group's website, kering.com.

Financial Communications forms a key component of market transparency and represents a core pillar of investor confidence. It is intended for a diverse range of audiences, mainly consisting of institutional investors, retail investors and (financial and non-financial) analysts. Executive Management, the Chief Financial Officer and the Financial Communications Department are the contacts for analysts and investors. The Human Resources Department provides information for employees and employee shareholders, in conjunction with the Financial Communications Department.

The role of the Financial Communications Department also extends to non-financial (CSR) topics in its dealings with analysts and investors. The Sustainability Department is also involved, handling relationships with non-financial rating agencies.

1.7.3 Financing, Treasury and Insurance Department

The Financing, Treasury and Insurance Department manages liquidity, counterparty, foreign exchange and interest rate financial risks. It also coordinates the Group's cash management. It manages the Group's banking policy, establishes guidelines for the allocation of activity by bank, and coordinates Group calls for tender. It ensures consistency between published financial information and policies governing interest rate, foreign exchange and liquidity risk management. Almost all of the financing is set up by Kering or Kering Finance. Exceptions are analyzed on a case-by-case basis according to specific opportunities or constraints and require Kering's agreement.

The Insurance Department, an integral part of the Financing, Treasury and Insurance Department, establishes and manages the Group's policy on insurance. It is responsible for identifying, quantifying and handling risks (prevention, self-insurance or transfer to insurers or reinsurers).

2 - PRESENTATION OF RISKS

In accordance with the regulation EU no. 2017/1129 of June 14, 2017 (Prospectus Regulation) and ESMA's guidelines on risk factors, the following section describes the main risk factors specific to the Kering Group.

2.1 Ranking of the Group's main risk factors

The risks identified by the Group have been ranked according to their level of criticality, on a scale ranging from 1 (very critical) to 4 (less critical), which is based on the probability of their occurrence and the magnitude of their impacts, as well as reflecting the risk management measures implemented.

All of the risks presented below represent the specific risk factors to which the Kering Group is exposed. These risks are considered material for the Group within the meaning of article 16 of the Regulation (EU) 2017/1129 of June 2017, despite the risk management policies adopted to mitigate the probability of their occurrence or their impact.

The Group has classified its risks based on its fundamentals, which are as follows:

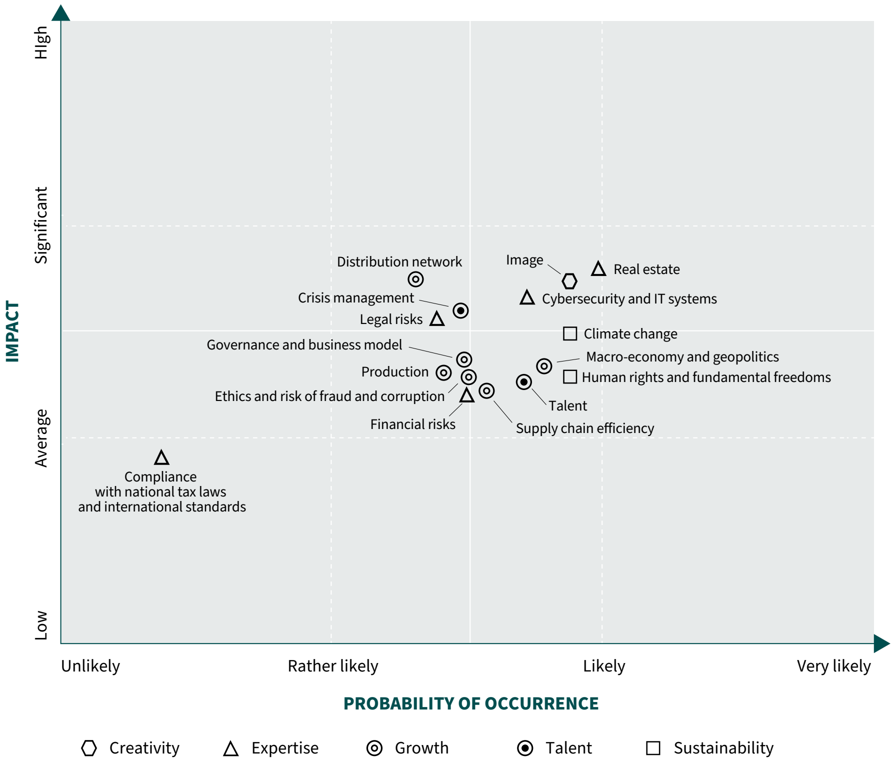
- creativity: championing a vision of Luxury that combines heritage with boldness;
- growth: promoting organic growth;
- expertise: enhancing synergies and integration;
- talent: developing talented individuals;
- sustainability: crafting Luxury in a sustainable manner.

In addition, the risks have been streamlined to make them easier to understand and present. For 2023, the table below presents the risk factors ranked by type:

Fundamental	Level of criticality	Risk
CREATIVITY	**2**	Image
GROWTH	**3**	Macro-economy and geopolitics
		Distribution network
		Governance and business model
		Ethics and risks of fraud and corruption
		Supply chain efficiency
		Production
EXPERTISE	**2**	Real estate
		Cybersecurity and IT systems
	3	Legal risks
		Financial risks
	4	Compliance with national tax laws and international standards
TALENT	**3**	Talent
		Crisis management
SUSTAINABILITY	**2**	Climate change
	3	Human rights and fundamental freedoms

To assess the overall materiality of its risk factors, Kering draws up a risk matrix summarizing the criticality of each one based on a graphical representation of its probability of occurrence and its average potential impact.

Kering group's risk map



Descriptions of the risks identified and the Group's risk management measures are provided in the following sections. The pictograms presented below indicate the probability of occurrence and impacts of the risks identified by the Group. In 2023, the Group rationalized the number of impact categories to five (from nine previously).

Probability of occurrence	Impacts	High	Significant	Average	Low
Unlikely	Human Capital				
Rather likely	Compliance/Legal				
Likely	Finance				
Very likely	Operational				
	Reputation				

The various types of impacts referred to above are defined as follows:

- Human Capital: impact on management of the Group's Human resources;
- Compliance/Legal: impact of a legal or compliance nature on the Group's individuals or legal entities;
- Finance: impact on the Group's financial results and/or likely to result in a cash outflow;
- Operational: impact on the Group's business operations, such as product development, production or logistics activities;
- Reputation: impact on the image and reputation of the Group, its Houses and its executives.

2.2 Creativity risks

Image

Probability of occurrence: **Impacts:**

Description of the risk

Damage to the Group's image or reputation or that of its Houses, giving stakeholders (e.g., customers, consumers, suppliers, employees, shareholders, civil society, etc.) a negative opinion of the Group and ultimately affecting its results.

Example case(s)

Unfavorable or inaccurate media coverage, as well as negative discussions on social media, concerning the Group's alleged practices or its Houses' products or communications, could harm not only the Group's image and reputation, but also potentially lead to a slowdown in sales.

Actions taken

The Group keeps a close eye on media and discussions on social media about the Group and its Houses.

To guard against image risk, the Group has taken the following measures, which have been strengthened following the controversy surrounding Balenciaga at the end of 2022:

Internal control measures:

- Sharper definition of internal control measures around communication and marketing by the Houses to reduce reputational risks. This framework incorporates:
  - a new Kering policy that sets out a list of recommendations and warnings for communication and marketing activities,
  - a set of guidelines for sensitive issues;
- Based on this framework, a formal internal process within each House suited to its own organizational structure. These processes are controlled by Kering's internal audit team;
- Establishment of a Group-wide Brand Trust function, responsible for reviewing and making recommendations to Houses about their communication and marketing content and activities and to guide them with their risk assessments. Consulting the Brand Trust Director is mandatory for 15 identified topics (politics, religion, animals, alcohol, etc.), which will be regularly updated to reflect current events and developments, and for all fashion shows. The matter will be reviewed in-depth by the Brand Trust Director and, as a last resort, may be submitted to Kering Deputy CEO, in charge of Brand Development, for decision. In addition, the Houses are also in regular discussions with the Group to forestall risks arising from the use of potentially sensitive images and messages in their communication.

Communication measures:

- A special reputational crisis management procedure defined with the Communication and Image Department and in conjunction with the Executive Management and the other departments concerned.

Training measures:

- Implementation of a training program on how to manage reputational crises for each of the Houses' executive management teams.
- Promotion of a culture that nurtures both independent judgment and collective discussion, including through training for employees via online modules, in particular on business ethics and compliance. This training also aims to instill a culture of equality and inclusion, for example, by combating stereotyping and unconscious bias that could be at odds with the Group's values and thus harm its image.

Governance measures:

- Monitoring by Kering's Board of Directors of how the actions mentioned above are implemented, as well as the inclusion of a criterion linked to protecting the intangible assets of the Group and its Houses in the remuneration policy of the Chairman and Chief Executive Officer.

2.3 Growth risks

Macro-economy and geopolitics

Probability of occurrence: **Impacts :**

Description of the risk

The Group is present in many markets and exposed to changes in the economic, regulatory, social or political environment that may adversely affect consumer demand, disrupt its operations or dampen its profitability.

Example case(s)

- Lower tourist numbers influenced by factors such as political instability, security threats, and changes in customs or tax policies.
- Failure to consider the changes driven by macro-economic trends and a deterioration in the future outlook for the Luxury industry on a global level or specifically among key categories of consumers (Chinese consumers, pre-owned, etc.).
- Major events with an international reach, such as a political crisis or instability or wars, could have a material impact on the Group's production and distribution operations.
- Economic sanctions or export controls that could affect the Group's sourcing or distribution activities.

Actions taken

Group's strategy and market positioning

Both the Group's market positioning and strategy (see section 5 - Our strategy of chapter 1 - Presentation of the Group and Integrated Report for more details) help limit the impacts of macro-economic cycles and uncertainty on its activities.

- The diversity of the brands' geographic footprints helps limit the Group's exposure to uncertainties or even to deterioration in a given country's economic or security environment. The Group's distribution network remains balanced across the regions: sales are made through a network of 1,771 directly operated stores, spread evenly across the main regions and through its online presence.
- The Group's broad spectrum of products also makes it less dependent on any single category. The Group has also extended its operations to the Beauty activities in 2023.
- The Group has demonstrated in the past its ability to adapt its organization, operating methods and strategic priorities in response to changes in the macro-economic and technological environment. Its level of profitability and of cash generation allows it to invest for the long-term and to weather the sector's recessionary phases, even though the downward adjustment of cost bases remains a long and complex process in an industry where the proportion of fixed operating expenses is high.
- The acquisition of a shareholding in Vestiaire Collective and other initiatives should enable the Group to gain additional knowledge of the pre-owned Luxury market.

Sanctions policy

The Group has also introduced a "Sanctions policy" enabling it to guard against risks related to economic sanctions and export controls. These measures have been significantly reinforced by certain jurisdictions because of the armed conflict between Russia and Ukraine. This Sanctions Policy was adopted and deployed by the Group in 2016 and updated in 2022. This Policy is supported by a guide setting out the measures that need to be taken to ensure compliance with sanctions against Russia and Belarus. The guide was first published in March 2022 and updated in January 2023 and details the measures that each sales channel and department must take to identify risky situations, block problematic or prohibited transactions and report them to their hierarchy.

Situation in Ukraine and Russia

The Group has taken steps to prevent the supply of sanctioned luxury goods to or for use in Russia. The Group also reorganized its diamond supply chain and has ceased sourcing them either directly or indirectly from Russia. It should be noted, however, that its diamond purchases from Russia were not material.

The armed conflict between Russia and Ukraine that began in February 2022 continued to have a very limited direct impact on the business activities of major Luxury brands. However, it contributed to inflationary pressure and the deterioration in the global economic outlook. As a reminder, the Group's exposure is limited. Since in 2021 Kering generated around 1% of its total revenue in Ukraine and Russia, and the net value of its assets there was not material at the end of 2021 (around 0.1% of the Group total assets). The value of those assets was written down in full in 2022.

Kering believes it has taken the requisite measures to reduce as far as possible the likelihood of risks occurring and to mitigate their impact. Depending on its duration and extent, the conflict could affect the economic growth of the main areas and therefore the Luxury market over a longer period. Since that impact is indirect, however, it does not appear possible to quantify it precisely.

Distribution network

Probability of occurrence: **Impacts:**

Description of the risk
Flawed organization of distribution resulting in the Group's (i) selling the Houses' products in points of sale falling short of quality standards and tarnishing the image of the Group's brands; (ii) not achieving a sufficient degree of control over product marketing; (iii) being absent from certain markets or not having access to certain customer segments; and (iv) not keeping pace with changing fashions and shopping venues.

Example case(s)

- Poor store location.
- No stores present in a promising market.
- Inadequate sales performance or profitability of a point of sale.
- Overexposure of wholesale distribution, affecting directly operated stores.
- Development of parallel market fueled by retailers.

Actions taken

Actions taken are:

Directly operated stores

- Optimization of the directly operated store network by the Houses (opening of new points of sale, closure or relocation of those that are less well-placed or the least profitable, renovation of stores to make sure they remain attractive and productive). A profitability study and an assessment of the strategic and operational benefits are carried out prior to every investment decision related to the network. One-off studies may be carried out two or three years after the investment to ensure the business plan has been executed properly.
- Optimization of how stores operate through regular and close monitoring of the main retail indicators. The Houses can plan in advance for any decision to strengthen in-store teams, extend or redevelop sales space, for example.

Wholesale

- Regular review of wholesale distribution contracts by the Houses' teams with the support of the Group's Legal Department to ensure each House's distribution network is as efficient and effective as possible. In addition, a team from Kering's Finance Department tracks the solvency of all the Group's wholesale accounts and monitors payment collection.
- Efforts made by the Group to streamline the wholesale channel since late 2019. This has resulted in a decline in revenue and, in certain cases, especially for e-tailers, a conversion to a concession format.

Parallel distribution networks

- The Group prevents sales of its products by parallel distribution networks by ensuring the traceability of its goods, prohibiting direct sales to these networks (gray market) and implementing specific measures to tighten control over these distribution channels.

Governance and business model

Probability of occurrence: **Impacts:**

Description of the risk

Difficulties experienced in achieving the Group's strategic and operational objectives.

Example case(s)

- A House's over-reliance on its Creative Director.
- Loss of a House's appeal with changes in the Creativity Director's expression of their creative talent.
- Difficulty anticipating changes in consumer expectations.
- Inappropriate decision-making and lack of accountability.
- Internal processes, individuals and systems not fit for purpose, or external events impairing the organization's ability to operate effectively.
- Inappropriate management practices and operational failures are detrimental to the organization's reputation and stakeholders' confidence.
- Weaker-than-forecast operational and financial performance of companies acquired.
- Difficulties unlocking synergies and integrating staff questions concerning the suitability of information systems, etc.

Actions taken

Governance and organization

In July 2023, Kering announced a series of top appointments aimed at enhancing the stewardship of its Houses, further elevating its operational expertise and strengthening its organization.

In addition to her existing role as President and CEO of Yves Saint Laurent since 2013, Francesca Bellettini was appointed Kering Deputy CEO in charge of Brand Development. All brand CEOs report to her, and she is responsible for steering the Group Houses through the next stages of their growth and development. To ensure a smooth transition, Francesca Bellettini assumed her new responsibilities gradually, and a new Yves Saint Laurent top management lineup was put in place.

Jean-Marc Duplaix, Chief Financial Officer since 2012, was appointed Kering Deputy CEO in charge of Operations and Finance. Jean-Marc Duplaix heads all Group corporate functions and is responsible for enhancing efficiency and scrutiny.

The aim of these changes is to build a more robust organization to harness its full expansion potential in the global Luxury market over the long-term.

In addition, Kering makes certain that Creative Directors are supported and stimulated in their work and their quest for new inspiration. Continuous interaction between the House CEOs and Group Management promotes dynamic management of the Houses and improved responsiveness. Regular interaction between the Chief Executive Officer and the Creative Director of each House preserves its value and respect for its identity over time. Any accounting impacts of impairment losses, which could arise from the loss of a House's appeal, are described in Notes 12, 33.11 and 33.12 to the 2023 consolidated financial statements.

Integration of acquisitions

The Group mainly expands through organic growth supplemented where appropriate by selective acquisitions. All acquisition plans are reviewed and approved by governance bodies based on financial and investment criteria. These projects are reviewed systematically and extensively (strategic, technical, operational, financial, legal, HR, compliance reviews, etc.) with all the related risks and opportunities being analyzed and assessed as part of this process.

Adjacent segments (Kering Eyewear and Beauty) have prepared a roadmap, dedicated project teams and a plan covering all the processes that need to be integrated. These project teams are made up of the Group's employees and employees from the companies acquired. For example, a post-acquisition compliance audit ensures Kering standards on combating corruption, money-laundering, sanctions, human rights, and the duty of care are upheld. In addition, coverage of Maui Jim's insurable risks was incorporated in the Group's program during 2023.

Ethics and risks of fraud and corruption

Probability of occurrence: **Impacts:**

Description of the risk

Acts of active or passive corruption, influence peddling or fraud involving an employee or manager of Kering or its Houses.

Behavior falling short of ethical standards and expectations.

Failure to comply with ethical values and rules potentially tarnishing the Group's reputation.

Example case(s)

- Giving gifts, extending hospitality or providing free travel to business partners, public officials, or other decision makers in order to unduly influence a decision related to the Group.
- Sponsoring or making donations with the aim of unduly influencing a decision related to the Group, for example by making a donation to a charity organization that then passes on the money as a bribe to a third party.
- Misuse of a real estate transaction as a means of bribing a third party, for example by taking a lease over premises that ultimately belong to a public official to unduly influence a decision related to the Group.
- Undue award by a Group employee of a supplier contract (product or other supplier) in return for a bribe from the supplier.
- Failure to meet the Group's rules of ethics or fulfill its commitment to being a socially responsible company could jeopardize Kering's success and sustainability, which require the trust of all its stakeholders, including customers, employees, shareholders and business partners.
- Incident caused by an unethical conduct of entities or individuals under the Group's control, or those with whom or which it has business relationships, which could seriously harm the Group's reputation and give stakeholders a negative image of the Group.

Actions taken

The Group seeks to ensure that no incident arises due to an unethical conduct on the part of entities or individuals under its control, or those with whom or which it has business relationships. To this end, each of Kering's Houses has a crisis management policy and unit that liaises with headquarters. The Group also monitors adherence by personnel to the Kering Group Charter, which defines the framework for the decentralization of the organization, and to the Code of Ethics, which is available in 14 languages.

Commitment of the governing body and Compliance organization

The compliance program in general, and the anti-corruption system in particular, are ultimately the responsibility of François-Henri Pinault in his capacity as Chairman and Chief Executive Officer of Kering SA. François-Henri Pinault is involved personally in developing and implementing the anti-corruption program within Kering and its Houses, both internally and externally. This commitment supported by Executive Management and the Board of Directors is relayed within the Houses by the Chief Executive Officers. A specialized unit has been set up consisting of the Group Chief Compliance Officer, lawyers and Compliance Officers.

Ethics organization

A Group Ethics Committee has been established and is supported by two regional counterparts, the Asia-Pacific (APAC) Ethics Committee and the Americas Ethics Committee. Together, they ensure compliance with the Code of Ethics and respond to all inquiries, from simple ethics-related questions to the management of complaints about potential non-compliance with the Code. The three Ethics Committees, the Compliance team and the ethics hotline form Kering's whistleblowing system. All the Group's employees worldwide, as well as employees of the suppliers and partners under contract with the Group and/or its Houses, may use the whistleblowing system.

A detailed description of this organization is presented in section 2 "Ethics, the cornerstone of our business" of chapter 4.

Measures implemented

The management framework for the risk has three priorities. It is presented in detail in section 2 "Ethics, the cornerstone of our business" of chapter 4.

- Prevention:

  The Code of Ethics draws on the Group's key founding principles in the area of ethics, which are then set out in greater detail in other policies and documents.

  The anti-corruption policy, internal control procedures and guidelines have been drafted to assist Group employees with applying the procedures in the situations identified as being most at risk.

  At the same time, the Group also ensures that its suppliers adhere to the principles laid down in the Group Suppliers' Charter.

  Due diligence procedures for all direct and indirect suppliers, acquisition targets, joint venture and consortium partners, retailers, as well as beneficiaries of sponsorships and donations, have also been tightened up so as to better prevent the risks of corruption, fraud, money laundering and violation of economic sanctions. These procedures round out the Hercules project (see section 4.2.1 of chapter 4).

  In addition, employees identified as being most exposed to corruption and influence peddling risk are given customized training to enhance first-level control over the new procedures. These training sessions, which were delivered to 3,223 employees in 2023, complement the mandatory Ethics and Compliance e-learning courses updated on an annual basis for all the Group's employees. This training is run for all Group employees (attendance rate of 98% in 2023) to remind them about the fundamentals of ethics and their obligations in this regard and about the Group's whistleblowing system.

- Detection:

  A procedure is in place for reporting concerns and to detect potential risks arising from ethics.

  Second- and third-level compliance checks ensure the compliance program is implemented.

- Remediation:

  Remedial action is taken for any failures identified, helping to drive continuous improvement under the program.

Supply chain efficiency

Probability of occurrence: **Impacts:**

Description of the risk

Inventories unduly high for the actual or forecast level of sales, causing the gross margin to decrease and adding up an excessive amount of resources for the quantity of goods sold.

Example case(s)

- Level of inventories above the targets for a given product item in one or more markets.
- Overstocking of raw materials or components relative to production volumes.
- Storage capacity saturated in a region.

Actions taken

The Group has implemented a number of mitigation measures at various levels:

- continuous improvement in the quality of sales forecasting (using algorithms) to align purchases and production based on the expected level of business;
- more accurate allocation of product items in a collection to markets/stores using artificial intelligence support systems;
- further progress with modernizing the logistics organization (see inauguration of the new Trecate logistics platform in Italy in April 2021) to make it more responsive to changes in the marketplace, shorten delivery times and thus cut the level of inventories held in markets;
- coordination of brands' and Group-wide initiatives to optimize sales of the oldest collections (distribution and pricing strategy tailored to distribution channels, with the aim of maintaining brands' exclusive nature);
- pilot recycling projects above and beyond the measures already implemented (e.g., the partnership with *La Réserve des Arts*, a non-profit that collects and reuses materials, and Alexander McQueen's donation of textiles to fashion school students in the United Kingdom);
- review of product manufacturing processes to curb the use of materials, reuse production waste (e.g., the scrap-less project) and facilitate upcycling under the Circularity Ambition program;
- launch of initiatives to promote the circular economy in the Luxury industry, such as second-hand fashion (acquisition of a shareholding in Vestiaire Collective and development of projects and initiatives by the Houses).

The policies, projects and actions implemented, the outcomes achieved and the associated performance indicators relating to the Group's circularity approach are presented in detail in section 5.5 "Developing circularity" of chapter 4 "Sustainability" of this Universal Registration Document.

Production

Probability of occurrence: **Impacts:**

Description of the risk

Unavailability of the raw materials necessary to manufacture the Group's products, which must comply with the Group's quality criteria and be obtained in accordance with the Group's ethics, environmental, social and quality standards.

Non-compliance of products sold with quality and safety standards, resulting in product returns and reputational risk.

Example case(s)

- Volatility in the prices of raw materials, such as leather, skins and precious metals and stones. Supply instability.
- Increasing scarcity of resources associated with growing demand, impacting the production, availability, quality and cost of raw materials.
- Loss of biodiversity caused by intensive livestock farming, which threatens, or may threaten, the production of high-quality raw materials. More generally, soil degradation and depletion and the destruction of biotopes represent a significant risk to the maintenance of high-quality livestock and crop farming.
- Manufacturing disruptions caused by the unavailability or decreased quality of raw materials, due to climate change and its impact on biodiversity and on the destruction of land and ecosystems.
- Ending a business relationship with a dependent supplier could result in that supplier experiencing financial difficulties or even insolvency, thus affecting its liquidity and ability to comply with its other supply commitments.
- Failure by a supplier to meet Kering's ethical, social, environmental and animal welfare standards potentially harming the Group's image and reputation.
- A defect that leads to a product return by the consumer could harm the Group's image and reputation.
- A defect that could affect consumer health or safety (e.g., allergies) would result in a product recall.

Actions taken

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 listed 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.

Under its supplier selection process, the Group makes certain their practices fulfill the Group's ethical, environmental and social requirements as laid down in its Supplier Charter included in the Code of Ethics and its Sustainability principles, which are stated in contracts with suppliers. Compliance with these practices is confirmed during the employment audits carried out every year. The Group ensures that its suppliers abide by the applicable laws and regulations and that its supplies meet international standards. In addition, Kering supports its suppliers as they transition to more sustainable standards and has set up a collaborative portal (Vendor Portal), making training and various key documents freely available to suppliers and enabling the Group to evaluate their environmental and social performance by means of questionnaires. Some production lines may be internalized following detailed analysis of the main suppliers.

Kering is also looking at the following areas in order to secure its sourcing over the long-term and support natural solutions:

- Introduction of the Kering Standards by suppliers with two levels of achievement: minimum requirements and best practices to be achieved by 2025 at the latest with a target of 100% raw materials compliance with these Standards. These standards focus on five areas: social impact, environmental impact, traceability, use of chemicals and animal welfare. Kering has also published specific standards on animal welfare to ensure that animals are treated as humanely as possible throughout the Group's supply chains;
- Introduction of sustainable sourcing. The quality, safety and stability of the Group's supplies of animal and plant-based raw materials depend on strict compliance with the standards in this regard. First and foremost with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and on the sustained equilibrium of ecosystems, some of which are already under threat;
- Implementation of the Biodiversity Strategy and development of regenerative agriculture through direct support for sourcing programs for certain key raw materials and the Kering Regenerative Fund for Nature, which was established to support the transition to regenerative agriculture with producers of key raw materials for the Group in order to reach the target of one million hectares by 2025. Seven projects (leather, cotton, wool and cashmere) are currently being supported;
- Development of alternative materials with the Material Innovation Lab (MIL) and the Jewellery Innovation Lab (JIL). The Material Innovation Lab (MIL) is a unit established in 2013 to support the Group's Houses by pursuing three targets: (i) develop and make available materials aligned with Kering Standards to replace traditional materials (organic cotton and wool, mushroom leather, sustainable cashmere, recycled plastics, etc.), (ii) analyze Houses' supply chain to secure larger volumes of sustainable raw materials and develop multi-brand synergies, and (iii) identify, assess and select sustainable innovations. The main role of the JIL is to help Kering's Jewelry Houses with adopting more sustainable practices by means of innovation and networking by pursuing two targets: (i) develop sustainable innovations for materials and processes to reduce the impact of the supply chain, (ii) assert the leading position of Kering and its Jewelry Houses in terms of sustainability through key partnerships and groundbreaking initiatives.

The Group integrates the production and organization of its supplier network to achieve greater agility and flexibility so it can adjust orders and restock items throughout the season based on quantities sold. The Group has forged special partnerships with key suppliers and pursues a policy of actively seeking new partners. It also develops synergies within the production chain by means of acquisitions or strategic business partnerships in the subcontracting market.

The Product Compliance teams support the Houses in developing and distributing products that comply with legal requirements in each market and with the Group's Product Restricted Substance List (PRSL), which specifically lists the substances to be removed or thresholds not to be exceeded, as well as the highest existing standards for the disposal of hazardous chemicals. Since 2021, the organization has been strengthened by the addition of the Test & Innovation Lab (TIL), the ISO/IEC 17025 (Accredia) laboratory that supports testing and problem-solving activities and the R&D projects of the Group's Houses. In addition, Kering has committed to ensuring hazardous chemicals are removed from manufacturing processes and has drawn up a Manufacturing Restricted Substances List (MRSL). Likewise, the Group systematically embraces environmental standards and best health, safety and environmental practices across all its production activities.

All the Group's businesses are also endowed with a "product" crisis management unit. In the event of a known risk, they follow procedures ensuring that immediate and transparent information is provided to the public, and that defective products are recalled.

Lastly, the Group has also taken out civil liability insurance to cover bodily harm or property damage to third parties caused by products considered defective (see section 2.7 "Insurance and risk protection" of this chapter).

Chapter 4 "Sustainability" of this Universal Registration Document presents details of the policies, projects and actions implemented, the outcomes achieved and the associated performance indicators relating to:

- the quality and safety of products in section 6.1.3 "Product compliance and consumer health and safety";
- the Group's raw materials and biodiversity conservation in section 5.3 "Preserving biodiversity and ecosystems" and 5.4 "Sustainable sourcing and use of raw materials (Tier 3 and Tier 4)" and more generally Kering's environmental policy within section 5 "Respecting and protecting the environment in our operations and value chain";
- guidance and support for suppliers as they transition to sustainable practices in section 4 "Working together to build sustainable and socially responsible supply chains".

2.4 Expertise-related risks

Real estate

Probability of occurrence: **Impacts:**

Description of the risk

Difficulty negotiating leases, renting or buying on the best terms at certain locations for the Group or the Group's Houses due to the competitive market, the scarcity of premium products in certain cities and the term of contractual commitments, or the lack of control over economic factors.

Difficulty delivering construction/renovation projects on time and on budget.

Example case(s)

- Loss of sales outlets that are strategic for the Group's Houses.
- Reduced bargaining power during negotiations for a new lease or the renegotiation of existing agreements as a result of competition and market pressure.
- Failure to comply with real estate law or new regulations (e.g., large-scale projects requiring building permits, prior declaration, commercial permit or authorization to carry out works).
- Incomplete assessment or an assessment that includes an anomaly that may result in an overrun on a deadline and/or a budget (asbestos, lead).
- Delay in the delivery of a real estate project (e.g., a new store or store renovation).
- Refusal or delay in obtaining a building or a commercial permit or authorization.
- Construction site accident.
- Insolvency of a contractor resulting in delays in making premises available.
- Default or non-compliance by an owner leading to a delay on or cancellation of a project.

Actions taken

Two separate teams handle matters arising according to the type of project: one looks for and conducts negotiations concerning real estate assets (rentals/sales or purchases/sales), while the other manages the most complex construction and renovation projects. The tasks overseen by these teams can be summarized as follows: (i) assisting the Group and the Houses with the opening, relocation and renovation of stores, offices/showrooms, and industrial and logistics sites, (ii) acquiring/selling buildings, (iii) establishing specifications for construction projects, (iv) overseeing works as project owner, and (v) managing sites owned or rented by Kering Corporate.

The controls implemented to curb the risks are:

- For real estate projects:
  - Leasing: (i) compliance checks of the lessor and intermediaries; (ii) use of market studies and/or references/benchmarks from real estate experts; (iii) negotiation of lease terms and conditions with real estate, construction, legal and financial experts (internal and/or external); (iv) regular monitoring of leases, particularly before critical lease dates (termination date, end of lease, rent review date, etc.); (v) regular exchanges with our partners to anticipate or unblock operational constraints and/or exceptional situations (e.g.: works, disposals, events, Covid),
  - Investment : (i) a compliance check of the seller and intermediaries (ii) a complete due diligence procedure including a financial, legal, tax and technical analysis of the property to highlight potential warnings; (iii) systematic reviews of current and future contracts (commercial lease, contract with companies involved in the building, service provision contract…); (iv) setup steering committees for projects deemed significant; the real estate, construction, legal, tax, insurance and accounting departments are part of those meetings; (v) a valuation study of the building by at least one external real estate expert;
- For construction: (i) the implementation of a procedure for executing and monitoring construction projects, (ii) the use of standard contracts across regions, and (iii) calls for tender that include verification of the financial and technical viability of the contractors consulted. Furthermore, Kering seeks to obtain environmental performance labels (e.g., BREEAM, LEED) for the majority of its properties;
- Establishment of a network of real estate experts, present in key countries, so that it can leverage the expertise of employees and specialists who know the market's specific characteristics plus local laws and regulations, and also have the necessary negotiating skills;
- Compliance audits by the Compliance Department to ensure that new partners comply with the applicable laws and regulations.

Cybersecurity and IT systems

Probability of occurrence: **Impacts:**

Description of the risk

Difficulty preventing or detecting malicious cyber attacks made through a digital communication channel, leading to the disclosure of the Group's key information, financial losses, alteration or corruption of its digital assets and reputational harm.

Failure of information systems (IS), which now play a vital role in the Group's business processes (such as sourcing, distribution and digital) and support processes (such as finance and HR).

Example case(s)

- The diversity of information systems in operation within the Group.
- Delays in the deployment of new software programs or applications.
- Information systems unable to meet customers' needs.
- Failure to keep security patches up to date.
- Inadequate separation of information systems within the Group or the Houses, creating a risk of cross-infection in the event of a virus attack.
- Cyberattack.
- Leaks of personal data.

Actions taken

The Group runs a multi-year investment program to adapt, improve, tighten up the security and increase the durability of its information systems. Action taken includes:

Prevention

- Implementation of procedures. The Group has increased IT security, notably through a transformation plan, and stepped up employee awareness initiatives by implementing a large number of control and protection measures, including establishing procedures, and developing targeted IT security systems. In 2022, the Group introduced strong authentication to prevent identity theft. A new authentication management platform was deployed to tighten up access and protect workstations by rolling out disk drive encryption and tightening up security configurations. The security integration process for projects was also enhanced to ensure that all new applications added to the information systems comply with security requirements.
- Training: All employees have been trained to detect malicious emails, including via phishing simulation exercises conducted throughout the year. Moreover, the Group has developed e-learning modules on cybersecurity and data confidentiality, in addition to one on security and remote working. Best security practices in various areas (phishing, malware, passwords, etc.) were also circulated via the Group's various internal communication channels during 2023, with a special campaign held during cybersecurity month in October.
- GDPR (General Data Protection Regulation). The Group has taken significant action in these areas such as: anonymizing the customer data used in non-production environments, restricting access to customer data to authorized persons, carrying out risk assessments on all projects implemented by the Group in order to identify requirements in terms of data security, confidentiality, integrity, traceability and availability, and thereby defining the appropriate security measures, entering into non-disclosure agreements with external service providers and adding security clauses to the Group's contracts with suppliers, acquiring a customer identity management platform in order to secure the authentication process. The Data Privacy Officer is involved in these measures.

Controls

- Compliance of the Group's IT systems. The following actions are implemented every year to assess the level of compliance of the Group's information systems: penetration testing (pentests) on applications and simulated logical/physical attacks (Red Team), network vulnerability scans and applications, continuous cloud infrastructure audits, review of patch management procedures and obsolescence management, review of backup procedures.
- Audits of information systems and sensitive applications. The Information Systems Department (Kering Technologies) regularly conducts audits of these.

Incident management and continuity plan

- Security incident management that may impact personal data or operations. The Group has set up a Security Operations Center on hand 24/7 and responsible for detecting and resolving security threats and events, such as identity fraud, malware and information leaks. In 2022, detection capabilities and responsiveness were strengthened by building and rolling out new kit for the Security Operations Center and setting up a Computer Emergency Response Team (CERT) for Kering. In 2023, the Kering CERT processes were tightened up and approved by industry organizations such as InterCERT France.
- Business continuity and recovery plan. Business continuity and recovery plans are regularly updated with the assistance of the Houses' security departments and their efficacy is closely monitored. In 2023, the recovery plan was tightened up with increased testing on critical applications and infrastructure. The crisis management framework was enhanced and training drills were carried out.

The Group also works with peers to reduce exposure to this type of risk. The Group has joined Campus Cyber to build closer ties with the French cybersecurity community and now plays an active role in working parties and governance.

Information relating to GDPR compliance is presented under actions taken in the "Legal risks" section of this chapter.

Legal risks

Probability of occurrence: **Impacts:**

Description of the risk

Non-compliance with the applicable standards and/or national laws and regulations, resulting in legal proceedings and disputes arising in the normal course of business.

Example case(s)

- Lack of compliance with local standards including personal data protection.
- Non-compliance with customs standards.
- Misreporting of product origin.
- Impossibility of selling certain products due to non-compliance with local standards.
- Inaccurate declaration on compliance with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- Loss of strategic suppliers with specific skills, due to insolvency or a takeover by competitors, leading to a production shutdown.
- Dependence of a supplier on one or more of the Group's Houses, resulting in the supplier becoming insolvent on termination of the contractual relationship with the House(s) in question.
- Loss of strategic sales outlets, which could lead to a decline in revenue.
- Failure to register a trademark or design in a timely manner.
- Allegations of intellectual property breaches committed by the Group's Houses could lead to sizable claims for damages, as well as financial losses relating to the withdrawal of products, and have a negative impact on the Group's reputation.
- The infringement of registered trademarks and the copying of designs on the market, as well as parallel trading and copyright breaches, could affect demand for genuine products created by the Group's Houses.
- The unauthorized use of registered trademarks and other intellectual property rights, the unauthorized sale of products created by the Group's brands and the distribution of counterfeit goods damage the Group's image.
- Actual or alleged breaches of competition law regulations that could have a material impact on the Group's business activities, reputation and financial position.

Actions taken

Legal compliance and litigation

To guard against risks of non-compliance due to a lack of awareness of a legislative change, Kering provides its businesses with a regulatory intelligence service through headquarters and support centers in the regions in which the Group operates.

The Group has implemented effective methods and procedures for identifying and managing its industrial and environmental risks within each of the entities concerned. These rely chiefly on the advice of duly authorized external organizations and advisors and adequately satisfy the customary technical and professional standards from a relevance and proportionality perspective under the applicable regulatory framework. An active prevention and safety policy are an integral part of these methods and procedures. Provisions have been set aside for the probable costs of disputes (e.g., complaints or litigation), as estimated by the entities and their experts. According to the Group entities' experts and advisors, no litigation currently in progress concerning Group companies presents a risk for the normal course of the Group's business or its future development. Provisions were set aside in the Group's 2023 consolidated financial statements to cover all of the above-mentioned legal risks, including the impact of commitments given on the disposal of controlling interests (see Note 24).

- None of these risks have been qualified as arising outside the normal course of business for Group companies.
- The Group considers that the effective methods and procedures for identifying and managing its industrial and environmental risks within each of the entities concerned, which rely chiefly on the advice of duly authorized external organizations and advisors, adequately satisfy the customary technical and professional standards from a relevance and proportionality perspective under the applicable regulatory framework. An active prevention and safety policy are an integral part of these methods and procedures.
- Furthermore, the Group has granted various vendor representations and warranties in connection with disposals of controlling interests in subsidiaries made over the last ten years (see Note 24 to the consolidated financial statements).

As regards the laws and regulations applicable to the Group's activities (excluding possible international sanctions that may be imposed against certain countries but have no impact on the Group's activities), none are subject to specific rules or exemptions in any of the relevant territories. They are all subject to the same constraints and obligations as those directly applicable to its competitors in its different markets. The Company is not aware of any foreseeable regulatory or legislative changes in contradiction with the foregoing.

As part of a preliminary investigation into the fashion sector in several countries under EU anti-trust rules, the European Commission carried out an unannounced inspection in April 2023 at the Italian premises of Gucci, a Kering subsidiary. The Company published a press release on April 19, 2023 concerning the preliminary investigation, which is ongoing. To date, the Company has not received any formal notice concerning developments in the proceedings. The Legal Department regularly reviews the progress of the investigation to assess its potential implications for the Group, in conjunction with the Finance Department, the Internal Audit Department and the Deputy CEO in charge of Operations and Finance.

In line with its commitments, the Group seeks to act in full compliance with the regulations applicable to its operations, including competition rules. Over the past several years, the Group has implemented policies and guidelines concerning competition law, which have been made available to all employees. These lay down the principles and rules of conduct employees have to abide by in order to comply with the applicable rules. A specific unit reporting to the Compliance Department handles their deployment and monitors their application, and training is provided to the relevant employees.

To the Company's knowledge, there are no governmental, legal, or arbitration proceedings (including any pending or threatened proceedings of which the issuer is aware) that are likely to have in the future or have had in the course of the previous 12 months, a significant impact on the financial position or earnings of the issuer or the Group.

Contract management

The Group is not significantly dependent on any third-party patents, licenses or supply sources. The Group owns or has licensed rights to the trademarks, patents and intellectual property rights that it exploits, free of any restrictions on the right of priority or use (and of rights likely to restrict such exploitation) in all relevant markets. The same applies to the corporate names and domain names of the subsidiaries or entities, to the names of the Group's stores and points of sale (see the "Real estate" section) and to the trademarks and signs of the goods and services manufactured or marketed by the various Group entities. This situation does not preclude any of the trademarks belonging to the Group being licensed to third parties for the sale of goods or services under its trademark enhancement policy, as it is the case in fragrances and cosmetics. In all cases, any such licensing agreements have been entered into under fair commercial and financial terms and conditions and have no impact on the ownership of the trademarks and signs belonging to the Group.

Further information on contractual obligations and other commitments is provided in Note 30 to the 2023 consolidated financial statements presented in this Universal Registration Document. The Group has strengthened its teams, particularly in the Legal Department and the shared services centers, to ensure that contracts with the Group's suppliers have been drafted appropriately. Since 2015, the Hercules program has strengthened the shared and, standardized approach to supply chain management between the Houses.

Real estate contracts are reviewed by specialized teams (see the section on "Real estate" risks in this chapter for more details).

Intellectual property

The Kering Group regards intellectual property used in the creative and innovation processes of its Houses as crucially important and has established a master intellectual property protection and defense policy adhered to by the Group's Houses. For this purpose, the Group has formed and retains legal organizations at regional (Asia, the Americas and Europe), local (Houses and subsidiaries) and central levels specialized in intellectual property management. In line with the general directives introduced by Kering, the Legal departments of the Group's Houses take steps to make sure products do not infringe the rights of third parties and determine which elements need protecting. The intellectual property rights portfolio is reviewed and updated on a regular basis to reflect and protect the activities of the Group's Houses.

Lastly, Kering works to protect its rights and campaigns against counterfeiting in all its markets, as this can have an impact on revenue and damage the reputation of the Group and its products. The Group takes steps to combat the various breaches of its rights, the sale and trafficking of counterfeit goods or copied goods, as well as imitations that devalue the creative work of the Houses. In physical markets, this policy is implemented through customs seizures, police raids and legal action and on the internet by withdrawals of advertising and investigations followed by litigation. Litigation is overseen by the Houses' Legal departments, according to the general policy principles recommended by the Group with the help of the Group's legal units and external advisors, in conjunction with the competent authorities at local level (subsidiaries). The cost of protecting rights is borne by the legal functions and aligned with the Group's scale and size.

All these measures are also applied to the Group's latest acquisitions.

Compliance with the statutory framework protecting personal data (GDPR)

The Kering Group's Houses process customer data that are of high commercial value. To curb the risk of inappropriate use of these data and to comply with the relevant legislation, the Kering Group's Houses have taken further measures to tighten up the protection of personal data within their commercial and digital strategy. The Privacy Framework is an internal framework in which the Houses are stakeholders through direct and formal executive-level engagement. It paves the way for implementation of a coherent worldwide strategy protecting personal data. The various data controllers face many challenges in view of cross-border issues and growing complexity of the legal framework for the protection of personal data.

The Kering Group's activities operate under constantly changing rules that vary from location to location and from subject to subject. The Group has increased the size of its Privacy team to address this priority and expand its data protection capabilities. It now consists of regional managers (Europe, Middle East and Africa, Asia-Pacific and Americas) and dedicated managers for a number of countries.

- There have been numerous new and changes to existing privacy rules in the Europe, Middle East and Africa region, with the adoption of new legal frameworks in several states during 2023.
- In the Asia-Pacific region, the Houses have undertaken various initiatives to comply with China's Personal Information Protection Law (PIPL) and to seek government approval for cross-border personal data transfers. Across the region, new personal data protection rules were introduced in India, Thailand, Vietnam, South Korea and Indonesia.
- In the Americas region, maintaining a tight grip on data processing activities has become imperative in view of the growing corpus of applicable law and the scale of the Group's operations. Special attention is paid to this issue in the United States where the relevant and state-level legislation is both complex and in flux. Similarly to the Asia-Pacific region, there has been a flurry of lawmaking activity in South America, notably in Brazil, Argentina and Chile.

Since supporting customers is a central concern of the Houses, the Group set up in 2022 a shared service guaranteeing effective and rules-compliant management of requests by individuals to exercise their right to access, correct, object to the processing of and delete the information gathered. In 2023, the Houses reported an uptrend in the number of requests (up 49% in 2023 versus 2022), requiring the allocation of specialized resources. The service is now provided to the Houses to ensure, on their behalf, that all requests received are processed rapidly and rigorously, regardless of the channel by which they are received and the type of request involved. In 2023, the average request processing time was 11 days.

Employee training forms a key part of the strategy implemented. In 2021, Kering introduced mandatory (and optional for external participants) internal training with the aim of developing a culture that makes privacy a priority concern and genuinely addresses IT security issues head-on. The exercise was repeated in 2022, when it achieved a completion rate of over 93%.

Lastly, one of the Group's Houses underwent a coordinated enforcement inspection in 2023 by the European Data Protection Committee concerning the designation and duties of the Data Protection Officers. The inspection was completed by the French Data Protection authorities (CNIL) in December 2023, without any recommendations or observations being made.

Financial risks

Probability of occurrence: **Impacts:**

Description of the risk

Difficulty addressing market risk (foreign exchange risk, interest rate risk, equity risk) and liquidity risk.

Example case(s)

- Exchange rate fluctuations between the euro and the main currencies to which the Group has significant exposure (the US dollar, the Chinese yuan and the Japanese yen), which can significantly affect the amount of these sales and the Group's results stated in euros (see Note 21.2 to the consolidated financial statements for details of foreign exchange risk exposure and sensitivity).
- Fluctuations in floating interest rates, which may negatively affect results (see Note 21.1 to the consolidated financial statements for details of exposure and sensitivity to interest rate risk).
- Were the market in NEU CP (short-term negotiable securities) to dry up due to exogenous factors, such as a monetary crisis, potentially making it impossible to make new or tap existing issues, Kering would be forced to use its credit lines or its available cash.

Actions taken

Foreign exchange risk

The Group has adopted a hedging strategy to minimize the impact of currency fluctuations on its results. Accordingly, it uses derivatives either to hedge foreign currency trade receivables and payables, or to hedge highly probable forecast exposures and/or firm commitments.

Hedging periods are aligned with each House's business cycle and only marginally exceed one year at each reporting date.

The Group also hedges foreign exchange risk on financial assets and liabilities issued in foreign currencies by using currency swaps for refinancing purposes or for investing cash in euros or the local currency.

Note 21.2 to the consolidated financial statements sets out the nature of the hedging instruments held by the Group and its exposure to foreign exchange risk ("Exposure and sensitivity to foreign exchange risk").

Kering Finance SNC processes, controls and provides administrative support for foreign exchange transactions on behalf of Group companies. Its organization into front-office, middle-office, back-office and accounting departments ensures that tasks are properly segregated, transactions are kept secure and derivatives contracted internally are unwound on the market. Kering Finance SNC uses market-standard techniques and information systems to price currency instruments.

Equity risk

The Group trades in its own securities either directly or through derivatives as part of its share buyback program in accordance with applicable regulations. Kering has also entered into an agreement with a financial intermediary to foster the liquidity and maintain the regular quotation of its shares. This agreement complies with the Professional Code of Conduct drawn up by the French association of financial markets (Association française des marchés financiers – AMAFI) and approved by the French financial markets authority (Autorité des marchés financiers – AMF).

As of December 31, 2023, Kering held 840,597 treasury shares, representing just 0.7% of its share capital and confirming its low level of exposure in this regard. Kering also retained a 0.4% interest in PUMA, further reducing its exposure compared to previous reporting periods.

Additional information on equity risk is provided in Note 21.3 to the consolidated financial statements.

Interest rate risk

Kering may need to use derivatives such as swaps or purchases of options to guard against changes in interest rates. Kering Finance SNC processes, controls and provides administrative support for interest rate transactions on behalf of Group companies. Its organization into front-office, middle-office, back-office and accounting units ensures that tasks are properly segregated and transactions are kept secure. Kering Finance SNC uses market-standard techniques and information systems to price interest rate instruments.

Note 21.1 to the consolidated financial statements sets out the Group's exposure to interest rate risk ("Exposure and sensitivity to interest rate risk").

Liquidity risk

Liquidity risk management for the Group and each of its subsidiaries is closely monitored and periodically assessed by Kering, based on Group and House-level financial reporting procedures.

In order to manage liquidity risk that may arise when its financial liabilities are due, the Group's financing policy is geared towards optimizing its maturity schedule and cost of debt.

The Group's active risk management policy also seeks to diversify sources of funding and limit reliance on individual lenders.

The Group had unused confirmed lines of credit totaling €3,185 million as of December 31, 2023, up €150 million as of December 31, 2022 (see Note 20.6 to the consolidated financial statements).

In addition, as of December 31, 2023, the Group had issued €1,277 million of securities under its NEU CP program filed with the Banque de France.

As of December 31, 2023, the Group had cash and cash equivalents totaling €3,922 million.

Information relating to liquidity risk is presented in Note 21.7 to the consolidated financial statements.

Compliance with national tax laws and international standards

Probability of occurrence: **Impacts:**

Description of the risk

Non-compliance with the national tax laws and international standards applicable to Group entities, that may lead to tax investigations and disputes in the normal course of business.

Example case(s)

- The calculation of tax due by Group entities is not in compliance with local regulations.
- The entity's tax team is not sufficiently qualified to understand its tax issues.
- Non-compliance with local transfer pricing requirements on intra-group transactions.
- Documents justifying the tax treatment of a transaction are unavailable or incomplete.

Actions taken

As a responsible corporate citizen that acts in accordance with its Code of Ethics and its tax policy, Kering and all Group entities are firmly committed to complying with the applicable national tax laws and international standards everywhere they operate. Kering is also committed to ensuring that all Group entities pay all of the taxes due in each of the countries where they operate. According to its tax policy and its commitment to compliance and transparency, the Group has signed in France a protocol to enter into a "tax partnership" in 2023.

Kering can rely on a team of tax specialists in each of its regions and at its headquarters. They are highly skilled and receive regular training to keep their knowledge up to date.

To understand the various tax-related issues that may arise, the Group Tax Department's main tasks are:

- consolidating tax information from all Group companies;
- understanding and monitoring tax issues that arise at national or international level and coordinating responses in compliance with the applicable laws and standards;
- ensuring that intra-group transactions are documented as required;
- providing technical support on tax-related matters during the preparation of consolidated financial statements.

The Tax Department has therefore implemented a number of verification and control tools to help identify and resolve any tax issues that may arise within the Group and to ensure compliance with the applicable national tax laws and international standards. These tools include: regular analyses of comparable information to ensure that intra-group transactions are carried out on an arm's length basis; annual reviews of Group entities; and close, detailed monitoring of any tax audits to which Group entities are subject.

In addition, the Tax Department actively ensures that all Group entities:

- allocate all the physical, digital and human resources necessary to conduct their business;
- only have a presence in countries where they actually conduct business;
- comply with the applicable national laws and international standards on transfer pricing. To this end, it develops and updates all of the necessary documentation in this regard and provides the relevant resources, such as analyses of comparable transactions and functional analyses;
- cooperate fully with local tax authorities and government agencies and, where relevant, share their experience and expertise.

2.5 People-related risks

Crisis management

Probability of occurrence: **Impacts:**

Description of the risk

Inability to deal with an event with consequences potentially affecting the safety and security of the Group's employees, the continuity of its business and its image and reputation.

Example case(s)

- Major events (natural catastrophes, health or geopolitical crises, etc.).
- Criminal behavior, acts of terrorism.
- Major leak of confidential information, cyberattack.
- Strike and/or large-scale industrial action.

Actions taken

The Group's Safety Department drafted a crisis management policy to (1) provide a reference framework common to all the Group's entities and to draw Departments' attention to the importance of advance crisis management planning, and (2) deliver a rapid and coordinated response to any major event potentially affecting the Group.

Every year, the Safety Department arranges crisis handling drills based on likely and realistic scenarios to train the crisis cells put in place.

Specific crisis management plans have also been drafted by the Safety Department in the regions to prepare for risks that are likely to occur, such as earthquakes in Japan or hurricanes on the eastern seaboard of the United States.

A crisis cell has been set up in each House to coordinate with the Group's Safety Department. Following on from the Balenciaga controversy, special training was provided in 2023 to all members of these crisis cells. The Safety Department worked together with the Communication Department to put in place the procedures to follow in the event of a reputational crisis, as detailed in section 2.2 of this chapter (Creativity risks - Image).

Lastly, Kering Tech and Kering Ops, which are responsible for the Group's information systems and logistics, each have a crisis cell established and trained in responding to any crises.

In addition, safety and security procedures for in-store employees and for the stores themselves have been put in place, along with a safety policy for business travelers, outlining the arrangements and rules to be followed to curb the risks of their coming to harm during business trips. The Group's logistics chain achieved ISO 28000:2007 certification (requirements for a security management system, including those aspects critical to security assurance of the supply chain) by implementing effective safeguarding measures and certified safety risk management audits. It was also awarded ISO 22301:2012 certification (business continuity management systems) through processes established to identify potential risks that may disrupt the supply chain and the development of specific business continuity plans.

Talent

Probability of occurrence: **Impacts:**

Description of the risk

Difficulty identifying and developing people's skills, and retaining them.

Potential loss of know-how among the Group's teams or among the craftspeople and manufacturers within the supply chain or the communities from which the Group sources key and/or specific raw materials.

Example case(s)

- Departure of senior executives: inability to find, in a timely manner, a suitable successor for an Executive Management position (Chair/Chief Executive Officer, Deputy CEOs and Executive Committee members), as the result of departure or incapacity.
- Unexpected departure of a Creative Director, leading to a period of uncertainty that could have a significant impact on the brand (particularly in terms of image and reputation, asset write-offs, etc.). Any Luxury houses may have to face and manage this risk at some time.
- Dilution of technical craftsmanship in transformation, cutting and assembly. Extinction of traditional crafts.
- Difficulty to keep talent: loss of key employees to competitors.
- The Luxury industry is supported by numerous manufacturing communities worldwide. They are subject to the risk of social, economic and operational tensions, such as community problems, disruptions to production and a shrinking talent pool.

Actions taken

Talent

Kering's Human resources policy aims to:

- establish a long-term hiring strategy through international partnerships with schools and training organizations, and thus attract the best talent;
- create a work environment that is motivating, collaborative, inclusive and respectful of each individual, fostering well-being at work;
- encourage commitment to the Group and its values through training programs, talent management and an appropriate remuneration policy;
- promote inclusion, diversity and gender equality;
- pay constant attention to working conditions, employee well-being and work-life balance;
- develop internal mobility and opportunities for personal and professional growth.

Kering has set itself the priority of developing talent and has therefore put in place tools and processes geared towards helping employees constantly expand their career prospects and strengthen their skills through mobility and career opportunities.

These aspects are presented in detail in section 3 of chapter 4, which describes all the HR processes identifying, guiding and developing talents in order to build a common pipeline of previously identified internal talent and to prepare succession planning for key positions.

Craftsmanship and local communities

To maintain the know-how of its Luxury businesses over the long-term, as outlined in section 6 of chapter 4, Kering runs personnel training and skills preservation initiatives and has internalized a number of functions that were previously subcontracted.

2.6 Sustainability-related risks

Climate change

Probability of occurrence: **Impacts:**

Description of the risk

A negative impact on the Group's activities due to the effects of climate change. Group's inability to achieve mitigation of its carbon footprint. Lack of foresight, resilience or Group initiatives in response to the effects of climate change.

Example case(s)

- Physical impact of climate change linked to the chronic risk of extreme weather events (drought, flooding, water scarcity, etc.) on the supply chain or certain Group installations: the higher frequency of these events could have a direct impact on the availability and quality of key raw materials such as cotton, leather, cashmere and silk, which would translate into greater price volatility, and may disrupt the supply chain or affect the production (restriction of certain practices), distribution of finished products and continuity of operations (manufacturing or storage facilities, etc.).
- Economic activity and even the social stability of certain regions (such as coastal regions in Asia) could be severely impacted by the effects of climate change, which would further increase pressure on the Group's supply chain.
- Transition risk and mitigation: greater regulatory burden, stricter environmental regulations, carbon taxes and operational investments made to meet the challenges associated with climate change, potentially having an impact on the Group's activities by increasing production costs (raw materials, energy, operational investments, transportation) and impairing operational flexibility.
- Inaccurate forecasting of consumer demand for responsible products.

Actions taken

In the global economic and political outlook, climate change has become a key issue that demands an effective response.

Kering's approach to tackling climate change features a two-pronged drive to: (i) reduce the impact of its operations, and (ii) to enhance its foresight and ability to adapt so that it can mitigate the impact of physical and transition risks on its business (shifting consumer expectations, physical risks to its installations, impact on sourcing of its raw materials, etc.). The Group has formulated a Climate Strategy and introduced ambitious targets to reduce its carbon footprint over the short (2030), medium (2035) and long (2050) term:

- 2030: Kering was the first Luxury group to be verified and approved in 2016 by the Science Based Targets initiative (SBTi) for its carbon footprint reduction targets. These were revised in 2021 to align them with the 1.5 °C scenario by 2030 (Scopes 1 & 2), in keeping with the commitments made as part of the Fashion Pact;
- 2035: an absolute reduction of 40% in its overall carbon footprint (Scopes 1, 2 and 3 of the GHG Protocol);
- 2050: Contribute to the carbon-neutral drive.

The Group pledged to reduce its carbon footprint – not just at its own operations but right across its value chain – enhance its energy efficiency and make its supply chains more resilient. A decarbonization roadmap has been drawn up for the entire Group. It has been adapted to fit each of the Houses and the main emission sources identified.

Kering's adaptation plans vary according to the type or risk and its probability of occurrence in the value chain. Upstream Kering is looking to secure its sourcing over the long-term and support natural solutions, with the development of regenerative agriculture a particular priority.

Alongside its efforts to reduce carbon emissions, the Group offsets its emissions through carbon credits from approved forestry protection projects. In 2023, the Group offset its overall carbon footprint (Scopes 1, 2 and 3 calculated via the EP&L tool - excluding product use and end of life) for 2022 and as calculated for the 2022 report. To plan ahead for its carbon offsets, Kering launched the Climate Fund for Nature in 2022 together with Mirova and the L'Occitane group. The fund aims to protect and restore nature and is targeting €300 million in total commitments. Of this amount €195 million had already been committed by year-end 2023, with €100 million from Kering.

The policies, projects and actions implemented, the outcomes achieved and the associated performance indicators relating to climate change and the Group's Climate strategy are presented in detail in section 5.2 "Combating climate change" of chapter 4 "Sustainability" of this Universal Registration Document.

Human rights and fundamental freedoms

Probability of occurrence: **Impacts:**

Description of the risk

Non-compliance with national and international standards or the Group's standards on human rights and fundamental freedoms potentially compromising the Group's image and reputation.

Example case(s)

- No child labor/forced labor, people-trafficking.
- Non-compliance with standards for migrant workers.
- Poor working conditions.
- Excessive working hours.
- Salary levels not providing a living wage.
- Hazardous working conditions or conditions failing to keep workers safe and healthy.
- Harassment and violence.
- Mining operations that are illegal or in conflict zones.
- Financing for wars or economic conflicts.
- Inequality of opportunity and discrimination.
- Failure to uphold the freedom of expression.
- Failure to uphold the rights of populations and local communities (violation of private property rights, failure to conserve cultural heritage and craftsmanship).

Actions taken

As a Group that aims to create sustainable, responsible Luxury goods, Kering must identify and manage human rights-related risks in its sphere of influence (operations and supply chain) as rapidly and as resolutely as possible. By working in partnership with its suppliers and stakeholders to curb these risks and by sharing best practices, Kering protects the reputation of the Group and its Houses and maintains the appeal of their creations. This commitment is underpinned by:

- A Code of Ethics and a Human Rights Policy have been drafted at Group level and these cover Kering's operations and supply chains. Key documents forming an integral part of the contractual framework governing relationships with suppliers: a Supplier Charter included in the Code of Ethics and the Sustainability Principles applicable to suppliers.
- In 2023, the Group reviewed its map of risks pertaining to severe impacts on human rights and fundamental freedoms, health and safety, and the environment resulting from the Group's operations and supply chain. The assessments were incorporated in the Group's overall map, and an action plan will be rolled out during 2024 to address areas for improvement detected during this exercise.
- A whistleblowing system open to everyone working for the Group: employees and interns of Kering and its Houses, as well as external and temporary personnel working for external partners or service providers under contract with the Group. It can be used to report any suspected violation of human rights and fundamental freedoms within the Group and its supply chains.
- A collaborative portal put in place in 2020 (the Vendor Portal) optimizing communication between Kering and its suppliers and providing them with easy access to training and key Kering documents – including on human rights – and also evaluating suppliers' performance through questionnaires in a number of key areas, including human rights and fundamental freedoms.
- Employment audits conducted each year across thousands of Group suppliers and service providers.

The policies, projects and actions implemented, the outcomes achieved and the associated performance indicators relating to human rights and fundamental freedoms are presented in section 3 "Duty of Care Plan" in this chapter and in section 2.5 "Protection of human rights" of chapter 4 "Sustainability" of this Universal Registration Document.

2.7 Insurance and risk protection

The Kering risk management policy is based on the ongoing identification and evaluation of risks, risk prevention, protection of people and property, and safety and business continuity plans.

The Group's risk management policy also includes the transfer of risks to insurance companies.

Insurance against risks

The Group's policy of transferring significant risks to insurance companies is based on:

- achieving the best economic balance between risk coverage, premiums and self-insurance; and
- the insurance available, insurance market constraints and local regulations.

Coverage is based on the "all risks except those specifically excluded" approach, determined by assessing the financial consequences for the Company of a possible claim, especially in the areas of:

- third party liability: bodily harm or property damage to third parties caused by products, fittings and equipment;
- fire, explosions, water damage, etc.;
- operating losses following direct damage.

Insurance coverage is purchased based on an assessment by site and company of the level of coverage necessary to face reasonably estimated potential occurrences of diverse risks (liability, damage and third-party retailer counterparty). This assessment takes account of the analyses of the insurers underwriting the Group's risks.

The insurance programs now in force at the Group, which centralize most purchases of insurance policies such as property and casualty risks for subsidiaries, were arranged with reputable insurers in the industrial risk insurance sector. The Group was assisted by internationally recognized insurance brokers specialized in covering major risks.

Main existing insurance programs:

- property damage from fire, explosion, floods, machine breakage, natural disasters affecting its own property: property, furnishings, equipment, merchandise, IT installations, and property for which it is responsible, as well as any resulting operating losses, for any period deemed necessary for normal business activities to resume;
- damage and loss of equipment, merchandise and/or goods in transit;
- damage resulting from theft, fraud, embezzlement, or acts of malice to valuable assets, data and/or property;
- bodily harm or property damage following construction work carried out as project owner (new buildings, renovations, refurbishments, etc.);
- liability for bodily or property damage to third parties by motorized vehicles belonging to the different Houses;
- general and environmental liability for "operating risk", "postdelivery risk" and "risk after services rendered", due to damage caused to third parties in the course of the Group's business;
- non-payment of receivables by third-party retailers, particularly in the event of default or insolvency;
- cyberattacks targeting the Group's data and/or other assets.

Other insurance contracts are taken out by Group companies to cover specific risks or to comply with local regulations.

Uninsured risks are exposures for which no insurance coverage is offered on the insurance market, or for which the cost of available insurance is disproportionate compared to the potential benefits of the coverage.

The Kering Group handles known and manageable risks given the current scientific and medical understanding in a manner consistent with other French and international industrial groups with similar types of exposures. This is one of the reasons why the Group is able to place its risks with insurers prepared to deal with the unforeseeable and uncertain consequences of accidents.

Insurance coverage concerns all Group companies.

The levels of coverage in place for the main potential risks facing the Group as a whole as of January 1, 2023, were as follows:

- damage, fire, explosions, water damage and ensuing operating losses: €300 million increased to €500 million for the Group's major sites;
- general liability: €145 million;
- damage to or loss of goods in transit: €15 million;
- fraud and acts of malice to goods and valuables: €15 million.

The total risk financing cost for Kering includes three main items (in addition to "physical" protection and prevention expenditure). It breaks down as follows:

- cost of deductibles and non-insured losses retained or self-insured by the subsidiaries in 2023: €1.115 million;
- claims covered by the Group itself through its reinsurance company in 2023: €12.6 million (total estimated at year-end 2023);

  Self-insurance by the Group's reinsurance subsidiary reduces insurance costs and enhances performance because (i) frequently occurring risks are pooled within the Group and insured for an amount that is fixed per claim and (ii) exceptionally frequent claims made in a given year are covered by reinsurance.

  As of July 1, 2023, the Group's reinsurance company covered damage and operating losses of up to €3 million per claim, or more on natural events in exposed regions (for the period from July 1 to June 30);
- insurance premiums budgets and management fees including engineering visits and brokers fees, etc. (final budget 2023 expenses): €23.525 million.

There is also a credit insurance budget of around €1.375 million covering non-payment risks related to sales to retailers (duty-free chains, department stores, specialized retailers, etc.).

3 - 2023 DUTY OF CARE PLAN

3.1 Introduction

3.1.1 Legal Framework

Kering is within the scope of French Law no. 2017-399 of March 27, 2017 on the Duty of Care of parent companies and contracting companies ("Duty of Care Law"), which requires companies to draw up, publish and implement a duty of care plan to detect and prevent the risks of a severe impact on human rights and fundamental freedoms, severe harm to the health and safety of individuals, and serious environmental damage, resulting from the operations of (i) the Company, (ii) its subsidiaries and other controlled entities or (iii) its suppliers or subcontractors.

3.1.2 Kering's Commitment

Kering has a long history of corporate responsibility in its approach to employees, suppliers, customers and other stakeholders as well as to the environment, as evidenced by the issuance of its first Ethics Charter in 1996. It endeavors not only to meet but to exceed its legal obligations in the area. The latest version of the Kering Code of Ethics, released in 2018, is closely aligned with the major international conventions on human rights, fundamental freedoms and environmental protection. It sets forth the core commitments of Kering's approach in these areas. In this respect, Kering considers the requirements of the Duty of Care Law to be an integral part of its ethical commitments and undertakes to ensure compliance with these requirements in all its activities and throughout its entire supply chain.

In 2017, Kering prepared a first duty of care plan which included a mapping of the relevant risks. Since then, Kering has updated its duty of care plan on an annual basis. In 2021, Kering performed a new and more in-depth assessment of the risks covered by the Duty of Care Law to see whether, and to what extent, such risks had evolved since 2017. It began the same exercise in 2023, and this will be completed during 2024. A significant number of internal stakeholders (including from Kering's and the Houses' Human Resources, Sustainability, Legal, Compliance, Audit and Operations departments) were involved in preparing the risk map and drafting the duty of care plan (the "Duty of Care Plan"). External legal advisors provided assistance to ensure the internal stakeholders acted in a fully independent manner and had all the relevant expertise to hand.

Kering's Duty of Care Plan presents an overview of the actions that Kering has undertaken over a number of years to act as a responsible company. It is built around the five key components established by the Duty of Care Law.

3.2 Risk map

As stated above, significant internal and external resources were devoted to preparing the risk map in 2021 and the updated risk map due for completion in 2024. The operations of Kering, Gucci and Boucheron were covered in 2021 and those of Kering and of all the Houses in the 2023-2024 edition under the Group's Compliance Department's oversight.

3.2.1 Scope

The following risks were identified and evaluated as part of the risk mapping exercises:

1. Forced Labor
   - Child Labor
   - Forced Labor/Debt Bondage/Illegal, Clandestine or Undeclared Employment/Migrant Labor/Human Trafficking
2. Discrimination and Harassment
   - Diversity
   - Discrimination
   - Women's Rights/Gender Equality
   - Psychological or Sexual Harassment/Violence
3. Absence of Dialog
   - Freedom of Association/Right to Collective Bargaining
4. Decent Working Conditions
   - Right to a Living Wage
   - Working Hours
   - Dignity at Work/Mental Wellbeing
5. Health and Safety at Work
   - Safe and Hygienic Working Conditions
   - Chemicals/Hazardous Substances
6. Pollution
   - Energy Consumption
   - Greenhouse Gas Emissions and Climate Change
7. Waste and Packaging
   - Waste and Packaging
8. Water Use
   - Water Consumption
   - Wastewater Treatment
9. Animals & Biodiversity Abuse
   - Animal Protection
   - Preservation of Biodiversity
10. Local Communities Abuses
    - Land Rights/Forced Eviction and Displacement of Populations
    - Cultural Heritage/Local Communities

3.2.2 Methodology

The risks listed above were assessed separately with respect to (i) the internal operations of Kering and the Houses, (ii) the operations of their first-level suppliers, and (iii) the sourcing of raw materials. This risk map evaluated the gross risk and calculated net risk by evaluating and scoring the relevant controls in place.

First, gross risks related to internal operations were assessed separately per country based on a combination of objective factors (number of employees, production sites and warehouses, located in each country) and third party indicators covering specific countries and specific risks (varying for each risk and including among many others the Human Freedom Index, ITUC Global Rights Index, the Environmental Performance Index and the Animal Protection Index) assessing the potential impact and the likelihood of occurrence.

Second, gross risks related to the operations of first level suppliers were assessed based on the number of suppliers per country and the respective sales, which were once again combined with third party indicators covering specific countries and specific risks.

Lastly, gross risks related to the sourcing of raw materials were assessed based on Environmental Profit & Loss data and other information gathered for risk mapping purposes using six third party indicators specific to each relevant country. The assessment also took into account two aggravating factors, i.e., whether the country appears (i) on the U.S. Department of Labor lists of countries producing goods and products that are believed to be produced by child labor and/or forced labor, and/or (ii) on the list of conflict-affected and high-risk countries under EU Regulation no. 2017/821.

The respective net risks were then obtained by evaluating and scoring the relevant controls in place.

In this process, a distinction was also made to assess separately (i) the risks to which Kering and the Houses expose their stakeholders, and (ii) the risks to which Kering and the Houses are exposed as a result of their activities, taking into account the potential financial, legal (and especially compliance) and reputational impact.

Overall, the exercise involved interviews with 127 Group employees, a review of almost 2,000 documents, and the scoring of thousands of country-specific risks based on 56 third party-supplied risk indicators.

3.2.3 Results

As stated above, the new risk map commenced in 2023 will be completed in 2024. Nonetheless, the provisional results of the exercise to a very large extent mirror the results of the 2021 risk map. Accordingly, the controls put in place to mitigate relevant risks related to the internal operations of Kering and the Houses appear sufficiently solid.

With respect to the operations of Kering's and the Houses' first level suppliers, it is worth noting that the majority of these production suppliers are located in countries with relatively limited risk of human rights abuse or environmental damage, including Italy (and, more particularly, Northern Italy) and France. Relevant risks are further mitigated by multiple controls and primarily by the introduction of the Hercules management system (described below), which covers the onboarding of new suppliers and their subcontractors as well as the monitoring of their performance throughout the entire contractual relationship.

The controls in place to limit relevant risks within the remainder of the supply chain, consist primarily in implementing the requirements set forth by the Sustainability Principles by our suppliers and their subcontractors, and the Kering Standards, as well as in the certifications obtained by suppliers.

Action plans specific to Kering and to each House aimed at delivering subsequent improvements in the Group's practices in the three areas referred to above and bringing the related risks under tighter control are prepared and implemented by the end of each year in which a risk map is completed.

3.2.4 Monitoring and updating

Kering monitors human rights and environmental rights in the highest-risk countries for its operations and supply chain. In addition, as stated above, Kering updates its risk map on a regular basis so it can factor in any new entities, among other reasons.

3.3 Regular assessments of the activities of subsidiaries, suppliers and subcontractors

3.3.1 Subsidiaries and Other Controlled Entities

Since 2018, Kering has refocused its operations on Luxury, and more particularly around the Couture, Leather Goods, Jewelry, Eyewear and Beauty Divisions.

3.3.1.1 Stores

As of December 31, 2023, Kering's Houses directly operated 1,771 stores worldwide. As stated below, Kering has adopted standards to achieve its sustainability targets that cover the commercial life of its stores. These standards provide specific guidance for achieving environmental efficiency during both the store planning and construction as well as the store operation and management phases.

These standards also provide for the performance of periodic audits to ensure that relevant practices are duly respected, including with respect to energy and water use, as well as waste collection practices.

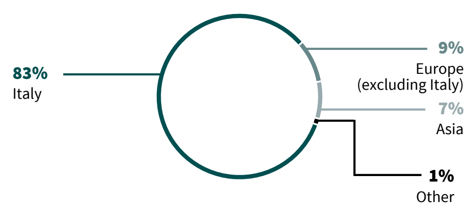
Moreover, as with all other Group premises, stores are subject to regular audits by the Group Internal Audit Department to safeguard compliance with local regulations and with Kering's policies and procedures. As noted above, these include a review of relevant working conditions, including the processes used to track working hours and employee leave as well as the measures in place to ensure that the privacy of employees is respected.

3.3.1.2 Offices and other premises

Offices and other premises owned by Kering and its Houses, including production sites and warehouses, are subject to regular audits by the Group Internal Audit Department to ensure that applicable regulations are fully respected and internal policies and procedures are fully implemented. In addition to the more generalized testing of controls put in place, these audits assess the working conditions of employees by ensuring, for example, that employment relationships are always formalized by dedicated agreements (in particular with respect to temporary workers) and that salaries and working hours are properly managed and documented.

3.3.2 Suppliers and subcontractors

The Group works with several thousand suppliers to produce its Houses' collections. As of December 31, 2023, the Group-wide centralized supplier database (described below) comprised a total of 4,433 active suppliers throughout the Group. The chart below describes the geographical breakdown of these suppliers:



The Hercules management system, which was first introduced in 2015 and has since undergone a regular series of improvements, aims to create and share best practices in risk assessment and provide supply chain analysis for Kering's production processes. This is achieved through the following tools:

Supplier management procedures. The Houses apply a set of consistent procedures for managing interactions with suppliers, including with respect to their qualification, assessment, and relationship management. Kering has also introduced a template contract that incorporates its Code of Ethics (including the Suppliers' Charter) and its Sustainability Principles. Both documents are systematically issued to suppliers and form an integral part of the contractual relationship with Kering. These documents further require that the commitments contained in the contract be cascaded to relevant sub-suppliers and subcontractors.

Integrity due diligence procedure. Kering's third party suppliers and service providers are subject to the integrity due diligence process set forth in the Group's Anti-Corruption Policy and Third Party Due Diligence Procedure. More specifically, to properly assess and manage the financial, regulatory, and reputational risks associated with the relationships with these third parties, Kering screens them through the World-Check database and conducts dedicated desktop searches. Depending on the risk profile, Kering might also require the completion of a dedicated questionnaire or the performance of an external review from a law firm.

Social and safety audits. The Group conducts regular social and safety audits to assess and monitor the Group's supply chain operations. They are undertaken both directly and with the support of third party firms. These audits are performed by a dedicated team, the Kering Supply Chain Audit Department, which reports to the Group's Chief Audit Executive and ensures the independence and impartiality of its members. The Group has made regular improvements to the relevant audit standards and processes. As discussed at greater length in the Sustainability Chapter, the audits cover social (including child labor, forced labor and working conditions), environmental, and health and safety risks pertaining to the operations of Kering and of the Houses' first level suppliers, first and second level subcontractors, and the main direct suppliers of raw materials. While key suppliers are audited every two years, the frequency of audits on other suppliers is determined through a dedicated risk assessment, together with anomalies identified and their severity. If a major anomaly subject to a "zero tolerance" policy comes to light during these audits (including, e.g., forced labor or undeclared subcontracting), Kering refuses to enter into the agreement with the new supplier or terminates the relationship with the existing supplier. In 2023, the Supply Chain Audit Department performed 4,559 audits on these suppliers. Findings from the audits performed by the Kering Supply Chain Audit Department are discussed in dedicated committees composed of representatives from key functions from both Kering and the Houses.

Supplier database. All Kering's Houses have access to a common supplier database, which includes findings from suppliers' audits as well as supplier information available from publicly available databases. At the end of 2023, this database comprised 4,433 active suppliers. The database includes production suppliers, the main suppliers of raw materials, Kering Eyewear suppliers, and strategic suppliers.

Vendor Portal. In line with the objective of ensuring its standards are implemented by its suppliers by 2025, Kering designed and has implemented a new supplier portal since 2020 that can conduct evaluations and share information and sustainability practices. By means of dedicated questionnaires of up to around 300 questions, this portal assesses implementation of the Kering Standards across the supply chain, environmental performance and suppliers' social performance.

3.4 Control measures

As noted above, Kering and the Houses are strongly committed to fully complying with the requirements set forth by the Duty of Care Law and to fostering a significant number of initiatives aimed at respecting human rights and protecting the environment throughout their operations and the supply chain. In this respect, Kering works in close synergy with its Houses to ensure that relevant controls are adequately deployed throughout the entire Group.

3.4.1 Key Internal Stakeholders

Kering takes a cross-functional governance approach to upholding human rights and protecting health, safety and the environment. Specifically, day-to-day human rights and environmental governance spans various departments at Kering and House levels.

Kering Compliance Department. The Group Compliance Department is primarily responsible for monitoring the effective implementation of the commitments established by the Kering Human Rights Policy. As such, the Group Compliance Department is kept informed of relevant initiatives and coordinates the efforts undertaken by relevant departments at the Group and House level (including through information sharing). The Group Compliance Department also tests and assesses existing processes to map risks throughout the Group, and supports the Houses and relevant Kering departments in assessing risks associated with their day-to-day operations. The Compliance departments provide day-to-day support in connection with the operations of each House.

Kering Sustainability Department. The Group Sustainability Department is responsible for defining and implementing the Group's sustainability strategy and policies and supporting the Houses with respect to their implementation. The Kering Sustainability Department is composed of around 50 specialists who report to the Chief Sustainability and Institutional Relations Officer, who is both a member of the Group's Executive Committee and Chair of the Group's Ethics Committee. Overall, more than 100 employees focus on sustainability issues within the Group's Sustainability Department, the Houses' Sustainability teams and dedicated structures such as the Material Innovation Lab and the Jewellery Innovation Lab.

Kering Human Resources Department. The Human Resources Department is responsible for implementing controls to uphold human rights within the Group. This applies throughout the entire employee journey, including the recruitment process and working conditions, as well as in respect of employee health. A dedicated Inclusion and Diversity team within the Human Resources function works with the Group Houses to define and prioritize the initiatives that foster an inclusive working environment at all levels of the organization. In 2020, Inclusion & Diversity Committees were created in each House and at the corporate level, led by a member of the House or of the Corporate Management Committee. These committees currently have more than 90 members. To embed the Inclusion and Diversity strategy more firmly at regional level, three Inclusion and Diversity managers were appointed in 2022 at the Americas, APAC and EMEA regions.

Kering Internal Audit Department. As discussed at greater length at the beginning of this chapter, the Group Internal Audit Department assesses the implementation of the Kering internal controls system within the Group's internal operations by performing regular audits in accordance with the Group's annual audit plan.

Kering Security Department. The Security Department's responsibilities include implementing the safety measures set out in the Kering Global Safety Policy and verifying compliance with applicable safety regulations.

Kering Supply Chain Audit Department. As noted above, the Kering Supply Chain Audit Department conducts regular social and safety audits to assess and monitor the Group's supply chain operations and oversees the performance of audits with the support of third party firms.

Product Compliance Department. The Kering Product Compliance Department assists the Houses with testing substances in products, including through a dedicated testing center that the Group recently opened in Florence.

House teams. Every House in the Group has dedicated Compliance, Sustainability, and Human Resources teams responsible for verifying that the controls established by the Kering policies and procedures described below are properly deployed throughout their operations.

3.4.2 Key Policies and procedures

Kering's subsidiaries, suppliers, and subcontractors are required to strictly abide by local legislation and to comply with the policies and procedures summarized below. Should these policies and procedures set forth more stringent standards than those established by local legislation, such standards must take precedence.

Code of Ethics. As noted above, the Code of Ethics forms the cornerstone of Kering's ethical commitments and, as such, includes the Group's engagements in upholding human rights, fundamental freedoms, health and safety, and the environment. Building on this platform, the Suppliers' Charter lays down the standards and commitments expected of these third parties. Compliance with the Charter constitutes an essential condition of any commercial relationship between the Group or the Houses and their suppliers, which are in turn required to extend these requirements to their own suppliers and subcontractors. Following the 2018 update to the Code of Ethics, the document was reissued to all Group employees worldwide in 2019. This update reaffirmed Kering's commitment to apply all major international conventions to its activities and to tighten up and clarify what is required of its suppliers. For example, the Suppliers' Charter now includes a requirement to pay special attention to certain categories of workers, such as migrant workers, who are vulnerable to exploitation. The Code of Ethics and the Suppliers' Charter have been translated into the 14 most widely spoken languages within the Group.

Human Rights Policy. The Human Rights Policy, published in 2021 and available in French, English, Italian and Chinese, defines the Group's commitments on human rights and fundamental freedoms, health and safety, and environmental protection. The Human Rights Policy further outlines the Group's policies related thereto and defines the means by which the Group and its business partners, including suppliers and contractors, can fulfill these commitments.

Sustainability Principles. The Sustainability Principles, created in 2015 and updated in 2023, are applicable across all Houses and cover three main areas: social aspects regarding human rights, environmental aspects, and aspects regarding the sourcing of raw materials and packaging. Suppliers are required to abide by these principles and supplier compliance is evaluated on this basis. The principles are outlined in the Sustainability chapter and on the Group's website.

Kering Standards and Guidance for Sustainable Production. In the pursuit of its commitment and approach to human and environmental concerns, Kering has published dedicated standards on raw material sourcing and manufacturing processes. Under its 2025 strategy, Kering is committed to seeing that all its suppliers apply these standards by 2025. A detailed description of the Kering Standards is provided in the Sustainability Chapter. These standards now include guides to products not intended for sale, logistics and circularity.

Kering Animal Welfare Standards. The Group published in 2019 and updated in 2021 its animal welfare standards with the aim of ensuring the best possible treatment for all species throughout the supply chain. The Kering Animal Welfare Standards are the first ever set of full standards for the Luxury and Fashion sectors and aim to drive positive change in practices in industry and beyond. For each of these species, the Standards highlight the specific challenges, laying down farming, transportation, and slaughter requirements, and provide the list of existing benchmark certifications. These standards also include guidelines for slaughterhouses.

Environmental Policy. Kering's Environmental Policy, which was updated in 2023, contributes to the fulfillment of the Care pillar of Kering's 2025 sustainability strategy. It spans the entire supply chain of the Group's operations and focuses on the following objectives: (i) a 40% reduction in absolute terms in Scope 1, 2 and 3 greenhouse gas emissions by 2035 with respect to 2021; (ii) 100% alignment with the Kering Standards by 2025; and (iii) 100% traceability through to the country of origin for the Group's main raw materials by 2025.

Climate Strategy. Kering firmly believes that companies can play a decisive role in the fight against climate change, and drew up in 2021 a holistic strategy with a clear commitment to a 1.5 °C pathway, underlining its ambitions in sustainability, circularity and biodiversity. The key elements of Kering's Climate Strategy include: (i) a 90% reduction in absolute terms of Scopes 1 and 2 greenhouse gas emissions by 2030 from a 2015 baseline; (ii) a 70% intensity reduction (tCO_2/ €. million in gross margin) in Scope 3 greenhouse gas emissions by 2030 from a 2015 baseline; (iii) an absolute reduction of 40% in Scopes 1, 2 and 3 greenhouse gas emissions by 2035 from a 2021 baseline; and (iv) contributing to carbon neutrality (net zero) by 2050 in line with the ambitions of the Paris agreement. More information on Kering's Climate strategy can be found in the Sustainability Chapter.

Biodiversity Strategy. The Biodiversity Strategy, published in 2020, explains Kering's approach on preserving natural resources. This four-stage approach (avoidance, reduction, restoration/regeneration and transformation) has three main goals: (i) to stem the loss of biodiversity, (ii) to rebuild ecosystems and rehabilitate species, and (iii) to drive systemic change throughout the supply chain and beyond. Kering's Biodiversity Strategy was updated in 2023 with greater emphasis being placed on various points including the policy of combating deforestation and converting ecosystems. More information on the Biodiversity Strategy can be found in the Sustainability Chapter.

Circularity Ambition. Published in 2021, the Group's Circularity Ambition plan aims to demonstrate that moving away from the conventional model of "take – make - waste" is not only about recycling. Transitioning to a truly circular economy requires a complete rethink of the way we produce and use resources as well as the way we extend the life of products. Kering's "Coming Full Circle" approach is built on three main elements: (i) Luxury that lasts; (ii) regenerative sourcing and clean production; and (iii) making production processes more efficient.

Kering Standard for Stores - Store Planning and Construction & Store Operation and Management). Kering has developed standards for stores that set out expected performance levels in 11 key areas (including energy management, lighting, renewable energy, water use and waste treatment). The standards provide specific guidelines covering the environmental efficiency at all phases in a store's lifecycle, namely site selection and relations with the lessor, design, construction or renovation, and operation. These standards serve as a reference for new stores and store renovations where the use of Leadership in Energy and Environmental Design (LEED) or equivalent certifications is not possible.

Fashion Models Charter. The Fashion Models Charter was introduced in September 2017 to ensure that Kering and its Houses comply with various major principles, including requiring models to present valid medical certificates attesting to their good health, discontinuing the modeling of size 32 clothes for women and size 42 for men, and improving working conditions (e.g., providing a dedicated changing area as well as food and drinks). Under this Charter, Kering and its Houses have committed to only hire models aged 18 and over to represent adults at fashion shows and photo shoots.

Health & Safety Policy. Kering's Health & Safety Policy addresses its own employees, service providers, and visitors to Group sites, so as to promote best practices, assert the Group's commitment to an environment conducive to employee health and safety, and undertake ambitious measures in this respect. This policy updated in 2023 is founded on Group-wide best practices and aims to ensure that governance, processes, and regular internal audits are in place to achieve Kering's target of zero accidents.

Compliance Manual. The Compliance Manual was issued Group-wide in 2018. It sets out practical examples on the main ethics risks associated with Kering's operations, including with respect to human rights violations. The Manual outlines the basic concepts and legal challenges involved and gives practical examples enabling employees to pinpoint areas requiring vigilance in their day-to-day work.

These policies and procedures back up the other documents adopted by the Houses in the relevant area.

3.4.3 Risk Prevention and Mitigation Measures in the Internal Operations

Raising Employee Awareness. Kering seeks to ensure that its employees throughout the Group are fully acquainted with its policies and procedures (including with respect to human rights, sustainability and environmental protection) through regular training, internal communications, workshops and events. The training offer includes the annual Ethics and Compliance e-learning, with modules covering different ethics, compliance and sustainability-related topics, mandatory for all Group employees. In 2023, this training encompassed human rights, the fight against corruption, wellbeing at work, diversity, energy savings on a daily basis to combat global warming and sustainability. This training framework also includes the Kering Standards e-learning program, available to employees since 2019. These help employees gain a better understanding of Kering's strategy to reduce the environmental and social impacts arising from its raw materials and manufacturing processes.

In addition, Kering and its Houses also share their commitment towards sustainability through the company social networks and harness them to organize Group-wide events, celebrate recognized initiatives, such as the World Environment Day and raise employee awareness on environmental issues. To this end, they created The Kering Planet, a dedicated digital platform that raises awareness and provides regular information for employees about sustainability issues. It features interactive tools, such as quizzes and challenges. Kering is keen to update the knowledge of its employees and also held several Climate Fresk workshop sessions for its employees and those of its Houses in France and around the world. Over 300 people were trained in 2023. For the first time in 2023, Kering also organized Atelier 2tonnes workshops.

Sustainability Certifications. Building on the Group's commitment to comply with the highest social and environmental standards, a number of entities and sites owned by Kering and its Houses have obtained a significant number of sustainability certifications. These include the SA8000 (working conditions and social standards), ISO 14001 (environmental performance), ISO 45001 (health and safety), ISO 9001 (requirements for introducing a quality management system), ISO 28000 (security within the supply chain), and ISO 22301 (business continuity management systems) standards. Certifications related to the implementation of environmental management systems are applied for primarily for the sites that have a more significant environmental impact, such as logistics centers and tanneries. All of the Group's tanneries have been ISO 14001 certified since 2019.

3.4.3.1 Key Control Measures Designed to Prevent Severe Impacts on Human Rights and Fundamental Freedoms

No Child Labor/Forced Labor. Kering and its Houses reject all forms of child labor, forced labor, and human trafficking. The Group has put in place recruitment processes designed to uphold relevant legal requirements (including with respect to the employment age) and prevent human rights abuses. To that end, employees from the Human Resources function received special training to ensure that such processes are fully implemented.

Promoting Inclusion and Diversity and Preventing Discrimination. Kering believes that diversity is a source of creativity and innovation and seeks to develop an inclusive approach to ensure that everyone has the opportunity to be themselves. Kering is also committed to fostering a culture of equality at all levels of the Group and offering its employees an open and stimulating working environment, free from any discrimination. Kering launched the Baby Leave policy in January 2020. It entitles all employees worldwide to 14 weeks' leave on full pay upon becoming parents, including fathers and partners. The Baby Leave policy aims to promote a better balance between employees' professional and personal lives and to achieve equality between female and male employees - regardless of their personal situations – guaranteeing all Group employees worldwide the same minimum benefits on a child's arrival. Since 2019, the Inclusion and Diversity team has been instrumental in adopting initiatives to foster a culture of diversity and inclusion throughout the Group. More specifically, this team has (i) supported the creation of Inclusion and Diversity Committees in each House, (ii) developed and delivered a comprehensive Inclusive Recruitment training course for recruiters from all Houses, and (iii) developed several initiatives to raise awareness, encourage meaningful conversations, and bring positive change. Under its multi-generational inclusion policy, Kering signed in March 2022 its first inter-company engagement agreement covering the role of employees aged over 50 in the Group. In April 2022, it followed this up with a partnership charter on providing access to employment for young people, vulnerable adults and people living with a disability and supporting them in the labor market.

Promote Equality and Diversity. Empowering women is a priority at Kering, which seeks to ensure that women are well represented at all levels of management in the Group. In 2010, Kering was one of the first signatories of the Women's Empowerment Principles Charter drawn up by UN Women and the UN Global Compact. Kering and its Houses develop women's skills through specific programs, such as leadership training, coaching and mentoring sessions to support women talents and enhance gender diversity in senior management positions. Kering is closely monitoring the representation of women in executive positions and is committed to achieving gender pay equity at every level of the organization. In 2022, Kering launched its Women in Luxury internal network in France to foster gender equality and empower women within the Group. In 2023, the network expanded to Italy, China, South Korea, Japan, Singapore and the United States. Also in 2023, the Human Resources teams carried out an externally accredited study to identify and analyze pay gaps between men and women.

Free from Harassment and Violence. Kering endeavors to provide a working environment free from any form of harassment or violence. As such, Kering and its Houses encourage all employees to report any instances of such behavior, which is subject to disciplinary sanctions and, in many countries, criminal proceedings. Kering ensures that its employees are perfectly aware of their rights in this area. In an effort to extend its commitment externally, Kering also supports victims of domestic violence via its Policy on Domestic Violence and the work of the Kering Foundation. And the Kering Foundation supports women impacted by violence, through partnering with survivor-centered services, and local experts, while implementing preventive programs with young people to deliver real change.

Increased Dialog with Employees. Kering is fully committed to guaranteeing applicable trade union rights and to engaging in a constant and productive dialog with its employees worldwide, including with those located in countries that do not allow collective bargaining. Kering conducts the Kering People Survey every two years. The latest edition in 2023 gathered employees' feedback on their working environment confidentially and securely. Based on feedback received, Kering develops a Group action plan that is adapted at each House and local level. Kering also conducts local actions to increase awareness and foster the adoption of wellbeing policies.

Decent Working Conditions. Kering and the Houses seek to ensure that the work of employees is adequately remunerated and conducted in compliance with local legislation, including with respect to working hours. As such, the Group partnered with Fair Wage Network to conduct a study to evaluate whether the base salary of the Group's employees provides an adequate standard of living in the key countries where Kering operates. Kering has also adopted an array of initiatives designed to protect the mental wellbeing of employees, including optional free external psychological support services.

Supporting Local Communities. Kering plays a role in the life of the communities where its sites are located and works to prevent and mitigate any negative impacts that its operations create or to which they contribute. In this respect, Kering is actively engaged in safeguarding artisan traditions and the communities that support artisans. Kering has implemented special programs to keep alive century-old craftsmanship and local traditions. Brioni's *Scuola di Alta Sartoria*, Bottega Veneta's *Accademia Labor* and *Ingenium*, Gucci's ArtLab, and Pomellato's Galdus Goldsmith Academy are among these programs.

3.4.3.2 Key Control Measures to Prevent Severe Harm to the Health and Safety of Individuals

Safe and Hygienic Working Conditions. Kering is committed to the principle of risk prevention and seeks to safeguard the occupational health and safety of its employees by complying with all applicable regulations and by establishing relevant best practices. The Kering Security Department is responsible for managing the security of Group sites, preparing emergency plans and delivering safety training to employees. Kering, Gucci and Bottega Veneta also obtained SA8000 and ISO 45001 certification covering occupational health and safety management systems. These accreditations aim to reduce occupational injuries and diseases and promote and protect employees' physical and mental health.

Minimizing Chemicals/Hazardous Substances. Kering works constantly to curb the use of chemicals and hazardous substances in all its Houses' products and production processes. For this purpose, the Group has created two lists of restricted substances: one for production processes, the Manufacturing Restricted Substance List ("MRSL"), and one for products, the Product Restricted Substance List ("PRSL"). The MRSL is focused on discontinuing the use of dangerous chemicals in manufacturing processes to both avoid the exposure of employees to hazardous substances, and reduce toxic discharges into water. The main source of the Group's hazardous waste production is related to the operations of its tanneries. As such, the Group is actively involved in researching and developing environmental-friendly tanning processes, and has introduced a heavy metal-free tanning method in leather tanneries.

3.4.3.3 Key Control Measures Designed to Prevent Serious Environmental Damages

Environmental Profit & Loss. Since 2012, Kering has measured and quantified its progress towards becoming a more sustainable Group through its EP&L. The EP&L allows the Group to measure its impacts on natural capital right across its value chain and to assign a monetary value to them. The EP&L, the cornerstone of its environmental approach, also serves as a compass guiding Kering's roadmap for the coming years in terms of sourcing strategy, choice of materials, and production and transformation processes. In 2020, Kering also extended the scope of its EP&L to include the product use and end-of-life phases. In April 2022, the Group announced it had lowered the EP&L intensity of its own activities and its supply chain by 40% in 2021 relative to 2015, reaching its target four years earlier than scheduled. In line with its commitment to transparency, the Group's EP&L results and an analysis of progress made are available on the open-source platform kering-group.opendatasoft.com. In 2022 and 2023, Kering published its EP&L impacts in euros and also its pre-monetization monitoring indicators. More specifically, it provided information including the Group's overall footprint in terms of greenhouse gas emissions, land use, waste production and water use. In addition, one of the Group's Statutory Auditors issued a limited assurance report in February 2024 on selected information concerning the 2023 EP&L.

Reducing Carbon Emissions. The Group has set itself carbon footprint reduction targets and laid down an ambitious Climate Strategy over the short, medium and long-term (2030, 2035, with the goal of a 40% reduction in the absolute value of its Scope 1, 2 and 3 greenhouse gas emissions relative to 2021 and a goal of contributing to the carbon-neutral objective out to 2050). As part of the Fashion Pact, Kering and over 160 global fashion brands have committed to take action to halt climate change, restore biodiversity and protect the oceans. The other participating companies have undertaken, among other things, to take action to achieve the objective of net-zero greenhouse gas emissions by 2050, in order to keep global warming below 1.5 °C between now and 2100. The same objectives have been set under the Watch & Jewellery Initiative launched by the Group and Cartier in 2022. As part of these commitments, Kering continues its offsetting program fully covering its 2023 Scope 1, 2 and 3 (calculated via the EP&L tool - excluding product use and end of life) greenhouse gas emissions released in 2023 amounting to 2,135,568 tCO_2. The carbon credits were acquired from forestry and mangrove protection and reforestation projects and follow Kering's internal guidelines based on VCMI (Voluntary Markets Integrity Initiatives) best practices. Not only does this generate carbon credits, it also provides substantial support for local populations and the protection of biodiversity.

Favoring Renewable Energies. In 2022, Kering reached its objective of using 100% renewable energy in every country where this is possible, in line with the RE100 guidelines. Kering also favors entering into agreements to purchase locally produced green electricity. Where this is not possible, Kering purchases Energy Attribute Certificates. On top of external purchases, the Houses continue to increase their reliance on renewable energy, for example by installing solar panels. In addition, the Group undertakes to systematically secure certification for its new locations or locations that it renovates for energy efficiency purposes. LEED is the preferred certification system selected by the Group, but it also applies other certifications, like HQE (France) and BREEAM, for projects. More than 300 LEED certifications had been obtained by Kering and its Houses for their sites and stores by the end of 2023.

Monitoring Energy Use. While constantly seeking to maximize the energy efficiency of its sites, Kering has implemented an energy consumption monitoring system which allows the Houses to access monthly consumption data for their sites on an IT platform. The system also streamlines the energy procurement process by pooling and consolidating energy consumption, and increases the use of renewable energy.

Waste Treatment. Kering and its Houses have created dedicated partnerships to find sustainable solutions for waste recycling in an effort to minimize the waste generated by the Group's operations, particularly in the retail sector. In addition, as the main source of the Group's hazardous waste production occurs in its tanneries, each tannery has its own onsite wastewater treatment plant, which pretreats all wastewater.

More Sustainable Packaging. Kering and its Houses make every effort to opt for the most sustainable solutions available made from recycled or certified biosourced materials. They also carry out initiatives to reduce the use of packaging while maintaining an optimal level of protection for the goods manufactured. In 2020, Kering developed a new packaging standard setting out the eco-design principles to improve its environmental impact of packaging materials. In the same vein, Kering has pledged to eliminate single-use plastics from its packaging for customers and business partners by 2025 and 2030, respectively.

Reducing Water Consumption. Kering aims to reduce the consumption of water in its operations: 68% of water consumed across the Group is used for domestic purposes and 32% for industrial purposes. The water consumed by the Group for industrial purposes relates primarily to tanneries. However, the Houses have continued to work to identify innovative tanning processes that eliminate heavy metals and use less water.

Protecting Biodiversity. Kering is committed to preserving biodiversity through several conservation and regeneration programs for natural ecosystems. As noted above, the Group has formulated a Biodiversity Strategy, which aims to stem the loss of biodiversity, rebuild ecosystems, and rehabilitate species as well as to drive systemic change throughout the supply chain and beyond. Pursuant to its commitments, Kering will regenerate a million hectares of natural ecosystems in its supply chains. Alongside the soil regeneration programs already launched several years ago in French Guiana, Mongolia and South Africa, Kering set up the Kering Regenerative Fund for Nature in 2021. In practice, the Fund makes grants to groups of farmers, project sponsors and NGOs looking to develop regenerative raw materials (cotton, wool, cashmere, leather) and to connect them up with fashion and luxury houses' supply chains. To date, the Fund has selected seven projects in six different countries. Kering has also undertaken to protect one million hectares of critical and irreplaceable habitats outside of its supply chain by 2025, primarily through programs that deliver a positive impact for biodiversity protection, carbon sequestration and improved livelihoods for local communities. In late 2022, Kering launched the Climate Fund for Nature, which invests in nature-based solutions, to achieve this goal.

3.4.4 Risk Prevention and Mitigation Measures in Supply Chain Operations

Raising Awareness among and Guiding Suppliers. Kering and its Houses conduct with multiple awareness-raising initiatives for suppliers, putting them in a position to comply with the highest social and environmental standards. For instance, the Kering Material Innovation Lab has daily interactions with ready-to-wear and accessories suppliers to promote compliance with the Kering Standards. Since 2020, Kering has been using a new supplier portal, which can be accessed online. This portal is a tool for conducting evaluations and sharing information and sustainability practices. Kering Eyewear has also invited its principal Italian suppliers to a sustainability-focused training day.

Sustainability Certifications. Multiple Kering and House suppliers have obtained third party sustainability certifications covering environmental and social standards, among other aspects. Kering regularly compares the standards underpinning these certifications with those laid down by its Sustainability Principles and Kering Standards so it may determine which certifications are aligned with them and those that cannot be accepted.

3.4.4.1 Key Control Measures to Prevent Severe Impact on Human Rights and Fundamental Freedoms

No Child Labor/Forced Labor. Kering and its Houses prohibit all forms of child labor or forced labor throughout the supply chain and consider them breaches for which they have zero tolerance, leading to immediate termination of the supplier relationship. As such, the audits performed as part of the Hercules management system include various measures to identify potential instances of child labor or forced labor. As part of its drive to detect any unfair working practices, the Kering Supply Chain Audit Department performs a periodic analysis on suppliers to assess the cost of their work per minute, with any anomalies leading to targeted investigations.

Promoting Inclusion and Diversity and Preventing Discrimination. Kering and its Houses expect their business partners to respect and promote equal opportunity and treatment at work and to create an inclusive workplace. In addition to the commitments included in the Sustainability Principles, the audits performed as part of the Hercules management system also review potential instances of discriminatory practices within the operations of suppliers. In collaboration with the *Camera Nazionale della Moda* and three specialized organizations (BSR, Wise Growth, and Valore D), Kering and its Italian Houses issued practical recommendations on enhancing gender equality in the Italian Luxury sector supply chain following an extensive study that investigated challenges faced by women in this supply chain. This study covered more than 180 suppliers and surveyed 880 people (70% women) on gender equality via in-person interviews and questionnaires. Four priority focuses were identified during the study: (i) "working conditions and economic opportunities," (ii) "leadership and career advancement," (iii) "motherhood" and (iv) "workplace conduct and harassment". The second stage of the project focused on implementing the recommendations by raising awareness of the four priorities identified. Kering also worked on a project focused on empowering women around gold mines in Ghana using tools such as micro-loans and skills training, and worked on a project to support 150 cotton farmers in India through community education on women's rights, education and health and safety.

Free from Harassment and Violence. Kering and its Houses expect their suppliers to treat employees with dignity and respect and to prohibit physical punishment, mental or physical coercion or verbal abuse. As such, suppliers and sub-suppliers must not engage in any conduct that is offensive, abusive, demeaning, intimidating or threatening, such as verbal abuse, negative stereotyping, unwelcome contact or unwelcome sexual advances or requests for sexual favors.

Increased Dialog. Kering and its Houses expect their business partners to engage in open and constructive dialog with workers and their representatives and to respect the right of workers to form and join organizations of their own choosing and bargain collectively. In addition to the commitments included in the Sustainability Principles, the audits performed as part of the Hercules management system cover the freedom of association and the right to collective bargaining among other rights.

Decent Working Conditions. Kering expects its suppliers to pay their employees no less than the minimum legal standard or the appropriate prevailing industry standard, whichever is higher. Kering is committed to ensuring that workers in its supply chain are fairly compensated for their work. Kering expects business partners to comply with applicable regulations regarding working hours, which should not exceed 48 hours per week. Wages and working hours are also checked during the audits performed as part of the Hercules management system, which covers wages and working hours as well as subcontracting and the risk of illegally using subcontractors that underpay workers. Among other initiatives, the Group is actively involved in the Utthan project in India, which aims to empower embroidery artisans, in particular by working on the areas of a living wage and working hours regulations.

Protecting Against Local Community Abuses. Kering and its Houses are committed to respecting and actively contributing to the economic and social development of the local communities impacted by their operations worldwide. In this respect, Kering undertakes to avoid forced evictions and population displacements linked to its operations. Kering and its Houses encourage their suppliers and sub-suppliers to build a constructive relationship with local communities, and require them to source raw materials in strict accordance with the Kering Standards and the Sustainability Principles.

3.4.4.2 Key Control Measures to Prevent Severe Harm to the Health and Safety of Individuals

Safe and Hygienic Working Conditions. Kering and its Houses expect their business partners to create a healthy and safe working environment through the implementation of appropriate effective measures to avoid jeopardizing the health and safety of workers in the workplace. For example, suppliers are obliged to provide relevant employees with the personal protective equipment required under the applicable regulations free of charge and to offer them training on relevant safety standards and procedures they must follow. Employees should also have free access to clean toilet facilities and potable water. The audits performed as part of the Hercules management system expressly cover select issues dedicated to the review of health and safety practices within the workplace.

Minimizing Chemicals/Hazardous Substances. As noted above, Kering is committed to phasing out and eliminating all hazardous chemicals from its production processes. The Group's chemical management framework goes beyond regulatory requirements and includes specific guidelines, the PRSL and MRSL lists described above, that identify restricted substances within products and production processes. Kering requires all suppliers and sub-suppliers to strictly comply with this framework and to report any non-compliance. Action programs and specific checks are carried out to ensure compliance with these requirements.

3.4.4.3 Key Control Measures Designed to Prevent Serious Environmental Damages

Environmental Profit & Loss. As noted above, the EP&L is the cornerstone of the Group's environmental approach and allows Kering and its Houses to measure their environmental impact throughout the supply chain. Suppliers and sub-suppliers are invited to share with Kering and its Houses information on factors including atmospheric emissions, energy use, land use, waste production, water use and water discharge. As stated previously, the Group announced in April 2022 that it had achieved the target of a 40% reduction in the carbon intensity of its EP&L in 2021, four years ahead of schedule.

Sourcing of Raw Materials. The Group's EP&L clearly shows that most of the environmental impact linked to products' lifecycle and marketing (86%) arises upstream of its supply chains through the production of raw materials and their initial transformation process (Tiers 3 and 4, 74%). In 2023, Kering traced 97% of its key raw materials back to their country of origin at least, and even further for animal-based materials (leather, and precious skins). By 2025, Kering aims to achieve 100% traceability of its key raw materials at least as far as the country of origin and make certain that these are fully compliant with the Kering Standards so it can further reduce its environmental footprint. Kering scale up an internal purchasing platform to have access to high quality, sustainable raw materials following the success of the Kering Precious Metals Platform. At the Houses' level, Kering Eyewear has developed a data-sharing platform for purposes that include enhancing visibility and traceability right across its supply chain. Saint Laurent and Balenciaga are currently rolling out other tools for improving the traceability of leather and textiles.

Reducing Carbon Emissions. As stated previously, the Group continues to offset its greenhouse gas emissions. In 2023, Kering voluntarily offset its Scope 1, 2 and 3 (calculated via the EP&L tool – excluding product use and end of life) greenhouse gas emissions amounting to 2,135,568 tCO_2 in 2022. The carbon credits were acquired from forestry and mangrove protection and reforestation projects and follow Kering's internal guidelines based on VCMI (Voluntary Markets Integrity Initiatives) best practices.

Waste and Packaging. Moving away from the conventional model of "take – make - waste" is not only about recycling. Transitioning to a truly circular economy requires a complete rethink of the way we produce and use resources as well as the way we extend the life of products. As such, Kering released a report in 2021 presenting its new circular economy goals and helped formulate the Ellen MacArthur Foundation's vision for circular fashion, published in October 2020 to unite the sector around a common frame of reference and definitions. As regards materials used, the Kering Standards allow the Group's Houses to identify sourcing preferences – recycled, bio-sourced or certified – by material. As stated above, in line with the Group's Circularity Ambition, the Kering Standards now include a section on products' end of life in order to promote a circular economy. In addition, the Material Innovation Lab provides House design teams with a pool of sustainable and innovative materials and assists them in the selection of circular materials. Kering also participates in the Clean by Design program to have the Houses propose free environmental related audits to suppliers, aimed at improving their environmental-related practices, especially at reducing waste and emissions. Finally, the audits performed as part of the Hercules management system also investigate waste management practices of suppliers, including recycling practices.

Animal Welfare. Kering requires that its suppliers capture, farm, transport, handle and slaughter animals in compliance with applicable local animal welfare, social, environmental and animal welfare laws and regulations. In terms of animal welfare, Kering has published its Standards for all animal species present in its supply chains. It also released standards covering cattle, sheep and goats, among others, which account for a particularly sizable proportion of the leather supply chain. Taking its commitment to animal welfare to the next level, Kering decided that all of its Houses' collections would be fur-free starting from 2022. Kering's teams and those of its Houses make numerous visits to farms and have continued to engage actively with the various potential and existing suppliers to assess and assist them in improving their sustainable environmental, biodiversity, and animal welfare management practices. The Group also continued to roll out its action plan for verifying the alignment of the Kering Standards with practices in its exotic skin supply chains. The assessment is carried out with specific programs for each supply chain, taking into account the characteristics of each animal species and each type of supplier. In this respect, it is worth noting that the Group and its Houses comply with national and international legislation and regulations on the trade of precious skins: all skins of species listed as endangered or vulnerable by the Convention on International Trade in Endangered Species ("CITES") are obtained with certificates attesting to their legal origin, issued by CITES and the export authority, to ensure that trade does not threaten endangered species.

Protecting Biodiversity. As noted above, as part of its biodiversity strategy updated in 2023 to strengthen its policy of tackling deforestation and converting ecosystems, Kering has committed to achieving a net positive impact on biodiversity by 2025. To achieve this, Kering has agreed to protect one million hectares of essential and irreplaceable habitats outside of its supply chain, and facilitate through the Regenerative Fund for Nature the transition to regenerative agricultural practices on an additional one million hectares in areas where raw materials entering Kering's supply chain are extracted. In addition, the Houses avoid sourcing materials with known negative impacts on the environment, particularly in areas of critical ecological importance. As specified in the Kering Standards, this includes ensuring that supplies are all sourced from materials that do not cause deforestation as well as ensuring that materials adhere closely to the guidelines as published within the framework of CITES. When impacts are inevitable, Kering and its Houses strive to reduce negative impacts on the environment by sourcing materials from preferred sources as defined in the Kering Standards, which list recommended third party certifications in our supply chains guaranteeing low-impact agricultural practices, such as organic farming for instance.

3.5 Whistleblowing system

Introduced in 2005, Kering's whistleblowing system was enhanced initially in 2013 with the creation of two regional Ethics Committees (Asia-Pacific and Americas), supplementing the Group Ethics Committee established in 2005, and further strengthened in 2018 to ensure compliance with France's Duty of Care Law and Sapin II Law. The whistleblowing system was updated to satisfy the requirements introduced under the Waserman Law no. 2022–401, with further enhancements being made continuously. The whistleblowing system is accessible to all Group employees, external and temporary staff and to the employees of any service provider or external partner with a contractual relationship with the Group and/or its Houses. Once the whistleblowing system was opened up to all suppliers and service providers, these third parties were informed accordingly.

Kering is fully committed to keeping the identity of whistleblowers and the information they provide strictly confidential. It prohibits retaliatory action of any kind from being taken against those who blow the whistle in good faith. The Group's whistleblowing procedure in force is laid down in full in the Kering Code of Ethics, which is publicly available on the Group's website.

Kering is committed to ensuring that all the information provided by whistleblowers, including about the implementation of the Duty of Care Law, should be properly addressed and adequate measures taken to remedy the allegations, if they prove to be well founded.

In 2020, Kering undertook an extensive communication campaign notably designed to remind the employees of its direct suppliers of its whistleblowing system and how to use it. The campaign was translated into 15 languages and took two forms: (i) a poster displayed in relevant locations at supplier and service provider sites, to gain the greatest visibility (cafeteria, locker rooms, site entrance, etc.) and (ii) a flyer to be given directly to employees. This campaign has been updated in 2021 to target newly enlisted suppliers. More information on the roll-out of this campaign can be found in the Sustainability Chapter.

3.6 Monitoring system designed to assess the effectiveness of the controls in place

In line with the cross-functional adopted by Kering to achieve a better grasp of the challenges involved in upholding human rights and protecting the environment, the Executive Committee, together with other Group-level committees, oversees implementation of the various measures set out above. These committees include the Sustainability Committee and the Audit Committee, and the Chief Audit Executive, the Chief People Officer and the Chief Sustainability and Institutional Relations Officer report to them regularly on implementation of existing controls. A dedicated committee also oversees deployment of the Hercules management system.

As noted above, Kering periodically updates its risk map to constantly review the controls designed to mitigate risks relevant to the Duty of Care Law. In addition, overall implementation of the action plans drawn up on the basis of the risk mapping exercises is tracked and supervised by the Group Compliance Department. The Department also conducts compliance reviews to ensure that the Kering compliance-related policies and procedures are properly implemented by Group entities and Houses. The Compliance Department also monitors human rights and environmental rights in the highest-risk countries for its operations and supply chain.

A number of other functions at the Group level, including the Sustainability Department and the Human Resources Department, also support the Houses with implementing Kering's policies and strategies. The implementation of the Kering internal control system within the Group's internal operations is assessed at regular intervals by the Group Internal Audit Department through the internal audits performed under the Group's annual audit plan.

As noted above, the Kering Supply Chain Audit Department conducts regular supply chain audits designed to evaluate the implementation of the Kering Sustainability Principles by the Group's suppliers, including in the areas of human rights, health and safety and environmental protection. The most serious anomalies detected during these audits are discussed and evaluated during these committee meetings attended by the Supply Chain Audit Department and the relevant Houses to consider what action to take concerning supplier relationships. Dedicated follow-up audits, at intervals varying according to the risk profile and anomalies detected, are also arranged to confirm whether the suppliers have put an end to these.

3.6.1 Monitoring and Performance Indicators

Kering has also established tracking and performance indicators designed to enhance scrutiny and ensure the controls summarized above are properly implemented.

	Internal activities	Supply chain
Human rights and Fundamental Freedoms	• 98% of Group employees worldwide completed the annual Ethics & Compliance training in 2023 • Women represent 63% of employees, 57% of managers, 56% of Board members and 42% of Executive Committee members	• 4,559 supplier audits completed in 2023, including 2,616 global audits and 1,943 follow-up audits • 32% of these audits carried out by Kering's Internal Audit team, and 68% by external auditors • Breakdown of anomalies found and still unresolved as of December 31, 2023: 78.3% of observations; 19.6% moderately important compliance breaches, 1.6% serious compliance breaches and 0.5% zero-tolerance issues • Breakdown by theme of the anomalies found during audits carried out as of December 31, 2023 (excluding observations): 70.9% Health & Safety; 14.6% Pay and working conditions; 6.6% Environment; 4.0% Working hours; 3.9% Other • Following the audits carried out to date, 64.8% of suppliers were rated compliant, 29.4% as partially compliant, 4.6% as progress expected and 1.2% as zero tolerance. • A total of 49 suppliers saw their business relationship terminated in 2023 due to unsatisfactory audit results
Health & Safety	• In 2023, 288 lost-time accidents were recorded by the Group • Accident severity rate: 0.12	
Environment	• Scope 1 and 2 emissions under the GHG Protocol: 22,841 tCO_2e • Scope 1 and 2 carbon intensity: 1.5 tCO_2e per € million in gross margin • 100% of the energy used by the Group is renewable in all the countries where this is possible, in line with the RE100 guidelines	• Scope 3 emissions (excluding product use and end of life): 2,293,706 tCO_2e • Scope 3 carbon intensity (including all Scope 3 categories): 172.4 tCO_2e per € million in gross margin • 75% of raw materials aligned with Kering Standards (2023) • 97% of traceability achieved for key raw materials at least as far as their country of origin • First seven projects covering 840,000 hectares selected for the Regenerative Fund for Nature
Reports	• 65 reports sent to the Ethics Committee in 2023 (11 still pending as of December 31, 2023) • Principal reasons for the reports submitted in 2023: behavior and management • 55 investigations into the 65 reports submitted in 2023 • 16 Code of Ethics breaches in the 54 cases closed in 2023	

CHAPTER 6

Financial statements as of December 31, 2023

1 - CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

1.1 Consolidated income statement

(in € millions)	Notes	2023	2022
CONTINUING OPERATIONS			
Revenue	**4**	**19,566**	**20,351**
Cost of sales		(4,639)	(5,153)
Gross margin		**14,927**	**15,198**
Other personnel expenses	5	(2,982)	(2,830)
Other recurring operating income and expenses		(7,199)	(6,779)
Recurring operating income		**4,746**	**5,589**
Other non-recurring operating income and expenses	7	(103)	(194)
Operating income		**4,643**	**5,395**
Financial result	8	(410)	(260)
Income before tax		**4,233**	**5,135**
Income tax expense	9	(1,163)	(1,420)
Share in earnings (losses) of equity-accounted companies		4	2
Net income from continuing operations		**3,074**	**3,717**
o/w attributable to the Group		*2,983*	*3,613*
o/w attributable to minority interests		*91*	*104*
DISCONTINUED OPERATIONS			
Net income from discontinued operations		**–**	**1**
o/w attributable to the Group		*–*	*1*
o/w attributable to minority interests		*–*	*–*
GROUP TOTAL			
Net income of consolidated companies		**3,074**	**3,718**
o/w attributable to the Group		*2,983*	*3,614*
o/w attributable to minority interests		*91*	*104*

(in € millions)	Notes	2023	2022
Net income attributable to the Group		**2,983**	**3,614**
Basic earnings per share *(in €)*	10.1	24.38	29.34
Diluted earnings per share *(in €)*	10.1	24.37	29.31
Net income from continuing operations attributable to the Group		**2,983**	**3,613**
Basic earnings per share *(in €)*	10.1	24.38	29.33
Diluted earnings per share *(in €)*	10.1	24.37	29.30
Net income from continuing operations (excluding non-recurring items) attributable to the Group		**3,061**	**3,747**
Basic earnings per share *(in €)*	10.1	25.02	30.42
Diluted earnings per share *(in €)*	10.2	25.01	30.39

1.2 Consolidated statement of comprehensive income

(in € millions)	Notes	2023	2022
Net income		**3,074**	**3,718**
Change in currency translation adjustments relating to consolidated subsidiaries:		**(75)**	**(69)**
– change in currency translation adjustments		*(75)*	*(69)*
– amounts transferred to the income statement		*–*	*–*
Change in foreign currency cash flow hedges:	**21.6**	**(4)**	**246**
– change in fair value		*268*	*(68)*
– amounts transferred to the income statement		*(271)*	*327*
– tax effects		*(1)*	*(13)*
Change in other comprehensive income (loss) of equity-accounted companies:		**–**	**–**
– change in fair value		*–*	*–*
– amounts transferred to the income statement		*–*	*–*
Gains and losses recognized in equity, to be transferred to the income statement		**(79)**	**177**
Change in provisions for pensions and other post-employment benefits:	**23**	**1**	**24**
– change in actuarial gains and losses		*1*	*30*
– tax effects		*–*	*(6)*
Change in financial assets measured at fair value:	**16.2**	**(23)**	**(225)**
– change in fair value		*(33)*	*(272)*
– tax effects		*10*	*47*
Gains and losses recognized in equity, not to be transferred to the income statement		**(22)**	**(201)**
Total gains and losses recognized in equity		**(101)**	**(24)**
Comprehensive income		2,973	3,694
o/w attributable to the Group		*2,879*	*3,576*
o/w attributable to minority interests		*94*	*118*

1.3 Consolidated balance sheet

Assets

(in € millions)	Notes	Dec. 31, 2023	Dec. 31, 2022
Goodwill	11	7,112	4,053
Brands and other intangible assets	12	8,178	7,357
Lease right-of-use assets	13.1	4,984	4,929
Property, plant and equipment	14	5,341	3,388
Investments in equity-accounted companies	15	1,750	49
Non-current financial assets	16	536	855
Deferred tax assets	9.3	1,520	1,640
Other non-current assets		16	8
Non-current assets		**29,437**	**22,279**
Inventories	17	4,550	4,465
Trade receivables and accrued income	18	1,151	1,180
Current tax receivables		765	378
Current financial assets	16	136	167
Other current assets		1,406	1,136
Cash and cash equivalents	20.1	3,922	4,336
Current assets		**11,930**	**11,662**
Assets held for sale		**–**	**–**
TOTAL ASSETS		41,367	33,941

Equity and liabilities

(in € millions)	Notes	Dec. 31, 2023	Dec. 31, 2022
Equity attributable to the Group		15,212	13,998
Equity attributable to minority interests		798	785
Equity	**19**	**16,010**	**14,783**
Non-current borrowings	20	10,026	4,347
Non-current lease liabilities	13.2	4,511	4,420
Non-current financial liabilities	22	13	–
Non-current provisions for pensions and other post-employment benefits	23	68	66
Non-current provisions	24	21	19
Deferred tax liabilities	9.3	1,776	1,572
Other non-current liabilities		311	228
Non-current liabilities		**16,726**	**10,652**
Current borrowings	20	2,400	2,295
Current lease liabilities	13.2	884	812
Current financial liabilities	22	588	663
Trade payables and accrued expenses		2,200	2,263
Current provisions for pensions and other post-employment benefits	23	12	12
Current provisions	24	163	168
Current tax liabilities		536	567
Other current liabilities		1,848	1,726
Current liabilities		**8,631**	**8,506**
Liabilities associated with assets held for sale		**–**	**–**
TOTAL EQUITY AND LIABILITIES		41,367	33,941

1.4 Consolidated statement of changes in equity

Before appropriation of net income *(in € millions)*	**Notes**	**Number of shares outstanding**	**Share capital**	**Capital reserves**	**Kering treasury shares**	**Cumulative translation adjustments**	**Remeasurement of financial instruments**	**Other reserves and net income**	**Group**	**Minority interests**	**TOTAL**
As of January 1, 2022		**124,068,705**	**499**	**1,655**	**(380)**	**(82)**	**165**	**11,469**	**13,326**	**389**	**13,715**
Net income								3,614	3,614	104	3,718
Total gains and losses recognized in equity						(83)	21	24	(38)	14	(24)
Comprehensive income						**(83)**	**21**	**3,638**	**3,576**	**118**	**3,694**
Change in equity of Kering SA		102,862		38					38	–	38
Change in equity of subsidiaries									–	346	346
Expense related to share-based payments	6							45	45	–	45
Cancellation of Kering treasury shares	19.1		(3)	(379)	382				–	–	–
(Acquisitions) disposals of Kering treasury shares[1]	19.1	(1,951,197)			(1,030)				(1,030)	–	(1,030)
Distribution of dividends	19.2							(1,605)	(1,605)	(45)	(1,650)
Other changes[2]								(352)	(352)	(23)	(375)
As of Dec. 31, 2022		**122,220,370**	**496**	**1,314**	**(1,028)**	**(165)**	**186**	**13,195**	**13,998**	**785**	**14,783**
Net income								2,983	2,983	91	3,074
Total gains and losses recognized in equity						(78)	(26)		(104)	3	(101)
Comprehensive income						**(78)**	**(26)**	**2,983**	**2,879**	**94**	**2,973**
Change in equity of Kering SA									–	–	–
Change in equity of subsidiaries									–	9	9
Expense related to share-based payments	6	16,928			10			15	25	–	25
Cancellation of Kering treasury shares	19.1		(3)	(330)	333				–	–	–
(Acquisitions) disposals of Kering treasury shares[1]	19.1	342,883			230			(217)	13	–	13
Distribution of dividends	19.2							(1,705)	(1,705)	(42)	(1,747)
Other changes[2]					5			(3)	2	(48)	(46)
As of Dec. 31, 2023		**122,580,181**	**493**	**984**	**(450)**	**(243)**	**160**	**14,268**	**15,212**	**798**	**16,010**

(1) The acquisition cost of Kering treasury shares is reflected in the Kering treasury shares column. Capital gains or losses on the sale of Kering treasury shares, along with the related expenses and taxes, are recognized in the Other reserves and net income column.
(2) Other changes include changes in scope and transactions with minority interests.

1.5 Consolidated statement of cash flows

(in € millions)	Notes	2023	2022
Net income from continuing operations		**3,074**	**3,717**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	3.1	1,823	1,666
Other non-cash (income) expenses	26	94	(334)
Cash flow received from operating activities	**26**	**4,991**	**5,049**
Interest paid (received)		300	287
Dividends received		(9)	(7)
Current tax expense	9.1	1,007	1,597
Cash flow received from operating activities before tax, dividends and interest		**6,289**	**6,926**
Change in working capital requirement	27	(396)	(902)
Income tax paid		(1,434)	(1,746)
Net cash received from operating activities		**4,459**	**4,278**
Acquisitions of property, plant and equipment and intangible assets	28	(2,611)	(1,071)
Disposals of property, plant and equipment and intangible assets		135	1
Acquisitions of subsidiaries and associates, net of cash acquired		(5,093)	(1,565)
Disposals of subsidiaries and associates, net of cash transferred		–	(32)
Acquisitions of other financial assets		(56)	(235)
Disposals of other financial assets		251	115
Interest and dividends received		76	17
Net cash received from (used in) investing activities		**(7,298)**	**(2,770)**
Increase (decrease) in share capital and other transactions		–	38
Dividends paid to shareholders of Kering SA	19.2	(1,712)	(1,483)
Dividends paid to minority interests in consolidated subsidiaries		(42)	(45)
Transactions with minority interests		(24)	317
(Acquisitions) disposals of Kering treasury shares	19.1	(10)	(1,030)
Issuance of bonds and bank debt	20.4	6,205	1,742
Redemption of bonds and bank debt	20.4	(957)	(904)
Issuance (redemption) of other borrowings		174	343
Repayment of lease liabilities		(880)	(824)
Interest paid and equivalent		(377)	(298)
Net cash received from (used in) financing activities	**29**	**2,377**	**(2,144)**
Net cash received from (used in) discontinued operations		**–**	**(8)**
Impact of exchange rates on cash and cash equivalents		18	222
Net increase (decrease) in cash and cash equivalents		**(444)**	**(422)**
Cash and cash equivalents at opening	**25**	**4,094**	**4,516**
Cash and cash equivalents at closing	**25**	**3,650**	**4,094**

1.6 Notes to the 2023 consolidated financial statements

INTRODUCTION

Kering SA, the Group's parent company, is a *société anonyme* (French corporation) with a Board of Directors, incorporated under French law, whose registered office is located at 40, rue de Sèvres, 75007 Paris, France. Kering is a global Luxury group that manages the development of a collection of renowned Houses in Fashion, Leather goods and Jewelry.

On February 7, 2024, the Board of Directors approved the consolidated financial statements as of December 31, 2023 and authorized their publication. These consolidated financial statements will only be considered as final after their adoption by the April 25, 2024 Annual General Meeting.

The consolidated financial statements as of December 31, 2023 reflect the accounting position of Kering SA, its subsidiaries and its associates (the "Group").

Pursuant to European Regulation no. 1606/2002 of July 19, 2002, these consolidated financial statements were prepared in accordance with applicable international financial reporting standards (IFRSs) as endorsed by the European Union and mandatorily applicable as of the reporting date.

The accounting policies and methods applied by the Group pursuant to IFRSs are set out in Note 33 – Accounting policies and methods.

Unless otherwise stated, amounts are stated in millions of euros. In general, amounts stated in the consolidated financial statements and notes to the consolidated financial statements are rounded to the nearest unit. As a result, the sum of the rounded amounts may show non-material differences relative to the stated total.

NOTE 1 – SIGNIFICANT EVENTS OF 2023

Acquisition of prestigious real-estate assets in Paris

In 2023, Kering acquired three prestigious buildings in Paris, located on Rue de Castiglione (close to Place Vendôme in the first *arrondissement*) and Avenue Montaigne (in the eighth *arrondissement*).

Those investments form part of Kering's selective real-estate strategy aimed at securing key locations that are highly desirable for its Houses.

In accordance with its long-term financial strategy, the Group intends to implement a disciplined and flexible approach to managing its real-estate portfolio.

Kering Beauté acquires Creed, the high-end luxury heritage fragrance house

On June 26, 2023, Kering Beauté announced that it had signed an agreement to acquire 100% of Creed. The transaction was completed on October 17, 2023 and Creed has been fully consolidated in the consolidated financial statements since November 1, 2023.

Established in 1760 by James Henry Creed, the House of Creed is the largest global independent player in the fast-growing high-end fragrance market, with distinctive, timeless and sophisticated fragrance collections. In recent years, Creed has delivered double-digit growth, along with outstanding profitability and very high EBITDA margins, while never compromising on product quality and maintaining its very strong brand image. In its financial year ended March 31, 2023, Creed generated revenue of more than €250 million. Creed offers a tailored, elevated in-store experience through its network of branded stores, and quality distribution through around 1,400 points of sale globally.

The acquisition of Creed is a major milestone for Kering Beauté. Creed is a perfect fit with Kering's portfolio of renowned Luxury brands, and immediately gives Kering Beauté substantial scale, an attractive financial profile, as well as a platform for supporting the future development of other Kering Beauté fragrance franchises, particularly by leveraging Creed's global distribution network.

While preserving Creed's rich heritage and exclusive brand image, Kering Beauté will further unlock Creed's potential across geographies, sales channels, and categories, notably by accelerating its development in China and in Travel Retail, and by further expanding its portfolio in the women's fragrance, body and home categories.

Kering and Mayhoola announce Kering's acquisition of a significant stake in Valentino as part of a broader strategic partnership

On July 27, 2023, Kering and Mayhoola entered into a binding agreement for Kering to acquire a 30% shareholding in Valentino, for a cash consideration of €1.7 billion. The agreement includes a cross-option agreement allowing Kering to acquire 100% of Valentino's share capital no later than 2028.

Founded in Rome in 1960 by Valentino Garavani, Valentino is one of the most internationally recognized Italian luxury houses. Valentino is a Maison de Couture with a strong heritage, positioned at the high end of the Luxury market. With its Haute Couture roots and a portfolio of iconic creations, Valentino has also developed a range of Ready-to-wear, Leather goods and Accessories that have attracted a very loyal customer base and are worn by celebrities around the world. Today, Valentino has 211 directly operated stores in more than 25 countries and it generated revenue of €1.4 billion and recurring EBITDA of €350 million in 2022.

The transaction is part of a broader strategic partnership between Kering and Mayhoola, which could lead to Mayhoola becoming a shareholder in Kering.

On November 30, 2023, Kering announced that it had completed the acquisition, in accordance with the terms disclosed on July 27, 2023 and following clearance from the antitrust authorities. This stake has been accounted for in Kering's financial statements using the equity method since November 30, 2023.

Boucheron announces the acquisition of a High Jewelry workshop

On November 6, 2023, as part of its ongoing growth and development strategy, Boucheron acquired a High Jewelry workshop, renowned for its excellent expertise in traditional craftsmanship. The acquisition allows Boucheron to reinforce the production capacity of its historical High Jewelry workshop.

The workshop is composed of four companies: Blondeau, Belter, Chanson and FG Développement, which have worked together at the same address since 2017. Together, they have around sixty artisans (CAD designers, jewelers, lapidaries, setters and polishers) who are involved in each step of the process in the making of a High Jewelry creation.

The workshop's teams joined Boucheron on October 31, 2023, working alongside its established workshop at 26, Place Vendôme to develop the House's High Jewelry collections.

Kering Eyewear acquires UNT, one of its key suppliers in the production of high-precision components

On June 30, 2023, Kering Eyewear acquired 100% of the share capital of French company UNT (*Usinage & Nouvelles Technologies*), to strengthen its position in the Luxury eyewear industry. UNT is a key player in the manufacturing of high-precision metal and mechanical components for the entire Luxury eyewear sector.

Following on from the acquisition of Manufacture Kering Eyewear – previously *Manufacture Cartier Lunettes* – in France in 2017 and the purchase of a stake in *Trenti Industria Occhiali* in Italy in 2019, this transaction represents another important step in the industrial development strategy of Kering Eyewear, which controls its supply chain through strategic partnerships with industry-leading manufacturers, ensuring an unparalleled level of quality and technical expertise.

Kering Eyewear and UNT share the same vision and values of excellence, craftsmanship, innovation and sustainability.

Three bond issues in euros and sterling, for €1.5 billion, €3.8 billion and £800 million respectively

As part of the Group's active liquidity management, Kering carried out three bond issues in 2023, enabling it to enhance its financial flexibility and allowing it both to refinance existing debt and finance its recent acquisitions.

The great success of these issues with investors underscored the market's confidence in the Group's credit quality.

- Dual-tranche issue on February 20, 2023 for a total amount of €1.5 billion:
  - a €750 million tranche with a 6-year maturity and a 3.25% coupon,
  - and a €750 million tranche with a 10-year maturity and a 3.375% coupon.

  The issue allowed the Group to refinance its existing debt.
- Four-tranche issue on August 29, 2023 for a total amount of €3.8 billion bond issue:
  - a €750 million tranche with a 2-year maturity and a 3.75% coupon,
  - a €750 million tranche with a 4-year maturity and a 3.625% coupon,
  - a €1 billion tranche with a 8-year maturity and a 3.625% coupon,
  - a €1.3 billion tranche with a 12-year maturity and a 3.875% coupon.

  This issue was notably intended to finance the acquisition of Creed.
- Dual-tranche issue on November 16, 2023, for a total amount of £800 million:
  - a £400 million tranche with a 3-year maturity and a 5.125% coupon,
  - a £400 million tranche with a 9-year maturity and a 5% coupon.

  This issue allowed the Group to diversify its sources of funding, by accessing for the first time the sterling bond market.

NOTE 2 – SUBSEQUENT EVENTS

Acquisition of a prestigious property in New York City

On January 22, 2024 and continuing the strategy implemented in 2023, Kering announced the acquisition of a prestigious New York City property comprising multi-level luxury retail spaces, totaling approximately 115,000 sq. ft, or 10,700 sq. m., located at 715-717 Fifth Avenue, on the Southeast corner of 56th Street, for a consideration of $963 million (€885 million).

No other significant event took place between December 31, 2023 and February 7, 2024, the date on which the Board of Directors approved the annual financial statements.

NOTE 3 – OPERATING SEGMENTS

3.1 Information by operating segment

(in € millions)	Gucci	Yves Saint Laurent	Bottega Veneta	Other Houses	Kering Eyewear and Corporate	Eliminations[1]	Total
2023							
Revenue	**9,873**	**3,179**	**1,645**	**3,514**	**1,568**	**(213)**	**19,566**
Recurring operating income	**3,264**	**969**	**312**	**212**	**(7)**	**(4)**	**4,746**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	735	250	182	373	283	N/A	1,823
EBITDA	3,999	1,219	494	585	276	(4)	6,569
Acquisitions of property, plant and equipment and intangible assets[2]	435	186	105	247	1,638	N/A	2,611

(1) Intra-group eliminations are now disclosed in a separate column.

(2) Including the acquisition of strategic real-estate properties up to €1,380 million.

(in € millions)	Gucci	Yves Saint Laurent	Bottega Veneta	Other Houses	Kering Eyewear and Corporate	Eliminations	Total
2022							
Revenue	**10,487**	**3,300**	**1,740**	**3,874**	**1,139**	**(189)**	**20,351**
Recurring operating income	**3,732**	**1,019**	**366**	**558**	**(88)**	**2**	**5,589**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	684	232	175	330.0	245	N/A	1,666
EBITDA	4,416	1,251	541	888	157	2	7,255
Acquisitions of property, plant and equipment and intangible assets	408	112	92	221	238	N/A	1,071

3.2 Revenue by region

(in € millions)	2023	2022
Asia-Pacific (Excluding Japan)	6,848	6,568
Western Europe	5,405	5,566
North America	4,500	5,547
Japan	1,400	1,244
Rest of the world	1,413	1,425
TOTAL	19,566	20,351

NOTES ON THE CONSOLIDATED INCOME STATEMENT

NOTE 4 – REVENUE

(in € millions)	2023	2022
Sales from directly operated stores including e-commerce	15,446	16,007
Wholesale sales, royalties and other revenue[1]	4,120	4,344
TOTAL	19,566	20,351

(1) After elimination of intra-group sales.

NOTE 5 – PERSONNEL EXPENSES AND HEADCOUNT

5.1 Personnel expenses by type

(in € millions)	2023	2022
Wages, salaries and payroll taxes	(2,682)	(2,497)
Expenses related to pensions and other post-employment benefits under defined benefit plans	(11)	(11)
Expense related to share-based payments	(10)	(29)
Other	(279)	(294)
TOTAL[1]	(2,982)	(2,830)

(1) Excludes personnel expenses included in the cost of sales.

5.2 Average headcount on a full-time equivalent basis by region

	2023	2022
Asia-Pacific (excluding Japan)	12,318	12,306
Western Europe	21,777	19,487
North America	5,638	4,825
Japan	2,808	2,681
Rest of the world	3,473	3,337
TOTAL	46,014	42,637

5.3 Headcount on the payroll at year-end by region

	Dec. 31, 2023	Dec. 31, 2022
Asia-Pacific (excluding Japan)	12,739	12,888
Western Europe	23,593	21,914
North America	5,957	5,840
Japan	2,978	2,934
Rest of the world	3,697	3,651
TOTAL	48,964	47,227

NOTE 6 – SHARE-BASED PAYMENT

6.1 Cash-settled plans

Until 2019, the Group granted certain employees Kering Monetary Units (KMUs), which are long-term share-based incentives that are systematically settled in cash and subject to continuing service conditions for all beneficiaries, and also subject to performance conditions for executive corporate officers. The Group recognizes its obligations as services are rendered by the beneficiaries, over the period from the grant date to the vesting date.

Vested rights may be exercised over a period of two years, during which beneficiaries can opt to cash out some or all of their KMUs in April and October, at their discretion, based on the most recently determined value.

The unit value of the KMUs awarded is determined and changes based on movements in the Kering share price by itself and in comparison with the average performance of a basket of seven stocks from the Luxury industry. The exercise date is the date at which all of the specified vesting conditions are satisfied, and as of which the beneficiaries are entitled to ask for payment of their entitlements.

At December 31, 2023, all share-based long-term incentive plans had been exercised, with the 2019 plan reaching the end of its exercise period in October 2023.

Information on grants

Year granted	2019
Grant date	1/1/2019
Vesting period	3 years
Exercise period	2 years
Last exercise window	October 2023
Number of beneficiaries on the grant date	345
Number of shares initially granted	38,205
Unit fair value at grant date *(in €)*	753

Number of shares outstanding

Year granted	2019
Balance as of December 31, 2022	**3,758**
Number granted	–
Number forfeited	(29)
Number exercised	(3,729)
Balance as of December 31, 2023	–
o/w exercisable as of December 31, 2023	–
Weighted average price per instrument exercised *(in €)*	1,287

6.2 Plans settled in Kering shares

Free share and performance share plans

Since 2020, with respect to its long-term incentive plans, Kering has introduced free share and performance share plans for senior executives and certain Group employees. The characteristics of these plans are as follows:

Information on grants

Year granted	2020	2021	2022	2023
Grant date	10/01/2020	10/01/2021	10/04/2022	10/03/2023
Vesting period	3 years	3 years	3 years	3 years
Number of beneficiaries on the grant date	351	372	497	610
Number of shares initially granted	46,596	42,752	74,274	73,222
Unit fair value at grant date *(in €)*	542.6-608.7	622.5-628.3	457.2-461.5	397.3-403.4

Number of shares outstanding

Year granted	2020	2021	2022	2023
Balance as of December 31, 2022	**38,631**	**38,250**	**68,336**	**–**
Number granted	–	–	–	73,222
Number forfeited	(21,703)	(7,798)	(12,282)	(1,395)
Number delivered	(16,928)	–	–	–
Balance as of December 31, 2023	**–**	**30,452**	**56,054**	**71,827**

Under performance share plans, the final number of shares delivered to beneficiaries who continue to be employed by the Group at the end of the vesting period cannot be less than 50% of, or over 50% more than the initial grant made to these beneficiaries. The performance adjustment ratio used to calculate the final number of shares to be delivered is determined in line with Kering's share performance over the three-year vesting period versus the performance of the industry as a whole, as measured by an index of eight European luxury stocks. As well as the performance conditions applicable to all beneficiaries, specific performance conditions apply to the corporate officers, as outlined at the Annual General Meetings of June 16, 2020, April 22, 2021, April 28, 2022 and April 27, 2023.

Other free share and performance share plans

Kering may also include share-based payments in plans specifically introduced for key executives from the Houses, reflecting the creation of value at their respective brands.

A plan of this type was set up in 2020 and was settled in Kering shares in 2023 after an accelerated vesting period of three years compared with the initial vesting period of five years.

The fair value of this benefit at the grant date was calculated by an independent expert using the Black & Scholes and Monte Carlo methods, and amounted to €55 million.

NOTE 7 – OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

(in € millions)	2023	2022
Gains relating to changes in scope	28	29
Capital gains on disposals of non-current assets	85	–
Restructuring reversal	35	–
Other	19	4
Other non-recurring operating income	**167**	**33**
Losses relating to changes in scope	(1)	(21)
Capital losses on disposals of non-current assets	–	–
Impairment of goodwill and other non-current assets	(70)	(41)
Restructuring costs	(111)	(36)
Acquisition costs	(39)	(29)
Other	(50)	(101)
Other non-recurring operating expenses	**(270)**	**(227)**
Other non-recurring operating income and expenses	(103)	(194)

Restructuring costs in 2023, net of reversals, mainly concern the continuation of the restructuring that began at Gucci in 2022. Other expenses comprise:

- impairment of other non-current assets, mainly related to the reorganization of Gucci's creative studio;
- impairment of other assets at Alexander McQueen and Brioni; and
- costs relating to the acquisition of Creed.

The gain from changes in the scope of consolidation arose from the change in consolidation method used for Ginori 1735.

The €85 million capital gain on asset disposals arose from the disposal of a building in London.

In 2022, other non-current operating expenses mainly concerned the cost of reorganizing Gucci's design studio, the impact of the change in estimate relating to inventories and impairment of assets in Russia. Other income were related to the disposal of Ulysse Nardin and Girard Perregaux.

NOTE 8 – FINANCIAL RESULT

(in € millions)	2023	2022
Cost of net debt[(1)]	**(108)**	**(47)**
Income from cash and cash equivalents	102	10
Finance costs at amortized cost	(210)	(57)
Other financial income and expenses	**(151)**	**(89)**
Net gains (losses) on financial assets	15	(3)
Net foreign exchange gains (losses)	(64)	(28)
Ineffective portion of cash flow and fair value hedges	(95)	(154)
Net gains (losses) on derivative instruments not qualifying for hedge accounting	9	111
Other finance costs	(16)	(15)
Financial result excluding leases	**(259)**	**(136)**
Interest expense on lease liabilities	(151)	(124)
TOTAL	(410)	(260)

(1) Net debt is defined in Note 33.1.5.

The Group's cost of net debt was €108 million in 2023 (€47 million in 2022). This €61 million increase was mainly due to the rise in interest expenses, arising from the increase in the Group's average amount of debt against a background of rising short- and long-term interest rates, partly offset by the significant increase in interest income on the Group's cash position as a result of higher interest rates.

Other financial income and expense produced a net expense of €151 million in 2023 (€89 million in 2022). This €62 million increase was mainly due to the non-recurrence of the €106 million positive impact that arose in 2022 from revaluing the option component of the bonds exchangeable for PUMA shares (redeemed in September 2022) at fair value through the income statement.

NOTE 9 – INCOME TAXES

9.1 Income tax expense

(in € millions)	2023	2022
Current tax expense	(1,007)	(1,597)
Deferred tax income/(expense)	(156)	177
TOTAL	(1,163)	(1,420)

9.2 Reconciliation of the effective tax rate

(in € millions)	2023	2022
Income before tax	4,233	5,135
Income tax expense	(1,163)	(1,420)
Effective tax rate	**27.5%**	**27.7%**
Other non-recurring operating income and expenses	(103)	(194)
Recurring income before tax	4,336	5,329
Income tax on other non-recurring operating income and expenses	25	60
Tax expense on recurring income	(1,188)	(1,480)
Effective tax rate on recurring income	**27.4%**	**27.8%**

(as a % of pre-tax income)	**2023**	**2022**
Tax rate applicable in France	**25.8%**	**25.8%**
Differences in the tax rates applicable to foreign subsidiaries	-1.9%	-0.9%
Permanent differences	-0.4%	-0.4%
Unrecognized tax losses carried forward	-0.8%	1.4%
Other differences	4.7%	1.8%
Effective tax rate on recurring income	**27.4%**	**27.8%**
Differences relating to other non-recurring operating income and expenses (permanent differences and differences in tax rates)	0.1%	-0.1%
Effective tax rate	**27.5%**	**27.7%**

The income tax rate applicable in France in 2023 was the standard rate of 25%, plus a social surtax of 3.3%, bringing the overall rate to 25.8%.

Differences in the tax rates applicable to foreign subsidiaries correspond to the difference between the statutory tax rate applicable in France and the different statutory tax rates applicable in other countries in which the Group does business.

Permanent differences result from expenses not deductible and/or income not taxable pursuant to the tax laws of the countries in which the Group operates.

Other differences mainly relate to other taxes, such as the IRAP regional production tax in Italy, the CVAE tax on value added in France, tax credits, and the impact of any tax reassessments.

9.3 Deferred tax assets and liabilities

(in € millions)	**Dec. 31, 2022**	**Income statement**	**Gains and losses recognized in equity**	**Other changes**[1]	**Dec. 31, 2023**
Deferred tax assets	1,640	(91)	2	(31)	1,520
Deferred tax liabilities	(1,572)	(65)	7	(146)	(1,776)
Net deferred tax assets (liabilities)	**68**	**(156)**	**9**	**(177)**	**(257)**
Value of brands	(1,544)	3	–	(140)	(1,681)
Inventories: elimination of internal margins and impairment	1,189	(140)	–	(23)	1,026
Other adjustments	403	(32)	9	(10)	370
Tax loss carryforwards	20	13	–	(4)	28

(1) "Other changes" include foreign exchange differences and changes in scope.

9.4 Unrecognized deferred tax assets

(in € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Deferred tax assets on tax loss carryforwards	332	368
Deferred tax assets on other temporary differences	39	41
Unrecognized deferred tax assets	**370**	**410**

(in € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Unrecognized tax loss carryforwards expiring in *(tax base)*	968	1,156
less than five years	*9*	*25*
more than five years	*959*	*1,132*
Indefinite unrecognized tax loss carryforwards *(tax base)*	607	623
Total unrecognized tax loss carryforwards *(tax base)*	**1,575**	**1,779**

NOTE 10 – EARNINGS PER SHARE

10.1 Earnings per share

2023

	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to the Group *(in € millions)*	**2,982.6**	**2,982.6**	**–**
Weighted average number of ordinary shares outstanding	123,953,244	123,953,244	123,953,244
Weighted average number of Kering treasury shares	(1,606,750)	(1,606,750)	(1,606,750)
Weighted average number of ordinary shares	**122,346,494**	**122,346,494**	**122,346,494**
Basic earnings per share *(in €)*	**24.38**	**24.38**	**–**
Weighted average number of ordinary shares	122,346,494	122,346,494	122,346,494
Potentially dilutive ordinary shares	36,436	36,436	36,436
Weighted average number of diluted ordinary shares	**122,382,930**	**122,382,930**	**122,382,930**
Diluted earnings per share *(in €)*	**24.37**	**24.37**	**–**

2022

	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to the Group *(in € millions)*	**3,613.8**	**3,612.7**	**1.0**
Weighted average number of ordinary shares outstanding	124,705,057	124,705,057	124,705,057
Weighted average number of Kering treasury shares	(1,545,941)	(1,545,941)	(1,545,941)
Weighted average number of ordinary shares	**123,159,116**	**123,159,116**	**123,159,116**
Basic earnings per share *(in €)*	**29.34**	**29.33**	**0.01**
Weighted average number of ordinary shares	123,159,116	123,159,116	123,159,116
Potentially dilutive ordinary shares	135,529	135,529	135,529
Weighted average number of diluted ordinary shares	**123,294,645**	**123,294,645**	**123,294,645**
Diluted earnings per share *(in €)*	**29.31**	**29.30**	**0.01**

10.2 Earnings per share from continuing operations excluding non-recurring items

Non-recurring items presented below consist of other non-recurring operating income and expenses (see Note 7), reported net of tax and any minority interests.

(in € millions)	2023	2022
Net income from continuing operations attributable to the Group	**2,982.6**	**3,612.7**
Other non-recurring operating income and expenses	(102.8)	(194.0)
Income tax on other non-recurring operating income and expenses	24.7	60.0
Net income from continuing operations (excluding non-recurring items) attributable to the Group	**3,060.7**	**3,746.7**

	2023	2022
Weighted average number of ordinary shares outstanding	123,953,244	124,705,057
Weighted average number of Kering treasury shares	(1,606,750)	(1,545,941)
Weighted average number of ordinary shares	**122,346,494**	**123,159,116**
Basic earnings per share from continuing operations excluding non-recurring items *(in €)*	**25.02**	**30.42**
Weighted average number of ordinary shares	122,346,494	123,159,116
Potentially dilutive ordinary shares	36,436	135,529
Weighted average number of diluted ordinary shares	**122,382,930**	**123,294,645**
Diluted earnings per share from continuing operations excluding non-recurring items *(in €)*	**25.01**	**30.39**

NOTES ON THE CONSOLIDATED BALANCE SHEET

NOTE 11 – GOODWILL AND IMPAIRMENT TESTS

11.1 Changes during the period

2023

(in € millions)	As of January 1	Acquisitions	Impairment losses	Changes in scope	Foreign exchange differences	Other movements	As of December 31
Gross	**4,261**	**3,508**	**–**	**–**	**72**	**(517)**	**7,324**
Impairment losses	(207)	–	–	–	(5)	–	(211)
NET	4,053	3,508	–	–	67	(517)	7,112

Acquisitions in 2023 corresponds mainly to €3,423 million of provisional goodwill relating to Creed. The €517 million of Other movements corresponds mainly to the allocation of goodwill relating to Maui Jim.

Creed's revenue for the period is €62 million.

2022

(in € millions)	As of January 1	Acquisitions	Impairment losses	Changes in scope	Foreign exchange differences	Other movements	As of December 31
Gross	**3,094**	**1,474**	**–**	**–**	**(114)**	**(194)**	**4,261**
Impairment losses	(203)	–	–	–	(4)	–	(207)
NET	2,891	1,474	–	–	(118)	(194)	4,053

Acquisitions in 2022 corresponds mainly to €1,455 million of provisional goodwill relating to Maui Jim. The €194 million of Other movements corresponds mainly to the allocation of goodwill relating to Lindberg.

11.2 Impairment tests

As part of the goodwill measurement process, an impairment test was carried out as of December 31, 2023. The main assumptions used for each cash-generating unit (CGU) or group of CGUs are as follows:

2023

	Goodwill			
Dec. 31, 2023 *(in € millions)*	Net carrying amount	Discount rate (before tax)	Perpetual growth rate	Business plan time frame
Gucci CGU	1,649	15.4%	3.0%	5 years
Other CGUs	5,464	12.1% - 15.7%	3.0%	5 or 10 years
TOTAL	7,112			

2022

	Goodwill			
Dec. 31, 2022 *(in € millions)*	Net carrying amount	Discount rate (before tax)	Perpetual growth rate	Business plan time frame
Gucci CGU	1,652	15.2%	3.0%	5 years
Other CGUs	2,401	11.8% - 15.2%	3.0%	5 or 10 years
TOTAL	4,053			

In 2023, no impairment loss was recognized in the income statement as a result of impairment tests.

Recoverable amounts determined as part of impairment tests underwent sensitivity testing based on a 10-basis-point increase in the post-tax discount rate, a 10-basis-point decrease in the perpetual growth rate and a 10-basis-point decrease in cash flows.

These tests did not show a recoverable amount less than the carrying amount of cash-generating units or groups of cash-generating units.

NOTE 12 – BRANDS AND OTHER INTANGIBLE ASSETS

(in € millions)	Gross	Amortization and impairment	Dec. 31, 2023 Net	Dec. 31, 2022 Net
Brands	7,311	(103)	7,208	6,655
Other intangible assets	2,216	(1,245)	970	702
TOTAL	9,527	(1,348)	8,178	7,357

In 2023, changes in brands and other intangible assets were as follows:

2023

(in € millions)	Carrying amount as of January 1	Acquisitions	Amortization	Impairment losses	Changes in scope	Foreign exchange differences	Other movements	Carrying amount as of December 31
Brands	6,655	–	–	–	–	(76)	628 (1)	7,208
Other intangible assets	702	311	(221)	–	114	(9)	74	970
TOTAL	7,357	311	(221)	–	114	(85)	702	8,178

(1) The amount under "Other movements" relates mainly to the Maui Jim brand.

2022

(in € millions)	Carrying amount as of January 1	Acquisitions	Amortization	Impairment losses	Changes in scope	Foreign exchange differences	Other movements	Carrying amount as of December 31
Brands	6,406	–	–	–	–	2	247 (1)	6,655
Other intangible assets	597	279	(177)	–	4	1	(2)	702
TOTAL	7,003	279	(177)	–	4	3	245	7,357

(1) The amount under "Other movements" relates to the Lindberg brand.

NOTE 13 – LEASES

13.1 Lease right-of-use assets

(in € millions)	Gross	Depreciation and impairment	Dec. 31, 2023 Net	Dec. 31, 2022 Net
Stores	6,498	(2,792)	3,706	3,682
Offices and other	1,758	(607)	1,151	1,126
Capitalized fixed lease payments	**8,256**	**(3,399)**	**4,857**	**4,808**
Lease rights	217	(91)	127	121
TOTAL	8,473	(3,490)	4,984	4,929

Change in lease right-of-use assets

2023

(in € millions)	Carrying amount as of January 1	New leases	Lease modifi-cations	Early termi-nations	Depreciation	Impairment losses	Foreign exchange differences	Other	Carrying amount as of December 31
Stores	3,682	1,060	147	(84)	(815)	(10)	(106)	(168)	3,706
Offices and other	1,126	245	7	(54)	(161)	(29)	(7)	23	1,151
Total	**4,808**	**1,305**	**154**	**(138)**	**(976)**	**(39)**	**(113)**	**(145)**	**4,857**
Lease rights	121	13	-	-	(9)	(2)	(1)	5	127
TOTAL	4,929	1,318	154	(138)	(985)	(41)	(114)	(140)	4,984

2022

(in € millions)	Carrying amount as of January 1	New leases	Lease modifi-cations	Early termin-ations	Depreciation	Impairment losses	Foreign exchange differences	Other	Carrying amount as of December 31
Stores	3,299	1,045	110	(35)	(771)	(18)	44	7	3,682
Offices and other	896	376	41	(37)	(154)	–	6	(3)	1,126
Total	**4,196**	**1,421**	**151**	**(72)**	**(925)**	**(18)**	**50**	**4**	**4,808**
Lease rights	106	14	–	–	(10)	–	(1)	13	121
TOTAL	4,302	1,435	151	(72)	(935)	(18)	49	17	4,929

13.2 Lease liabilities

(in € millions)	Less than one year	One to five years	More than five years	Total as of Dec. 31, 2023	Total as of Dec. 31, 2022
Maturity schedule of lease liabilities	884	2,519	1,992	5,395	5,232

As of December 31, 2023, current lease liabilities amounted to €884 million (€812 million in 2022). Non-current lease liabilities totaled €4,511 million (€4,420 million in 2022).

Change in lease liabilities

2023

(in € millions)	Carrying amount as of January 1	New leases	Repay-ments	Interest expense	Lease modifi-cations	Early termi-nations	Foreign exchange difference	Other	Carrying amount as of December 31
Stores	4,027	1,066	(850)	119	138	(99)	(116)	(133)	4,153
Offices and other	1,204	248	(180)	32	7	(68)	(8)	7	1,242
TOTAL	5,232	1,314	(1,030)	151	145	(167)	(124)	(126)	5,395

2022

(in € millions)	Carrying amount as of January 1	New leases	Repay-ments	Interest expense	Lease modifi-cations	Early termi-nations	Foreign exchange difference	Other	Carrying amount as of December 31
Stores	3,540	1,033	(780)	98	112	(34)	48	10	4,027
Offices and other	961	375	(168)	26	42	(37)	8	(3)	1,204
TOTAL	4,501	1,408	(948)	124	154	(71)	56	7	5,232

13.3 Impact of leases in the income statement

(in € millions)	2023	2022
Depreciation of lease right-of-use assets	(985)	(935)
Interest expense on lease liabilities	(151)	(124)
Impairment of lease right-of-use assets	41	18
Expense related to capitalized fixed lease payments	**(1,094)**	**(1,041)**
Rental expense – Variable lease payments	(1,032)	(989)
Rental expense – Short-term leases and/or Leases with a low-value underlying asset	(96)	(101)
Sub-lease revenue	10	10
Other lease expenses	**(1,118)**	**(1,080)**
TOTAL	(2,212)	(2,121)

13.4 Net deferred tax assets (liabilities) on leases

(in € millions)	Dec. 31, 2023	Dec. 31, 2022
Deferred tax assets	1,463	1,159
Deferred tax liabilities	(1,408)	(1,124)
Net deferred tax assets (liabilities)	55	35

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

(in € millions)	Gross	Depreciation and Impairment	Dec. 31, 2023 Net	Dec. 31, 2022 Net
Land and buildings	2,681	(274)	2,407	683
Plant and equipment	5,617	(3,084)	2,532	2,211
Other property, plant and equipment	530	(128)	402	494
TOTAL	8,828	(3,487)	5,341	3,388

2023

(in € millions)	Carrying amount as of January 1	Acquisitions	Disposals	Depreciation	Impairment losses	Changes in scope	Foreign exchange differences	Other movements	Carrying amount as of December 31
Land and buildings	683	1,695 (1)	(33)	(27)	–	17	(8)	80	2,407
Plant and equipment	2,211	743	(2)	(591)	(20)	19	(67)	239	2,532
Other property, plant and equipment	494	168	(1)	(16)	(1)	10	(9)	(244)	402
TOTAL	3,388	2,607	(37)	(634)	(21)	47	(83)	76	5,341

(1) Acquisitions in the period correspond mainly to acquisitions of strategic real-estate assets in Paris (cf. Note 1).

2022

(in € millions)	Carrying amount as of January 1	Acquisitions	Disposals	Depreciation	Impairment losses	Changes in scope	Foreign exchange differences	Other movements	Carrying amount as of December 31
Land and buildings	672	14	–	(21)	2	13	(7)	10	683
Plant and equipment	1,946	605	(4)	(515)	(18)	24	14	159	2,211
Other property, plant and equipment	349	333	–	(20)	–	6	4	(178)	494
TOTAL	2,967	952	(4)	(556)	(16)	42	12	(9)	3,388

NOTE 15 – INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

Companies accounted for by the equity method comprise associates (cf. Note 34). The Group's investments in associates break down as follows:

(in € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Valentino	1,698	0
Other investments in equity-accounted companies	52	49
TOTAL	1,750	49

Minority interests held by Kering generated €4 million of net earnings from equity-accounted companies in 2023 (€2 million in 2022).

The acquisition of a shareholding in Valentino on November 30, 2023 was accompanied by cross put and call options under which the Group is committed from May 2026 through August 2028 to acquiring an additional 70% shareholding should the options be exercised.

These options were granted on an arm's-length basis.

Should the option be exercised, the exercise price will be adjusted on the basis of Valentino's performance and prospects for future years. The value of this commitment at closing is estimated at around €4 billion (cf. Note 30.3).

No other financial or operating commitment has been granted to Valentino, which is accounted for by the equity method.

NOTE 16 – FINANCIAL ASSETS

16.1 Breakdown of financial assets

(in € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Non-consolidated investments[(1)]	167	416
Loans and receivables	3	1
Deposits and guarantees	232	226
Other financial investments[(2)]	136	213
Non-current financial assets	**536**	**855**
Derivative instruments	122	163
Loans and receivables	14	3
Current financial assets	**136**	**167**

(1) Including a 0.4% interest in PUMA in 2023 (3% in 2022).
(2) Including a €5 million investment in the "Climate Fund for Nature" carbon fund managed by Natixis subsidiary Mirova.

16.2 Financial assets at fair value

(in € millions)	Dec. 31, 2023	Dec. 31, 2022
Non-consolidated investments	167	416
o/w changes in fair value recognized through equity	*166*	*408*
o/w changes in fair value recognized through the income statement	*1*	*9*
Derivative instruments	122	163
Other financial investments	136	213
o/w changes in fair value recognized through equity	*130*	*205*
o/w changes in fair value recognized through the income statement	*6*	*7*
Financial assets at fair value	**425**	**791**

The fair value of non-consolidated investments quoted on an active market is their market price as of the reporting date (level 1 of the fair value hierarchy). This category chiefly includes PUMA shares. The fair value of non-consolidated investments not quoted on an active market is determined using internal valuation techniques drawing on non-observable inputs (level 3 of the fair value hierarchy). The securities in this category are not material.

The fair value of derivative instruments is determined using valuation techniques drawing on observable market inputs (such as forward rates and interest rate curves) and on commonly used models (level 2 of the fair value hierarchy) (cf. Note 21).

The fair value of other financial investments measured at fair value is determined using internal valuation techniques drawing on non-observable inputs (level 3 of the fair value hierarchy).

NOTE 17 – INVENTORIES

(in € millions)	Dec. 31, 2023	Dec. 31, 2022
Commercial inventories	4,981	4,707
Industrial inventories	1,094	1,102
Gross Value	**6,075**	**5,809**
Allowances	(1,525)	(1,343)
Carrying amount	**4,550**	**4,465**

Movements in allowances

(in € millions)	As of January 1	Additions	Reversals	Changes in scope	Assets held for sale	Foreign exchange differences	Other movements	As of December 31
2023	(1,343)	(244)	62	(11)	–	24	(12)	(1,525)
2022	(1,858)	(311)	84	(9)	–	(6)	756	(1,343)

In 2022, Other movements included a reclassification between gross value and allowances, following the adoption of a new technique for measuring inventories.

NOTE 18 – TRADE RECEIVABLES AND ACCRUED INCOME

(in € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Trade receivables and accrued income	1,178	1,207
Allowances	(26)	(27)
Carrying amount	**1,151**	**1,180**

Movements in allowances

(in € millions)	As of January 1	Net (additions) reversals	Changes in scope	Foreign exchange differences	Other movements	As of December 31
2023	(27)	1	(2)	1	1	(26)
2022	(31)	5	(1)	(1)	–	(27)

Breakdown of trade receivables and accrued income by age

(in € millions)	2023	2022
Receivables not yet due	999	1,027
Past due receivables:	179	180
Less than one month	*108*	*99*
One to six months	*61*	*69*
More than six months	*10*	*12*
Allowances	(26)	(27)

Credit risk

In light of the Group's business model, with wholesale sales and royalties received from wholesalers making a smaller contribution to total sales, the Group does not have significant exposure to credit risk. Furthermore, with respect to wholesalers, the Group has no dependency or concentration risk. The Group substantially limits the credit risk linked to these parties by taking out credit insurance.

NOTE 19 – EQUITY

As of December 31, 2023, the share capital amounted to €493,683,112, comprising 123,420,778 fully paid-up shares with a par value of €4 each. This represents a reduction of €2,600,000 following the cancellation of 650,000 shares under the share buyback program (share capital of €496,283,112 comprising 124,070,778 shares as of December 31, 2022).

Excluding the 840,597 Kering treasury shares, there were 122,580,181 shares issued and outstanding as of December 31, 2023.

19.1 Kering treasury shares

	Dec. 31, 2023		Dec. 31, 2022	
(in € millions)	Number	Amount	Number	Amount
Liquidity agreement	6,750	3	–	–
Share buyback program (for cancellation)	–	–	650,000	333
Share-based payment	833,847	447	1,200,408	690
Kering treasury shares	**840,597**	**450**	**1,850,408**	**1,023**

Change in Kering treasury shares

(in € millions)	Number	Amount	Impact on cash
As of January 1,2023	**1,850,408**	**1,023**	
Purchases under the liquidity agreement	404,970	200	(200)
Disposals under the liquidity agreement	(398,220)	(198)	198
Purchases under share-based payment plans	–	–	–
Purchases with a view to canceling the shares	–	–	–
Cancellations under the share buyback program	(650,000)	(333)	N/A
Shares vested	(366,561)	(224)	N/A
Net capital gain (loss) on disposal	–	(18)	N/A
As of December 31, 2023	**840,597**	**450**	**(3)**

Liquidity agreement

Since May 26, 2004, Kering has maintained agreements with a financial intermediary in order to improve the liquidity of the Group's shares and ensure share price stability. The latest agreement was signed on February 13, 2019, in accordance with AMF ruling no. 2018-01 of July 2, 2018, applicable since January 1, 2019. An amendment to that agreement came into force on July 1, 2021, providing for the resources in the liquidity account to be reduced by €25 million. As a result, there has been €25 million in the liquidity account since July 1, 2021.

Share buyback programs

The share buyback program, authorized in the Annual General Meetings of July 6, 2021 and April 28, 2022 and announced on August 25, 2021 with the aim of repurchasing up to 2.0% of the Group's share capital over a 24-month period, was completed on December 15, 2022.

In 2023, the Company canceled 650,000 shares purchased through the fourth tranche of the share buyback program completed on December 15, 2022.

19.2 Dividends paid by Kering SA

(in € millions)	Dividend for 2023	Dividend for 2022
INTERIM DIVIDEND		
Amount per share	€4.50	€4.50
Payment date	January 17, 2024	January 18, 2023
Gross amount paid	552	551
BALANCE PAID THE FOLLOWING YEAR FURTHER TO THE AGM		
Amount per share	€9.50 (1)	€9.50
Payment date	May 6, 2024	May 4, 2023
Gross amount paid	1,172 (1) (2)	1,179
TOTAL DIVIDEND		
Amount per share	€14.00	€14.00
Total gross amount	1,724 (2)	1,712

(1) Based on a recommendation of Kering's Board of Directors of February 7, 2024, pending approval of the Annual General Meeting of April 25, 2024.
(2) Without adjusting for the effect of Kering shares held in treasury.

Amounts paid are presented after adjusting for the effect of Kering shares held in treasury.

NOTE 20 – NET DEBT

(in € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Borrowings	12,426	6,642
Cash and cash equivalents	(3,922)	(4,336)
TOTAL	8,504	2,306

20.1 Cash and cash equivalents

(in € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Cash	3,103	4,006
Cash equivalents[1]	819	330
TOTAL	3,922	4,336

(1) Including term deposits and mutual fund units.

20.2 Breakdown of borrowings by category and maturity

(in € millions)	**Dec. 31, 2023**	**Current**	**Y +2**	**Y + 3**	**Y + 4**	**Y + 5**	**Beyond**	**Total non-current**
Bonds	9,795	500	1,497	959	1,228	597	5,014	9,295
Other bank borrowings	134	68	46	19	–	–	–	66
Bank overdrafts	272	272	–	–	–	–	–	–
Commercial paper	1,277	1,277	–	–	–	–	–	–
Other borrowings[1]	948	282	541	–	63	2	59	665
o/w Put options granted to minority interests	*711*	*47*	*541*	–	*63*	*1*	*59*	*664*
TOTAL	12,426	2,400	2,085	978	1,291	599	5,073	10,026
%	100%	19%	17%	8%	10%	5%	41%	81%

(in € millions)	**Dec. 31, 2022**	**Current**	**Y +2**	**Y + 3**	**Y + 4**	**Y + 5**	**Beyond**	**Total non-current**
Bonds	4,226	600	502	748	498	486	1,391	3,626
Other bank borrowings	201	141	31	28	–	–	–	59
Bank overdrafts	242	242	–	–	–	–	–	–
Commercial paper	1,010	1,010	–	–	–	–	–	–
Other borrowings[1]	963	302	46	595	–	10	11	661
o/w Put options granted to minority interests	*681*	*20*	*46*	*595*	–	*10*	*11*	*661*
TOTAL	6,642	2,295	579	1,371	498	496	1,402	4,347
%	100%	35%	9%	21%	8%	7%	21%	65%

(1) Other borrowings include accrued interest.

20.3 Breakdown of borrowings by repayment currency

(in € millions)	Dec. 31, 2023	%	Dec. 31, 2022	%
EUR	11,046	89%	5,990	90%
GBP	927	7%	2	–
JPY	193	2%	409	6%
USD	182	1%	194	3%
Other currencies	78	1%	47	1%
TOTAL	12,426	100%	6,642	100%

Borrowings denominated in foreign currencies finance the Group's operations outside the eurozone.

20.4 Bonds

On February 27, 2023, the Group issued €1.5 billion of bonds, consisting of a €750 million tranche with a 6-year maturity and a 3.25% coupon and a €750 million tranche with a 10-year maturity and a 3.375% coupon.

In May 2023, the Group redeemed €600 million of bonds issued in May 2020.

On September 5, 2023, the Group issued €3.8 billion of bonds in four tranches:

- a €750 million tranche with a 2-year maturity and a 3.75% coupon;
- a €750 million tranche with a 4-year maturity and a 3.625% coupon;
- a €1 billion tranche with an 8-year maturity and a 3.625% coupon;
- a €1.3 billion tranche with a 12-year maturity and a 3.875% coupon.

Finally, on November 23, 2023, Kering issued £800 million of bonds in two tranches of £400 million each, one with a 3-year maturity and a coupon of 5.125%, and one with a 9-year maturity and a coupon of 5.00%.

The Group has a Euro Medium Term Notes (EMTN) program capped at €12,000 million as of December 31, 2023, of which €9,852 million had been drawn as of that date.

The bonds issued between 2014 and 2017 within the scope of the EMTN program are all subject to a change-of-control clause entitling bondholders to request early redemption at par if Kering's rating is downgraded to non-investment grade following a change of control.

Par value *(in millions, local currency)*	Currency	Issue interest rate	Issue date	Maturity	Dec. 31, 2023	Dec. 31, 2022
500	EUR	Fixed 2.75%	04/08/2014	04/08/2024	500	503
			05/30/2014	04/08/2024		
			06/26/2014	04/08/2024		
			09/22/2015	04/08/2024		
			11/05/2015	04/08/2024		
50	EUR	Fixed 1.6%	04/16/2015	04/16/2035	50	50
500	EUR	Fixed 1.25%	05/10/2016	05/10/2026	499	498
300	EUR	Fixed 1.5%	04/05/2017	04/05/2027	299	299
600	EUR	Fixed 0.25%	05/13/2020	05/13/2023	–	600
600	EUR	Fixed 0.75%	05/13/2020	05/13/2028	597	597
750	EUR	Fixed 1.25%	05/05/2022	05/05/2025	749	748
750	EUR	Fixed 1.875%	05/05/2022	05/05/2030	745	744
200	USD	Fixed 3.639%	05/27/2022	05/27/2027	181	187
750	EUR	Fixed 3.25%	02/27/2023	02/27/2029	745	–
750	EUR	Fixed 3.375%	02/27/2023	02/27/2033	742	–
750	EUR	Fixed 3.75%	09/05/2023	09/05/2025	748	–
750	EUR	Fixed 3.625%	09/05/2023	09/05/2027	748	–
1,000	EUR	Fixed 3.625%	09/05/2023	09/05/2031	989	–
1,300	EUR	Fixed 3.875%	09/05/2023	09/05/2035	1,286	–
400	GBP	Fixed 5.125%	11/23/2023	11/23/2026	460	–
400	GBP	Fixed 5.00%	11/23/2023	11/23/2032	457	–
TOTAL					9,795	4,226

20.5 Other bank borrowings

The Group has bank borrowings denominated in Yen, mainly floating-rate and totaling €90 million at December 31, 2023 (€171 million at December 31,2022). These borrowings fall due within five years.

20.6 Undrawn confirmed lines of credit

As of December 31, 2023, the Group had undrawn confirmed lines of credit totaling €3,185 million (December 31, 2022: €3,035 million). These consisted of a syndicated facility for €2,385 million (of which €170 million falls due in December 2024 and €2,215 million in December 2025), and €800 million in bilateral lines of credit that had a maturity of more than one year at December 31, 2023.

NOTE 21 – DERIVATIVE INSTRUMENTS AND MANAGEMENT OF MARKET RISKS

21.1 Exposure and sensitivity to interest rate risk

(in € millions)	Dec. 31, 2023	Impact of hedging	After hedging	Impact on income of a 1% change in interest rates
Fixed-rate	11,073	–	11,073	–
Floating-rate	1,353	–	1,353	14
Borrowings	**12,426**		**12,426**	**14**

(in € millions)	Dec. 31, 2023	Impact on income of a 1% change in interest rates
Floating-rate investments	**3,894**	**39**

21.2 Exposure and sensitivity to foreign exchange risk

The majority of the Group's sales take place in currencies other than its functional currency, primarily in US dollars and in Asian currencies such as the Japanese yen and the Chinese yuan. Purchases and other expenses related to production are primarily denominated in euros. The Group uses derivative hedging instruments to minimize and anticipate the impact of currency fluctuations on its earnings. These hedges are set up using forward exchange-rate agreements and/or exchange-rate options eligible for hedge accounting.

The outstanding notional amounts of the derivative instruments used by the Group to manage its foreign exchange risk are shown below:

	Dec. 31, 2023 Notional amount[(1)]		Market value[(2)]			
(in € millions)	Less than one year	More than one year	Cash flow hedges	Fair value hedges	Unallocated	Total
Options purchased	**252**	**–**	**4**	**–**	**–**	**4**
CNY put	227	–	4	–	–	4
JPY put	25	–	–	–	–	–
Tunnels	**72**	**–**	**1**	**–**	**–**	**1**
JPY seller	48	–	2	–	–	2
MXN seller	21	–	(1)	–	–	(1)
Other	3	–	–	–	–	–
Forwards	**4,837**	**–**	**69**	**2**	**(1)**	**70**
USD	1,572	–	18	1	–	19
CNY	1,168	–	28	1	–	29
KRW	437	–	(1)	–	–	(1)
JPY	411	–	17	–	–	17
HKD	311	–	6	–	–	6
GBP	298	–	(3)	–	–	(3)
TWD	129	–	2	–	–	2
Other	511	–	2	–	(1)	1
Cross-currency swaps [(3)]	**1,176**	**–**	**–**	**4**	**10**	**14**
USD	640	–	–	1	12	13
CNY	191	–	–	1	–	1
JPY	180	–	–	–	(2)	(2)
CHF	(140)	–	–	1	2	3
Other	305	–	–	1	(2)	(1)
TOTAL	6,337	–	74	6	9	89

(1) Sale/(purchase).
(2) Gain/(loss).
(3) Excluding cross-currency swaps hedging debt (€1,101 million).

The Group's net exposure to foreign exchange risk can be analyzed as follows:

Dec. 31, 2023 *(in € millions)*	Net exposure in the balance sheet	Forecast exposure	Net exposure before hedging	Hedging instruments	Net exposure after hedging as of Dec. 31, 2023	Net exposure after hedging as of Dec. 31, 2022
USD	1,139	1,507	2,646	(2,031)	615	34
CNY	751	1,183	1,934	(1,586)	348	204
JPY	177	428	605	(664)	(59)	(311)
GBP	(922)	268	(654)	733	79	64
CHF	(88)	–	(88)	138	50	18
HKD	85	297	382	(324)	58	48
KRW	86	406	492	(437)	55	113
Other	1,084	575	1,659	(1,065)	594	645
TOTAL	2,312	4,664	6,976	(5,236)	1,740	815

Monetary assets comprise loans and receivables, bank balances, and investments and cash equivalents maturing within three months of the acquisition date.

Monetary liabilities comprise borrowings, operating payables and other current payables.

Most of these monetary items are denominated in the functional currencies in which the subsidiaries operate. They do not generate currency effects. Monetary items that are not denominated in the functional currencies in which the subsidiaries operate undergo currency hedging in accordance with applicable procedures.

Analysis of sensitivity to foreign exchange risk

Based on market data as of December 31, 2023, the direct impact on equity and income (excluding the tax effect) of a 10% increase or decrease in the euro exchange rate against the principal currencies to which the Group is exposed (USD, JPY and CNY) would be as follows:

Dec. 31, 2023	**Impact on equity**		**Impact on income**	
(in € millions)	**10% increase**	**10% decrease**	**10% increase**	**10% decrease**
USD	134	(164)	–	–
JPY	102	(109)	–	–
CNY	37	(43)	–	–

Dec. 31, 2022	**Impact on equity**		**Impact on income**	
(in € millions)	**10% increase**	**10% decrease**	**10% increase**	**10% decrease**
USD	197	(240)	–	–
JPY	30	(36)	–	–
CNY	131	(159)	–	–

All other market variables are deemed to be constant when calculating sensitivity.

The impact on equity, recognized in the "Remeasurement of financial instruments" item, results from foreign exchange instruments eligible for cash flow hedge accounting.

The impact on the income statement, recognized under "Financial result", relates to foreign exchange instruments that are not eligible for hedge accounting and to the change in the ineffective portion of cash flow hedges.

21.3 Exposure to the risk of fluctuations in share prices

The Group is exposed to this risk through its PUMA shares (0.4% stake as of December 31, 2023), the valuation of which depends on movements in their share price (cf. Note 16.2).

Based on market data on the closing date, a change of 10% in PUMA's share price would have an impact of €3 million on the value of the Group's interest in PUMA as recorded in the balance sheet.

The Group has limited exposure to other shares in non-consolidated investments, which are not hedged.

21.4 Exposure to the risk of fluctuations in precious metals prices

The Group may be exposed to changes in the prices of certain precious metals through its Houses' activities, and particularly in its jewelry operations. As a result, hedging may be arranged, particularly through derivative financial instruments to secure production costs or through price negotiations with refiners or producers of semi-finished products.

As of December 31, 2023, hedging transactions with a remaining maturity of less than one year are treated as forward purchases with a notional amount of €6 million and a non-material market value (notional amount of €38 million as of December 31, 2022).

The Group's view is that a 1% change in these precious metals prices would have no impact as of the balance sheet date.

21.5 Exposure to counterparty risk

The Group's derivatives transactions are carried out in accordance with internal control procedures for over-the-counter transactions, with top-tier counterparties that have signed FBF or ISDA agreements. The impact of counterparty risk on the fair value of derivatives, as recommended by IFRS 13, was regarded as non-material as of December 31, 2023.

21.6 Measurement of derivative instruments

(in € millions)	Dec. 31, 2023	Interest rate risk	Foreign exchange risk	Other market risks	Dec. 31, 2022
Non-current financial assets	**3**	**–**	**3**	**–**	**1**
Derivative instruments - at fair value through income statement	–	–	–	–	–
Derivative instruments - cash flow hedges	3	–	3	–	1
Derivative instruments - fair value hedges	–	–	–	–	–
Current financial assets	**122**	**–**	**122**	**–**	**163**
Derivative instruments - at fair value through income statement	17	–	17	–	3
Derivative instruments - cash flow hedges	95	–	95	–	156
Derivative instruments - fair value hedges	10	–	10	–	3
Non-current financial liabilities	**(13)**	**–**	**(13)**	**–**	**–**
Derivative instruments - at fair value through income statement	–	–	–	–	–
Derivative instruments - cash flow hedges	(13)	–	(13)	–	–
Derivative instruments - fair value hedges	–	–	–	–	–
Current financial liabilities	**(33)**	**–**	**(33)**	**–**	**(101)**
Derivative instruments - at fair value through income statement	(8)	–	(8)	–	(17)
Derivative instruments - cash flow hedges	(21)	–	(21)	–	(77)
Derivative instruments - fair value hedges	(4)	–	(4)	–	(7)
TOTAL	79	–	79	–	62

21.7 Liquidity risk

Liquidity risk management for the Group and each of its subsidiaries is closely monitored and periodically assessed within the scope of the Group's financial reporting procedures.

In order to guarantee its liquidity, as of December 31, 2023 the Group held confirmed undrawn lines of credit totaling €3,185 million and available cash of €3,922 million (cf. Note 20.1).

	Dec. 31, 2023				
(in € millions)	**Carrying amount**	**Cash flow**	**Less than one year**	**One to five years**	**More than five year**
Non-derivative financial instruments	**14,626**	**(16,515)**	**(4,772)**	**(5,886)**	**(5,857)**
Bonds	9,795	(9,851)	(500)	(4,291)	(5,060)
Commercial paper	1,277	(1,282)	(1,282)	–	–
Other borrowings	1,354	(3,182)	(790)	(1,595)	(797)
Trade payables and accrued expenses	2,200	(2,200)	(2,200)	–	–
Derivative financial instruments	**(79)**	**155**	**104**	**31**	**20**
Interest rate risk	**–**	**–**	**–**	**–**	**–**
Interest rate swaps	–	–	–	–	–
Other interest rate derivatives	–	–	–	–	–
Foreign exchange risk	**(79)**	**155**	**104**	**31**	**20**
Currency forwards and currency swaps	–	*89*	*89*	–	–
Outflows	–	*(6,391)*	*(6,391)*	–	–
Inflows	–	*6,480*	*6,480*	–	–
Other foreign currency derivatives	–	*66*	*15*	*31*	*20*
Outflows	–	*(1,503)*	*(205)*	*(766)*	*(532)*
Inflows	–	*1,569*	*220*	*797*	*552*
Other market risks	**–**	**–**	**–**	**–**	**–**
Precious metals hedges	–	–	–	–	–
TOTAL	14,547	(16,360)	(4,668)	(5,855)	(5,837)

	Dec. 31, 2022				
(in € millions)	**Carrying amount**	**Cash flow**	**Less than one year**	**One to five years**	**More than five years**
Non-derivative financial instruments	**8,905**	**(9,164)**	**(4,582)**	**(3,118)**	**(1,464)**
Bonds	4,226	(4,238)	(600)	(2,238)	(1,400)
Commercial paper	1,010	(1,011)	(1,011)	–	–
Other borrowings	1,406	(1,652)	(708)	(880)	(64)
Trade payables and accrued expenses	2,263	(2,263)	(2,263)	–	–
Derivative financial instruments	**(62)**	**51**	**44**	**7**	**–**
Interest rate risk	**–**	**–**	**–**	**–**	**–**
Interest rate swaps	–	–	–	–	–
Other interest rate derivatives	–	–	–	–	–
Foreign exchange risk	**(62)**	**51**	**44**	**7**	**–**
Currency forwards and currency swaps	–	*30*	*30*	–	–
Outflows	–	*(6,740)*	*(6,740)*	–	–
Inflows	–	*6,770*	*6,770*	–	–
Other foreign currency derivatives	–	*21*	*14*	*7*	–
Outflows	–	*(485)*	*(281)*	*(204)*	–
Inflows	–	*506*	*295*	*211*	–
Other market risks	**–**	**–**	**–**	**–**	**–**
Precious metals hedges	–	–	–	–	–
TOTAL	8,843	(9,113)	(4,538)	(3,111)	(1,464)

NOTE 22 – FINANCIAL LIABILITIES

22.1 Breakdown of financial liabilities

(in € millions)	Dec. 31, 2023	Dec. 31, 2022
Derivative instruments	13	–
Non-current financial liabilities	**13**	**–**
Derivative instruments	33	101
Kering SA interim dividend	552	558
Other	3	4
Current financial liabilities	**588**	**663**

22.2 Financial liabilities measured at fair value

(in € millions)	Dec. 31, 2023	Dec. 31, 2022
Derivative Instruments	33	101
Financial liabilities measured at fair value	**33**	**101**

Derivative financial instruments are measured using valuation techniques based on observable market parameters (including forward prices and yield curves) and commonly used models (level 2 fair value).

NOTE 23 – PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

23.1 Description of the main pension plans and other post-employment benefits

Depending on each country's laws and customs, the Group's employee receive long-term or post-employment benefits in addition to their short-term remuneration. These additional benefits take the form of defined contribution or defined benefit plans.

Under defined contribution plans, the Group is not obliged to make any additional payments beyond contributions already made. Contributions to these plans are expensed as incurred.

An actuarial valuation of defined benefit plans is carried out by independent experts. These benefits primarily concern mandatory supplementary pension plans in Switzerland, statutory severance pay in Italy, and retirement termination payments and long-service bonuses in France.

Mandatory supplementary pension plans (LPP) – Switzerland

In Switzerland, pension plans are defined contribution plans that guarantee a minimum interest rate credited to pension assets and provide for a fixed salary conversion rate on retirement. However, the pension plans operated by the Group's entities in Switzerland offer benefits over and above those mentioned in the LPP/BVG pension act. Consequently, a provision is booked in respect of defined benefit plans for the amounts that exceed LPP/BVG pension act requirements.

These pension plans are generally operated as separate legal entities in the form of a foundation, which may be a collective institution or affiliated to a specific plan. The Board of Trustees of these foundations, comprising an equal number of employer and employee representatives, is responsible for administering the plan and bears the investment and longevity risks. Collective foundations insure some of their risk with an insurance company.

Statutory severance pay (TFR) – Italy

The TFR (Trattamento di Fine Rapporto) plans in Italy were created by Italian act no. 297, adopted on May 29, 1982, and are applicable to all workers in the private sector on the termination of their employment for any reason (resignation, termination at the employer's initiative, death, incapacity or retirement). Since 2007, companies with at least 50 employees have had to transfer their TFR funding to an external fund manager. This concerns the large majority of plans operated by Kering group companies.

Retirement termination payments and long-service bonuses – France

In France, retirement termination benefits are fixed and paid by companies to their employees on retirement. The amount paid depends on the number of years of service on retirement, and is defined in the relevant collective bargaining agreement. The payments do not confer any vested entitlement to employees until they reach retirement age. Retirement termination benefits are not related to other statutory retirement benefits such as pensions paid by social security bodies or top-up pension funds such as ARRCO and AGIRC in France, which are defined contribution plans.

Long-service bonuses are not compulsory in France – i.e. there is no legal obligation to pay these awards to employees – but they hold symbolic value. Nevertheless, some of Kering's French entities choose to pay long-service bonuses after 20, 30, 35 and 40 years of service.

23.2 Provisions for pensions and other long-term benefits

Provisions on the balance sheet include provisions for defined-benefit post-employment plans and other long-term benefits:

(in € millions)	Dec. 31, 2023	Dec. 31, 2022
Non-current provisions	**68**	**66**
Current provisions	**12**	**12**
PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS	80	78

(in € millions)	2023					2022
				Change during the period		
	Present value of benefit obligation	Fair value of plan assets	Provisions for pensions and other post-employment benefits	Gains and losses recognized in equity	Income statement	Provisions for pensions and other post-employment benefits
As of January 1	**132**	**54**	**78**	**–**	**–**	**101**
Current service cost	10	–	10	–	10	11
Past service cost	1	–	1	–	1	–
Plan amendments	–	–	–	–	–	–
Interest cost on the benefit obligation	4	–	4	–	4	1
Interest income on plan assets	–	1	(1)	–	–	–
Contributions paid by employees	3	3	–	–	–	–
Contributions paid by employer	–	3	(3)	–	–	(3)
Benefits paid	(16)	(8)	(8)	–	–	(6)
Actuarial gains and losses:	(2)	–	(1)	(1)	–	(30)
Changes in demographic assumptions	*(1)*	–	*(1)*	–	–	*1*
Changes in financial assumptions	*(1)*	–	*(1)*	–	–	*(35)*
Experience adjustments	–	–	–	–	–	*5*
Return on plan assets (excluding interest)	–	–	–	–	–	(1)
Insurance contracts	–	–	–	–	–	–
Administrative expenses	–	–	–	–	–	–
Changes in scope	2	1	1	–	–	2
Assets held for sale	–	–	–	–	–	–
Foreign exchange differences	4	3	–	–	–	2
As of December 31	**136**	**56**	**80**	**(1)**	**14**	**78**
Obligation funded by plan assets	71	–	–	–	–	–
Obligation not funded by plan assets	65	–	–	–	–	–

23.3 Actuarial assumptions used to estimate the present value of the benefit obligation

	France		Switzerland		Italy	
	2023	2022	2023	2022	2023	2022
Average maturity of plans *(in years)*	11.2	10.4	11.4	9.6	8.2	9.4
Discount rate	4.50%	4.00%	2.00%	2.25%	4.50%	4.00%
Expected rate of increase in salaries	2.92%	2.99%	1.40%	1.30%	3.00%	3.00%
Inflation rate	2.00%	2.00%	1.30%	1.10%	2.00%	2.00%

Sensitivity tests on actuarial assumptions show that the impact of a 50 basis-point increase or decrease in the discount rate would not be material and would represent less than 0.05% of consolidated equity as of December 31, 2023.

23.4 Breakdown of the present value of the benefit obligation by country

(in € millions)	Dec. 31, 2023	Dec. 31, 2022
Switzerland	68	67
Italy	35	34
France	22	21
Other	11	11
Present value of benefit obligation	**136**	**132**

23.5 Fair value of plan assets by type of financial instrument

(in € millions)	Dec. 31, 2023	%	Dec. 31, 2022	%
Debt instruments	11	20%	11	21%
Equity instruments	22	39%	20	37%
Real estate	13	23%	13	25%
Insurance contracts	–	0%	–	0%
Derivative instruments	4	7%	4	8%
Cash and cash equivalents	2	4%	2	4%
Other assets	3	6%	3	5%
Fair value of plan assets	**56**	**100%**	**54**	**100%**

In 2024, the Group intends to contribute €3 million to funded plans.

NOTE 24 – PROVISIONS AND CONTINGENT LIABILITIES

(in € millions)	Dec. 31, 2022	Charge	Reversals (utilized provisions)	Reversals (surplus provisions)	Changes in scope	Foreign exchange differences	Other movements	Dec. 31, 2023
Non-current provisions	19	1	(2)	–	2	(1)	2	21
Current provisions	168	68	(68)	(11)	1	–	5	163
TOTAL	187	69	(70)	(11)	3	(1)	7	184

(in € millions)	Dec. 31, 2023	Dec. 31, 2022
Provision for restructuring costs	64	53
Vendor warranties	23	23
Disputes and other contingencies	97	111
TOTAL	184	187

Litigation and disputes

Group companies are involved in a number of lawsuits or disputes arising in the normal course of business. According to their management and legal counsel, no disputes currently in progress are likely to have a material impact on the Group's normal and foreseeable operations or on its planned development.

The Group believes there are no known disputes likely to have a material impact on its net assets, earnings or financial position that are not adequately covered by provisions recorded as of the end of the reporting period. No individual claim against the parent company or against any of its subsidiaries is material with respect to the parent company or the Group.

The Group is not aware of any arbitration proceedings that have had in the recent past, or are likely to have in the future, a material impact on the financial position, activity or earnings of the Company or Group.

Vendor warranties

Provisions recorded in respect of vendor warranties were unchanged in 2023.

Contingent liabilities

To the best of the Group's knowledge, there are no material contingent liabilities.

NOTES ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

NOTE 25 – CASH AND CASH EQUIVALENTS AS REPORTED IN THE STATEMENT OF CASH FLOWS

(in € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Cash and Cash equivalents as reported in the balance sheet	**3,922**	**4,336**
Bank overdrafts	(272)	(242)
Cash and Cash equivalents as reported in the statement of cash flows	**3,650**	**4,094**

NOTE 26 – CASH FLOW RECEIVED FROM OPERATING ACTIVITIES

(in € millions)	**2023**	**2022**
Net income from continuing operations	**3,074**	**3,717**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	1,823	1,666
Other non-cash income and expenses	94	(334)
Non-cash recurring operating income and expenses:	*(307)*	*135*
Fair value of operating foreign exchange rate hedges	*(247)*	*284*
Other	*(60)*	*(149)*
Other non-cash income and expenses	401	(469)
Impairment of goodwill, brands and other non-current assets	*70*	*41*
Fair value of foreign exchange rate hedges in financial result	*228*	*(386)*
Deferred tax expense (income)	*156*	*(177)*
Share in earnings (losses) of equity-accounted companies	*(4)*	*(2)*
Other	*(49)*	*55*
Cash flow received from operating activities	**4,991**	**5,049**

NOTE 27 – CHANGE IN WORKING CAPITAL REQUIREMENT

(in € millions)	**2023**	**2022**
Change in Inventories	(102)	(1,015)
Change in trade receivables and accrued income	24	(196)
Change in trade payables and accrued expenses	(126)	494
Change in other operating receivables and payables	(192)	(185)
Change in working capital requirement	**(396)**	**(902)**

NOTE 28 – ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(in € millions)	2023	2022
Acquisitions of property, plant and equipment[1]	(2,607)	(952)
Acquisitions of intangible assets	(311)	(275)
Change in amounts due in respect of non-current assets	324	176
Lease set-up costs	(18)	(19)
Acquisitions of property, plant and equipment and intangible assets	**(2,611)**	**(1,071)**

(1) Acquisitions during the period mainly correspond to the acquisition of strategic real estate assets in Paris. (cf. Note 1).

NOTE 29 – FINANCING ACTIVITIES AND CHANGE IN BORROWINGS

	Borrowings					
(in € millions)	Current	Non-current	Lease liabilities	Other assets and liabilities	Equity	Total
As of January 1, 2023	**2,295**	**4,347**	**–**	**–**	**–**	**6,642**
Kering SA capital increase	–	–	–	–	–	–
Dividends paid to shareholders of Kering SA	–	–	–	–	(1,712)	(1,712)
Dividends paid to minority interests in consolidated subsidiaries	–	–	–	–	(42)	(42)
Transactions with minority interests	–	–	–	–	(24)	(24)
(Acquisitions) disposals of Kering treasury shares	–	–	–	–	(10)	(10)
Issuance of bonds and bank debt	–	6,205	–	–	–	6,205
Redemption of bonds and bank debt	(957)	–	–	–	–	(957)
Issuance (redemption) of other borrowings	174	–	–	–	–	174
Repayment of lease liabilities	–	–	(880)	–	–	(880)
Interest paid and equivalent	(98)	–	(151)	(128)	–	(377)
Net cash received from (used in) financing activities	**(882)**	**6,205**	**(1,030)**	**(128)**	**(1,788)**	**2,377**
Changes in scope	258	–	–	–	–	–
Foreign exchange differences	(22)	(5)	–	–	–	–
Changes in put options granted to minority interests	54	4	–	–	–	–
Other movements	697	(525)	–	–	–	–
As of December 31, 2023	**2,400**	**10,026**	**–**	**–**	**–**	**–**

(in € millions)	Borrowings		Lease liabilities	Other assets and liabilities	Equity	Total
	Current	Non-current				
As of January 1, 2022	**2,442**	**2,976**	**–**	**–**	**–**	**–**
Kering SA capital increase	–	–	–	–	38	38
Dividends paid to shareholders of Kering SA	–	–	–	–	(1,483)	(1,483)
Dividends paid to minority interests in consolidated subsidiaries	–	–	–	–	(45)	(45)
Transactions with minority interests	(29)	(1)	–	–	347	317
(Acquisitions) disposals of Kering treasury shares	–	–	–	–	(1,030)	(1,030)
Issuance of bonds and bank debt	–	1,742	–	–	–	1,742
Redemption of bonds and bank debt	(904)	–	–	–	–	(904)
Issuance (redemption) of other borrowings	343	–	–	–	–	343
Repayment of lease liabilities	–	–	(824)	–	–	(824)
Interest paid and equivalent	(67)	–	(124)	(107)	–	(298)
Net cash received from (used in) financing activities	**(658)**	**1,741**	**(948)**	**(107)**	**(2,172)**	**(2,144)**
Changes in scope	–	–	–	–	–	–
Foreign exchange differences	(21)	(6)	–	–	–	–
Changes in put options granted to minority interests	23	362	–	–	–	–
Other movements	509	(725)	–	–	–	–
As of December 31, 2022	**2,295**	**4,347**	**–**	**–**	**–**	**–**

OTHER DISCLOSURES

NOTE 30 – OFF-BALANCE SHEET COMMITMENTS

30.1 Main vendor warranties granted in connection with asset disposals

In relation to the disposal of certain businesses, the Group has granted customary vendor warranties in respect of certain fundamental representations, along with some specific capped and time-limited warranties. Provisions have been set aside in respect of some vendor warranties (cf. Note 24).

30.2 Off-balance sheet commitments relating to leases

(in € millions)	Payments due by period			Dec. 31, 2023	Dec. 31, 2022
	Less than one year	One to five years	More than five years		
Leases signed but effective after December 31, 2023	63	320	478	861	645
Short-term leases	14	–	–	14	15
Leases with a low-value underlying asset	2	3	2	7	14
Lease commitments given	**79**	**323**	**480**	**882**	**674**

30.3 Other commitments given and received in the course of the Group's operations

Other commitments given and received in the course of the Group's operations can be analyzed as follows:

(in € millions)	Payments due by period: Less than one year	One to five years	More than five years	Dec. 31, 2023	Dec. 31, 2022
Binding purchase commitments	117	9	-	126	118
Customs deposits and other guarantees in respect of operations	63	75	61	198	193
Other commitments given	**180**	**84**	**61**	**325**	**311**
Other commitments received	**43**	**-**	**1**	**44**	**30**

As part of its proactive strategy to offset its carbon emissions, on February 16, 2023 Kering undertook to invest up to €100 million in a carbon fund managed by Natixis subsidiary Mirova.
The commitment given by the Kering group as of December 31, 2023 amounted to €91 million.

30.4 Other commitments given

In relation to the purchase of a stake in Valentino (cf. Note 15), the commitment to acquire the remaining 70% was estimated at around €4 billion as of the accounts closing date.

NOTE 31 – TRANSACTIONS WITH RELATED PARTIES

31.1 Related party controlling the Group

Kering SA is controlled by Artémis, which in turn is wholly owned by Financière Pinault.

	Dec. 31, 2023	Dec. 31, 2022
% capital held by the Artémis group in Kering SA	42.2%	42.0%
% of voting rights held by the Artémis group in Kering SA	59.3%	59.3%
Dividend paid for Year Y-1 *(in € millions)*	730	625
Interim dividend paid for Year Y *(in € millions)*	234	235
Fees for the period *(in € millions)*	7	7

The Group pays fees to Artémis for (i) business development consulting services and complex transaction support, and (ii) the supply of development opportunities, new business and cost reduction solutions. These fees are governed by an agreement reviewed by the Audit Committee and approved by the Board of Directors.

31.2 Remuneration paid to members of the Board of Directors and the Group's Executive Committee

(in € millions)	2023	2022
Wages and salaries	42	41
Payroll taxes	8	7
Termination indemnities	8	–
Short-term remuneration	**58**	**48**
Post-employment benefits	1	1
Other long-term benefits	20	25
Share-based payment	19	2
Long-term remuneration	**39**	**29**
TOTAL	97	77

Short-term remuneration corresponds to amounts paid during the year, whereas long-term remuneration corresponds to amounts recognized as expenses in the period.

NOTE 32 – STATUTORY AUDITORS' REMUNERATION

Fees for fiscal year 2023	**PwC** (1)		**Deloitte** (2)		**Total**	
(in € millions, excluding tax and disbursements)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Kering SA	0.7	0.6	0.9	0.8	1.6	1.4
Fully-consolidated subsidiaries	4.7	3.9	4.2	3.5	8.9	7.5
Statutory audit	**5.4**	**4.5**	**5.1**	**4.3**	**10.5**	**8.9**
Kering SA(3)	0.1	0.1	0.6	0.4	0.7	0.6
Fully-consolidated subsidiaries	3.7	3.7	0.4	0.3	4.1	4.0
Non-audit services	**3.8**	**3.8**	**1.0**	**0.7**	**4.8**	**4.6**
TOTAL	9.2	8.4	6.1	5.1	15.3	13.5

(1) Of which PwC network: €3.8 million in 2023 with respect to statutory audit services and €3.7 million with respect to non-audit services (In 2022: €3.2 million with respect to statutory audit services and €3.8 million with respect to non-audit services).
(2) Of which Deloitte network: €3.7 million in 2023 with respect to statutory audit services and €0.6 million with respect to non-audit services. (In 2022: €3.2 million with respect to statutory audit services and €0.5 million with respect to non-audit services).
(3) The non-audit services rendered by PwC to Kering SA and its fully-consolidated subsidiaries are mainly related to comfort letters. The non-audit services rendered by Deloitte & Associés to Kering SA and its fully-consolidated subsidiaries are mainly related to comfort letters and the verification of the consolidated non-financial performance statement.

NOTE 33 – ACCOUNTING POLICIES AND METHODS

33.1 Basis of preparation of the consolidated financial statements

33.1.1 Changes to the IFRS basis

Standards, amendments and interpretations mandatorily applicable from January 1, 2023, analysis of which has led to the conclusion that they have no effect or a non-material effect on the consolidated financial statements for the period ended December 31, 2023, are presented below:

- Amendment to IAS 1 "Presentation of Financial Statements" regarding the disclosure of accounting policies;
- Amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors" regarding the definition of accounting estimates;
- Amendment to IAS 12 "Income taxes" regarding deferred tax related to assets and liabilities arising from a single transaction;
- Amendment to IFRS 16 "Leases" regarding lease liability in a sale and leaseback;
- Amendment to IAS 12 "Income Taxes" regarding international tax reform and the Pillar Two model rules.

The amendment to IAS 12, published by IASB on May 23, 2023 and immediately applicable to accounting periods starting on or after January 1, 2023, has been endorsed by the European Union.

This amendment to IAS 12 follows the publication of the Pillar Two international tax reform by the Organisation for Economic Co-operation and Development (OECD) in December 2021. The aim of the reform is to ensure that companies with consolidated revenue or consolidated assets of more than €750 million (as disclosed in their consolidated financial statements for two consecutive years) pay a minimum effective income tax rate of 15% in each of the jurisdictions in which they operate.

The amendment to IAS 12 provides for:

- A temporary exemption from the recognition of deferred tax resulting from the implementation of this Pillar Two reform;
- Specific disclosures in the notes to the consolidated financial statements, allowing readers to understand the Group's exposure based on information that is known or can reasonably be estimated;
- Separate presentation of the current tax that will result from the application of the Pillar Two provisions (after they come into force).

Simulations performed by the Group on previous years show a non-material impact as of the date of the reform.

- IFRS 17 "Insurance contracts" and amendments to IFRS 17 published in May 2017, June 2020 and December 2021.

IFRS 17, which is also mandatorily applicable for accounting periods starting on or after January 1, 2023, does not apply to the Group's consolidated financial statements, since its captive insurance companies only operate internally and Group subsidiaries are their only insured beneficiaries.

Finally, as of the accounts closing date, the Group was in the process of analyzing the impact of standards, amendments and interpretations applicable on or after January 1, 2024.

33.1.2 Changes to legislation

On April 14, 2023, France's pension reform act became law. The measures resulting from that reform were taken into account when determining the Group's liabilities as of December 31, 2023. The impact shown by that analysis is not material for the Group.

33.1.3 Use of estimates and judgment

The preparation of consolidated financial statements requires Group management to make estimates and assumptions that can affect the carrying amounts of certain assets and liabilities, income and expenses, and the disclosures in the accompanying notes. Group management reviews these estimates and assumptions on a regular basis to ensure they are appropriate in view of past experience and the current economic situation. Items in future financial statements may differ from current estimates as a result of changes in current assumptions.

The main estimates made by the Group's management when preparing the consolidated financial statements concern:

- goodwill;
- the useful lives associated with property, plant and equipment and intangible assets;
- contingency provisions and uncertain tax positions;
- inventory impairment provisions;
- assumptions used to calculate lease right-of-use assets and lease liabilities;
- provisions for pensions and long-term remuneration including share-based payment;
- the recognition of deferred tax assets;
- and certain financial instruments.

In its main estimates and in its risk analysis, the Group has taken into account:

- the impact of commitments and decisions made regarding the reduction of carbon emissions, in particular when carrying out impairment tests;
- the current macroeconomic context, including the increase in inflation, even though the Group has little exposure to it. Hyperinflation in certain countries, particularly Turkey and Argentina, has no material impact on the Group's consolidated financial statements;
- official inflation rates published to determine the actuarial assumptions used to calculate post-employment benefits and the discount rates used in carrying out impairment tests and devising medium-term plans.

In addition to the use of estimates, Group management uses judgment to determine the appropriate accounting treatment of certain transactions, pending the clarification of certain IFRSs or where prevailing standards do not cover the issue at hand.

33.1.4 Climate challenges

Reflection of climate challenges in the financial statements

Since 2022, Kering's Sustainable Finance Department has ensured that the Group's financial statements reflect climate issues, that the Group complies with new regulations in this area, and that environmental issues play an integral part in Kering's decision-making processes, particularly as regards investments.

In accordance with the recommendation of the Task Force on Climate-Related Financial Disclosures (TCFD), Kering has assessed the financial impact of specific climate risks. The analysis carried out so far does not show any material impact on the Group's financial statements.

In 2023, Kering began work in view of the entry into force of the Corporate Sustainability Reporting Directive (CSRD), involving all internal stakeholders and departments concerned (Risk Management, Finance, HR and Legal Departments, representatives of the Houses etc.). That work included changing the 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 review of issues, impacts and the associated risks and opportunities took account of risk factors already identified by the Group.

Work carried out in 2022 and 2023 led to the conclusion that the Group's climate issues had no impact on the revenue and margin figures used in carrying out impairment tests. Only the cost of carbon offsetting, historically allocated to Corporate and Other segment, has been allocated to the trajectories of each CGU or group of CGUs in proportion to their estimated consumption.

Proactive carbon offsetting strategy

At the 15th Conference of Parties (COP) of the Convention on Biological Diversity, which took place in Montreal in December 2022, Kering and upscale sustainable cosmetics company L'Occitane announced that they were teaming up to create the Climate Fund for Nature.

As part of its proactive strategy to offset its carbon emissions, on February 16, 2023 Kering undertook to invest up to €100 million in a carbon fund managed by Natixis subsidiary Mirova. This commitment to the Climate Fund for Nature 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 recognized under off-balance sheet commitments, and purchases of carbon credits for Kering's own use will be recognized as they arise and at the contractual price.

Signature of a collective power purchase agreement

On December 8, 2022, The Fashion Pact announced that its members had begun plans for a Collective Virtual Power Purchase Agreement (CVPPA), the aim of which is to speed up adoption of renewable energy sources by investing in new clean energy infrastructure, initially in Europe.

As part of those plans, on October 12, 2023 Kering signed a renewable power purchase agreement, involving no physical delivery, with Spain's Caletona Servicios y Gestiones. Energy certificates arising from renewable energy production – under the European Energy Certificate System (EECS®) – will be transferred to the Kering group as the agreement is performed.

The agreement is for a 10-year term starting on the commercial operation date, which is likely to be March 1, 2026.

Since the agreement was signed in late 2023, the impact on the financial statements on the accounts closing date was not material.

33.1.5 Use of alternative performance indicators

The alternative performance indicators used by the Group and presented in the consolidated financial statements are:

Recurring operating income and other non-recurring operating income and expenses

The Group's operating income includes all revenues and expenses directly related to its activities, whether these revenues and expenses are recurring or arise from non-recurring decisions or transactions.

Other non-recurring operating income and expenses consist of items that, by their nature, amount or frequency, could distort the assessment of the Group's operating performance as reflected in its recurring operating income. They include changes in scope, the impairment of goodwill and brands and, where material, of property, plant and equipment and intangible assets, capital gains and losses on disposals of non-current assets, restructuring costs and disputes (cf. Note 7).

"Recurring operating income" is therefore an alternative performance indicator for the Group, defined as the difference between operating income and other non-recurring operating income and expenses. This indicator is intended to facilitate the understanding of the operating performance of the Group and its Houses and can therefore be used as a way to estimate recurring performance. It is presented in a manner that is consistent and stable over the long-term in order to ensure the continuity and relevance of financial information (cf. Note 3).

EBITDA

The Group uses EBITDA as an alternative performance indicator to monitor its operating performance. This financial indicator corresponds to recurring operating income plus net charges to depreciation, amortization and provisions on non-current operating assets recognized in recurring operating income (cf. Note 3).

Effective tax rate on recurring income

The effective tax rate on recurring income corresponds to the effective tax rate excluding tax effects relating to other non-recurring operating income and expenses (cf. Notes 7 and 9).

Net debt

Net debt is one of the Group's main financial indicators, and is defined as borrowings less cash and cash equivalents. Lease liabilities are not included in the calculation of this indicator. Borrowings include put options granted to minority interests (cf. Note 33.21).

The cost of net debt corresponds to all financial income and expenses associated with these items, including the impact of derivative instruments used to hedge the fair value of borrowings (cf. Note 8).

33.2 Consolidation principles

The Group's consolidated financial statements include the financial statements of the companies listed in Note 34. They include the financial statements of companies acquired as from the acquisition date and companies sold up until the date of disposal.

33.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group exercises control. Control is defined according to three criteria: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to exert power over the investee to affect the amount of the investor's returns. This definition of control implies that power over an investee can take many forms other than simply holding voting rights. The existence and effect of potential voting rights are considered when assessing control, if the rights are substantive. Control generally implies directly or indirectly holding more than 50% of the voting rights but can also exist when a smaller proportion of voting rights is held.

Subsidiaries are consolidated from the effective date of control.

Intercompany assets and liabilities as well as transactions between consolidated companies are eliminated. Gains and losses on internal transactions with controlled companies are fully eliminated.

33.2.2 Associates

Associates are entities in which the Group exercises a significant influence over the entity's management and financial policy, without exercising control or joint control. Significant influence generally implies holding 20% to 50% of the voting rights.

Associates are accounted for under the equity method. They are initially measured at cost, except when the associates were previously controlled by the Group, in which case they are measured at fair value as of the date control is lost and the impact is recognized in the income statement.

In subsequent periods, the share in profits or losses of the associate attributable to the Group is recognized in "Share in earnings (losses) of equity-accounted companies", and the share in other comprehensive income of associates is carried on a separate line of the statement of comprehensive income. If the Group's share in the losses of an associate equals or exceeds its investment in that associate, the Group no longer recognizes its share of losses, unless it has legal or constructive obligations to make payments on behalf of the associate.

Goodwill related to an associate is included in the carrying amount of the investment, presented separately within "Investments in equity-accounted companies" in the balance sheet.

33.2.3 Business combinations

Business combinations, where the Group acquires control of one or more other activities, are recognized using the acquisition method.

Business combinations are recognized and measured in accordance with the provisions of IFRS 3. Accordingly, the consideration transferred is measured at the fair value of the assets transferred, equity interests issued and liabilities incurred by the acquirer at the date of exchange. Identifiable assets and liabilities are generally measured at their fair value on the acquisition date. Costs directly attributable to an acquisition are recognized within other non-recurring operating expenses in the income statement.

Goodwill is recognized to represent the difference between the Group's share of the identified assets and liabilities measured at fair value. If the difference is negative, a gain is immediately recognized in the income statement within other non-recurring operating income.

The Group may choose to measure any minority interests resulting from each business combination at fair value (full goodwill method) or at the proportionate share in the identifiable net assets acquired, which are also generally measured at fair value (partial goodwill method).

Goodwill is determined at the date of control over the acquired entity is obtained and may not be adjusted after the measurement period. No additional goodwill is recognized on any subsequent acquisition of minority interests. Acquisitions and disposals of minority interests are recognized directly in equity attributable to the Group.

The accounting for a business combination must be completed within 12 months of the acquisition date. This applies to the measurement of identifiable assets and liabilities, consideration transferred and minority interests.

33.3 Foreign currency translation

33.3.1 Functional and presentation currency

Items included in the financial statements of each Group entity are valued using the currency of the primary economic environment in which the entity operates (functional currency). The Group's consolidated financial statements are presented in euros, which serves as its presentation currency.

33.3.2 Foreign currency transactions

Transactions denominated in foreign currencies are recognized in the entity's functional currency at the exchange rate prevailing on the transaction date.

Monetary items (assets and liabilities) in foreign currencies are translated at the closing exchange rate at the end of each reporting period. Any foreign exchange gains and losses resulting from this translation or from the settlement of these monetary items are recognized within other financial income and expenses in the income statement.

Non-monetary items in foreign currencies valued at historical cost are translated at the rate prevailing on the transaction date, and non-monetary items in foreign currencies measured at fair value are translated at the rate prevailing on the date the fair value is determined. When a gain or loss on a non-monetary item is recognized directly in equity within other comprehensive income, similar treatment is applied to the foreign exchange component of this gain or loss. Otherwise, the component is recognized in the income statement.

The treatment of currency hedges in the form of derivatives is described in Note 33.17.

33.3.3 Currency translation of foreign subsidiaries' financial statements

The income statements and balance sheets of Group entities with a functional currency that differs from the presentation currency are translated into euros as follows:

- items recorded in the balance sheet other than equity are translated at the exchange rate at the end of the reporting period;
- items in the income statement are translated at the average exchange rate for the period, corresponding to an approximate value for the rate at the transaction date in the absence of significant fluctuations;
- translation differences are recognized directly in equity within other comprehensive income as currency translation adjustments.

Goodwill and fair value adjustments arising from a business combination with a foreign activity are recognized in the functional currency of the entity acquired. They are subsequently translated into the Group's presentation currency at the closing exchange rate, and any resulting differences are recognized directly in equity within other comprehensive income as currency translation adjustments.

33.4 Operating segments

In accordance with IFRS 8, segment information is reported on the same basis as used internally by the Chairman and Chief Executive Officer and the Group Managing Director – the Group's chief operating decision makers – to allocate resources to segments and assess their performance.

An operating segment is a separate component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker, and for which discrete financial information is available. Each operating segment is monitored separately for internal reporting purposes, according to performance indicators common to all of the Group's segments. The segments presented are operating segments or groups of similar operating segments.

Financial information provided on operating segments is prepared in accordance with the same accounting rules as in the consolidated financial statements.

The performance of each operating segment is measured based on recurring operating income, which is the approach used by the Group's chief operating decision maker.

Recurring charges to depreciation, amortization and provisions on non-current operating assets reflect net charges to depreciation, amortization and provisions on intangible assets, lease right-of-use assets and property, plant and equipment recognized in recurring operating income.

Acquisitions of property, plant and equipment and intangible assets correspond to gross non-current asset purchases, including cash timing differences, as presented in the consolidated cash statement.

The presentation of revenue by region is based on the geographic location of clients.

33.5 Revenue

Revenue mainly comprises sales of goods, together with income from associated services and income from royalties and operating licenses.

33.5.1 Sales of goods and associated services

Sales of goods, whether they take place through a store network or online (retail activity including e-commerce) or wholesale operations, are recognized when the Group satisfies its performance obligation to its clients, typically upon delivery.

When a customer (particularly in the wholesale and e-commerce businesses) has a contractual right of return or routinely makes returns, a specific provision is set aside. When such returns are not contractual, the provision for returns is estimated based on historical data. Provisions for returns are presented in the balance sheet under liabilities in respect of future refunds. An asset (with an offsetting adjustment corresponding to the cost of sales) representing the right to recover the goods from the client is also recognized.

33.5.2 Royalties from operating licenses

Royalties received with respect to operating licenses are recognized in accordance with the contractual obligations specific to each agreement, over time as the performance obligation is satisfied, for example, when calculated based on the value of the underlying sales generated by the licensee under the agreement.

33.6 Personnel expenses

Personnel expenses primarily consist of wages, salaries and payroll taxes, expenses relating to pensions and other post-employment benefits under defined benefit plans (see Note 33.22), and expenses related to share-based payments (see Note 33.7). Wages, salaries and payroll taxes include fixed remuneration, variable short-term remuneration, long-term remuneration plans, expenses related to employee profit-sharing and other incentive plans, and any associated payroll taxes. Other personnel expenses include severance paid to individual employees or as part of a restructuring plan, and directors' fees paid to directors of Group entities.

33.7 Share-based payment

The Group may operate long-term variable remuneration plans that feature share-based payments. These plans are classified as either cash-settled plans or plans settled in Kering shares.

- Cash-settled plans result in the recognition of personnel expenses in the income statement spread over the entitlement vesting period, along with a matching liability in the balance sheet. The fair value of the benefit granted to the beneficiaries is remeasured at the end of each reporting period, taking into account any changes in market-based or internal performance conditions.
- Plans settled in Kering shares result in the recognition of personnel expenses in the income statement spread over the entitlement vesting period, and of an offsetting entry in equity attributable to the Group. The fair value of the benefit granted to the beneficiaries is set at the grant date of the plan using the Black & Scholes and Monte Carlo models, which take into account the impacts of any market-based performance conditions from the inception of the plan. The impacts of any internal-based performance conditions are remeasured at the end of each reporting period.

The payroll taxes relating to these long-term variable remuneration plans are also recognized in personnel expenses in the income statement as and when entitlements under the plans vest, with a matching liability in the balance sheet, regardless of whether the plans are settled in cash or in Kering shares. These payroll taxes are remeasured at the end of each reporting period based on the most certain assumptions as regards the outcome of the plans. Payroll taxes relating to plans settled in Kering shares reflect the best estimate of the number of shares to be delivered upon expiry of the plan at the end of each reporting period.

33.8 Income taxes

Income tax expense comprises the current and deferred tax expense.

Deferred tax is calculated using the liability method on all temporary differences between the carrying amount recorded in the consolidated balance sheet and the tax value of assets and liabilities, except for goodwill that is not deductible for tax purposes and certain other exceptions. The valuation of deferred tax balances depends on the way in which the Group intends to recover or settle the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at the closing date.

Deferred tax assets and liabilities are not discounted and are presented separately in the balance sheet within non-current assets and liabilities.

A deferred tax asset is recognized on deductible temporary differences and for tax loss and credit carry-forwards to the extent that their future offset is probable.

A deferred tax liability is recognized on taxable temporary differences relating to investments in subsidiaries and associates unless the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

Uncertain income tax positions are analyzed and reviewed internally in accordance with IAS 12 and IFRIC 23 and are shown on the balance sheet in the "current tax liabilities" line item.

33.9 Earnings per share

Earnings per share is calculated by dividing net income attributable to the Group by the weighted average number of ordinary shares outstanding during the period, i.e. without taking account of the weighted average number of Kering treasury shares held by the Group during the period.

Diluted earnings per share equals net income attributable to the Group divided by the weighted average diluted number of shares outstanding during the period, adjusted for the dilutive effect arising from free share grants.

Earnings per share from continuing operations excluding non-recurring items is also calculated by adjusting net income from continuing operations attributable to the Group for the amount of non-recurring items net of tax. Non-recurring items correspond to other non-recurring operating income and expenses in the income statement (cf. Note 33.1.5).

33.10 Goodwill

Goodwill is determined according to the method indicated in Note 33.2.3.

Goodwill is allocated as of the acquisition date to cash-generating units (CGUs) or groups of CGUs defined by the Group. The CGUs or groups of CGUs to which goodwill has been allocated are tested for impairment each year, or whenever events or circumstances indicate that an impairment loss is likely.

CGUs or groups of CGUs and the related impairment tests are described in Note 33.12.

33.11 Brands and other intangible assets

Brands and other intangible assets are recognized at cost less accumulated amortization and impairment.

Brands and intangible assets acquired as part of a business combination, which are controlled by the Group and are separable or arise from contractual or other legal rights, are recognized separately from goodwill.

Brands, which represent the majority of intangible assets within the Group, are intangible assets with indefinite useful lives and are therefore not amortized but are tested as part of the impairment test carried out on CGUs. Where that test indicates an impairment loss, brands are tested separately.

Other intangible assets are amortized over their useful lives and are tested for impairment when there is an indication that an impairment loss has taken place. The usual useful lives are as follows:

- Brands: indefinite;
- Internal IT developments, software and websites: 1-8 years;
- Rights, patents and other intellectual property: 5-2 years (maximum protection period).

The configuration and customization costs of software as part of a Saas (Software as a service) arrangement are analyzed and recorded in expenses for the period where they do not meet the criteria for capitalization under IAS 38.

Software developed in-house by the Group and meeting all the relevant criteria is capitalized and amortized on a straight-line basis over its useful life.

Impairment tests are described in Note 33.12.

33.12 Cash-generating units and impairment tests

The Group tests the value of its assets at the level of its cash-generating units (CGUs) or groups of CGUs. Impairment tests are performed each year, or whenever events or circumstances indicate that an impairment loss is likely. A CGU is the smallest group of assets, including goodwill, that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or CGUs.

CGUs or groups of CGUs as defined by the Group represent the various brands under which the Group operates (cf. Note 33.4).

Impairment tests seek to determine whether the recoverable amount of a CGU is less than its net carrying amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. Value in use is determined with respect to future cash flow projections, taking into account the time value of money and the specific risks attributable to the CGU or group of CGUs.

Future cash flow projections are based on medium-term budgets and plans. These plans are drawn up for a period of five years with the exception of certain CGUs or groups of CGUs undergoing strategic repositioning, for which a longer period may be applied (typically ten years). To calculate value in use, a terminal value equal to the perpetual capitalization of a normative annual cash flow is added to the estimated future cash flows. The perpetual growth rates are appropriate in view of the country mix, since the Group now operates in regions whose markets are enjoying faster-paced growth than in Europe.

When the CGU’s recoverable amount is less than its net carrying amount, an impairment loss is recognized. Impairment is charged first to goodwill and recognized under "Other non-recurring operating income and expenses" in the income statement (cf. Note 33.1.5).

Impairment recognized in respect of brands and other intangible assets along with property, plant and equipment may be reversed at a later date if there is an indication that the impairment loss no longer exists. Impairment recognized in respect of goodwill may not be reversed.

For 2023, the way in which the Group took into account the macroeconomic situation and climate issues in its impairment tests is described in Notes 33.1.3 and 33.1.4.

33.13 Leases

The Group applies IFRS 16 for all of its leases, with the exception of:

- short-term leases, with a lease term of 12 months or less as of the commencement date;
- leases for which the underlying asset is of low value.

Payments under these leases that are not recognized on the balance sheet are recognized as operating expenses on a straight-line basis over the lease term.

Under IFRS 16, for each affected lease, the following items are recognized in the balance sheet as of the commencement date:

- a lease liability, corresponding to the present value of all fixed future payments for the estimated term of the lease. The current and non-current portions of these liabilities are shown separately. Fixed future lease payments include the remeasurement of any payments that depend on an index or a growth rate established in the lease. They may also include the value of any purchase options or estimated penalties for terminating the lease, where the Group is reasonably certain to exercise these options. In addition, any lease incentives receivable as of the commencement date are deducted from fixed payments;
- a lease right-of-use asset, corresponding to the value of the lease liability less any incentives received from the lessor and plus any prepaid lease payments, initial direct costs and the estimated cost of restoring the asset where required by the terms and conditions of the lease.

After the start of the lease, the liability related to future lease payments is reduced by the amount of payments made with respect to lease payments, and increased by the amount of interest. The liability may be remeasured to reflect a new assessment of, or change in, future lease payments. The right-of-use asset, initially measured at cost including the lessee's direct costs and prepayments, minus lease incentives (rent-free periods) and restoration costs, is depreciated on a straight-line basis over the lease term as defined in accordance with IFRS 16.

IFRS 16 provides that the discount rate for each lease is determined with reference to the incremental borrowing rate, which corresponds to the rate of interest that the Group would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the lease right-of-use asset in a similar economic environment.

The incremental borrowing rates applied by the Group are based on a combination of risk-free interest rate curves per currency/country, euro/foreign currency swap points, and the Group's credit spread, also accounting for the nature of the underlying (real estate) asset.

An "industry" beta, which varies according to the lessee's operating segment, is added to these inputs to reflect the specific risk of each activity.

The rate curves take into account the average lease term and are prepared on a quarterly basis.

Lease rights are a separate component of right-of-use assets and are depreciated over the term of the underlying leases, less any residual value. This residual value is tested for impairment each year and an impairment loss is recognized where necessary.

The Group recognizes deferred tax in relation to the right-of-use asset and lease liability.

33.14 Property, plant and equipment

Property, plant and equipment are recognized at amortized historical cost less any impairment losses, with the exception of land, which is not depreciated. They are not revalued.

The various components of property, plant and equipment are recognized separately when their estimated useful life and therefore their depreciation periods are significantly different. The cost of property, plant and equipment includes the expenses that are directly attributable to its acquisition.

Depreciation is calculated using the straight-line method, based on the purchase price or production cost, less any residual value, which is reviewed annually if considered material.

The usual useful lives are as follows:

- Buildings: 10-100 years;
- Improvements and fixtures: 3-15 years;
- Improvements to leased assets: 3-10 years (limited to the lease term defined in accordance with IFRS 16);
- Plant and equipment: 3-20 years;
- Other property, plant and equipment: 2-7 years.

Property, plant and equipment are tested for impairment when an indication of impairment exists, such as a scheduled closure of a store or site, a redundancy plan or a downward revision of market forecasts. When an asset's recoverable amount is less than its net carrying amount, an impairment loss is recognized. Where the recoverable amount of an individual asset cannot be determined precisely, the Group determines the recoverable amount of the CGU or group of CGUs to which the asset belongs.

When an item of property, plant and equipment is sold, the disposal gain or loss resulting from the difference between the selling price and the carrying amount of the assets sold is recognized in the income statement.

33.15 Financial assets

The classification of financial assets determines their accounting treatment and basis of measurement. There are three categories of financial assets:

- financial assets measured at amortized cost;
- financial assets measured at fair value through the income statement (profit or loss);
- financial assets measured at fair value in equity through other comprehensive income.

The Group determines the classification of its financial assets upon initial recognition, based on their characteristics and the management objective behind the asset's purchase. Purchases and sales of financial assets are recognized on the transaction date, which is the date the Group is committed to the purchase or sale of the asset. A financial asset is derecognized if the contractual rights to the cash flows from the financial asset expire or the asset is transferred.

33.15.1 Financial assets measured at amortized cost

Financial assets are carried at amortized cost if they are held as part of a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes loans and receivables, deposits and guarantees, trade receivables and most other current and non-current receivables.

These financial assets are initially recognized at fair value and subsequently at amortized cost using the effective interest method.

The effective interest rate is determined for each transaction and corresponds to the rate that would provide the net carrying amount of the financial asset by discounting its estimated future cash flows until maturity. The calculation includes transaction costs and any premiums and/or discounts. Transaction costs correspond to the costs directly attributable to the acquisition or issue of a financial asset. Net gains and losses on loans and receivables relate to interest income and impairment allowances.

Impairment allowances are recognized in the income statement based on the expected loss model:

- for its trade receivables, the Group applies a provision matrix for each country/brand based on historical loss data. Credit insurance that may be taken out by the Group is taken into account in the measurement of the risk and therefore of the provision;
- for other financial assets measured at amortized cost, an analysis is carried out taking into account the probability of counterparty default.

33.15.2 Financial assets measured at fair value through the income statement

Financial assets measured at fair value through the income statement mostly comprise financial assets giving rise to contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding.

This category includes:

- non-consolidated investments and other financial investments, unless the Group has chosen to carry specific investments at fair value under the fair value option, in which case they are recognized directly in equity through other comprehensive income;
- financial assets held by the Group for trading purposes that the Group intends to resell in the near future and that are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- assets designated as at fair value under the fair value option.

Changes in the fair value of these assets are taken to the income statement. Net gains or losses arising on financial assets measured at fair value through the income statement generally correspond to interest income, dividends, changes in the fair value of the assets (unrealized gains or losses) and capital gains or losses on disposals (realized gains or losses).

33.15.3 Financial assets measured at fair value in equity through other comprehensive income

Financial assets are carried at fair value directly in equity through other comprehensive income when they are held as part of a business model whose objective is achieved both by collecting contractual cash flows (corresponding solely to payments of principal and interest on the principal amount outstanding) and selling these financial assets.

This category includes debt instruments, such as bonds, that have the contractual cash flow and business model characteristics set out above.

It may also include non-consolidated investments or other financial investments, in which case changes in the fair value of the assets are recognized directly in equity through other comprehensive income until the assets are sold, with the exception of dividends received, which are systematically recognized in the income statement irrespective of the classification of the underlying financial asset.

33.15.4 Fair value hierarchy and associated valuation methods

The fair value of financial assets is determined using one of three levels in the fair value hierarchy:

- Level 1: financial assets quoted on an active market;
- Level 2: financial assets whose fair value is determined using valuation techniques drawing on observable market inputs;
- Level 3: financial assets whose fair value is determined using valuation techniques drawing on non-observable inputs (inputs whose value does not result from the price of observable market transactions for the same instrument or from observable market data available as of the end of the reporting period) or inputs which are only partly observable.

33.16 Financial liabilities

The classification of financial liabilities determines their accounting treatment and measurement. There are two categories of financial liabilities:

- financial liabilities measured at amortized cost;
- financial liabilities measured at fair value through the income statement (profit or loss).

The Group determines the classification of its financial liabilities upon initial recognition, based on their characteristics.

33.16.1 Financial liabilities measured at amortized cost

Financial liabilities are carried at amortized cost if they are held as part of a business model whose objective is to disburse contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes borrowings (with the exception of put options granted to minority interests – cf. Note 33.21), trade payables and most other current and non-current liabilities.

These financial liabilities are initially recognized at fair value less transaction costs, and subsequently at amortized cost using the effective interest method.

The effective interest rate is determined for each transaction and corresponds to the rate that would provide the net carrying amount of the financial liability by discounting its estimated future cash flows until maturity. The calculation includes transaction costs and any premiums and/or discounts. Transaction costs correspond to the costs directly attributable to the acquisition or issue of a financial liability.

The net carrying amount of financial liabilities measured at amortized cost that qualify as hedged items as part of a fair value hedging relationship is adjusted with respect to the hedged risk (cf. Note 33.17.1).

33.16.2 Financial liabilities measured at fair value through the income statement

The Group may elect to carry some financial liabilities at fair value through the income statement. In this case, unlike in the amortized cost method, the transaction costs associated with setting up these financial liabilities are recognized immediately within other financial income and expenses in the income statement.

33.17 Derivative instruments

33.17.1 Derivative instruments designated as hedging instruments

The Group uses various derivative instruments to reduce its exposure to foreign exchange risk, interest rate risk and the risk of movements in the prices of certain precious metals.

Derivative instruments are recognized in the balance sheet within current or non-current financial assets and liabilities, depending on their maturity. They are recognized at fair value as from the transaction date.

Derivatives designated as hedging instruments are classified by category of hedge based on the nature of the risks being hedged:

- a cash flow hedge is used to hedge the risk of changes in future cash flow from recognized assets or liabilities or a highly probable transaction that would impact the income statement;
- a fair value hedge is used to hedge the risk of changes in the fair value of recognized assets or liabilities or a firm commitment not yet recognized that would impact the income statement;

Hedge accounting can only be applied if all of the following conditions are met:

- the hedged instrument and the hedging instrument are both eligible;
- there is a formal designation and documentation of the hedging relationship as of the date of inception;
- there is an economic relationship between the hedged item and the hedging instrument.

The accounting treatment of derivative instruments qualified as hedging instruments, and their impact on the income statement and balance sheet, differ depending on the type of hedging relationship:

- for cash flow hedges, gains and losses are initially recognized directly in equity through other comprehensive income. They are then transferred to the income statement when the hedged items are recognized. For foreign currency derivatives, the effective portion is recorded in operating income, and the ineffective portion, option premiums and difference between spot and forward exchange rates (contango/backwardation) are recorded within "Financial result";
- for fair value hedges, gains and losses are recorded in the income statement in the same item as the hedged items, except for the ineffective portion, which is always recorded within "Financial result".

33.17.2 Derivative instruments designated as trading instruments

Changes in the fair value of derivative instruments that the Group cannot or does not wish to designate as hedging instruments are recognized in full in the income statement in other financial income and expenses within "Financial result".

33.17.3 Embedded derivative instruments

Certain financial assets or liabilities may contain a derivative instrument. When they are not closely related to the underlying instrument, these embedded derivatives are recognized separately in the balance sheet as a derivative instrument held for trading. Any changes in their fair value are taken in full in the income statement in other financial income and expenses within "Financial result".

33.18 Inventories

Inventories are measured using the weighted average cost method for all of the Group's business activities.

An impairment allowance on inventories is recognized on the basis of expected inventory turnover and obsolescence and if they are damaged.

33.19 Cash and cash equivalents

Cash and cash equivalents recorded on the assets side of the balance sheet include cash, mutual or similar funds, short-term investments and other highly liquid instruments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and have a maximum maturity of three months as of the purchase date.

Investments with a maturity exceeding three months, along with blocked or pledged bank accounts, are excluded from cash and cash equivalents.

Bank overdrafts are presented in borrowings on the liabilities side of the balance sheet. In the statement of cash flows, cash and cash equivalents at the opening and closing of the reporting period include bank overdrafts.

33.20 Kering treasury shares

Kering treasury shares, whether specifically allocated to be granted to Group employees, allocated to the liquidity agreement or held for any other purpose, as well as directly related transaction costs, are deducted directly from equity attributable to the Group.

On disposal, the consideration received for these shares, net of transaction costs and the related tax impacts, is also recognized directly in equity attributable to the Group.

33.21 Put options granted to minority interests

The Group has undertaken to repurchase the minority interests of shareholders of certain subsidiaries. The strike price of these put options may be set or determined according to a predefined calculation formula, and the options may be exercised either at any time or on a specific date.

The Group recognizes a financial liability in respect of any put options granted to minority interests. This liability is recognized at the present value of the best estimate of the strike price, with an offsetting entry in equity attributable to the Group. Any subsequent changes in the financial liability relating to put options granted to minority interests are recognized directly in equity, including the impact of unwinding the discount.

The financial liability recognized in respect of put options granted to minority interests is shown in the balance sheet within current and non-current borrowings, as appropriate. Put options granted to minority interests are therefore included in consolidated net debt (see Note 33.1.5).

Depending on the agreements signed by the Group with minority interests, minority shareholders may in some cases waive their dividend rights until the put option is exercised. In this case, the corresponding minority interests are canceled, with a direct offsetting entry in equity attributable to the Group. If the minority interests retain their dividend rights until the option is exercised however, the minority interests continue to be shown in the balance sheet.

33.22 Provisions for pensions and other post-employment benefits

Based on the laws and practices of each country, the Group recognizes various types of employee benefits, including pensions and other post-employment benefits.

Defined contribution plans

Under defined contribution plans, the Group is not obliged to make additional payments over and above contributions already made to a fund if the fund does not have sufficient assets to cover the benefits corresponding to services rendered by personnel during the current period and prior periods. Contributions paid into these plans are expensed in the income statement as incurred.

Defined benefit plans

Under defined benefit plans, obligations are valued using the projected unit credit method based on agreements in effect in each entity. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The obligation is then discounted. The actuarial assumptions used to determine the obligations vary according to the economic conditions of the country where the plan is established. These plans are valued by independent actuaries on an annual basis. The valuations take into account the level of future compensation, the probable active life of employees, life expectancy and staff turnover.

The provision recognized in the balance sheet corresponds to the present value of the obligations calculated as described above, less the fair value of the plans' financial assets under wholly funded pension plans.

The current service cost for these plans is recognized within personnel expenses in the income statement. The interest cost relating to the benefit obligation net of interest income on plan assets under wholly funded plans is recognized in other financial income and expenses within "Financial result". Past service cost, designating the increase in an obligation following the introduction of a new plan or the impact of amendments to an existing plan, is expensed immediately in the income statement within personnel expenses, regardless of whether or not the benefit entitlement has already vested or is still vesting.

Changes in actuarial assumptions and the impact of experience adjustments (the difference between outcomes estimated using actuarial assumptions and actual outcomes) give rise to actuarial gains and losses, which are recognized directly in equity within other comprehensive income. These actuarial gains and losses are never transferred to the income statement.

33.23 Provisions

Provisions for litigation, disputes and miscellaneous contingencies and losses are recognized as soon as a present obligation arises from past events, which is likely to result in an outflow of resources embodying economic benefits, the amount of which can be reliably estimated.

Provisions maturing in more than one year are valued at their discounted amount, representing the best estimate of the expense necessary to extinguish the current obligation at the end of the reporting period. The discount rate used reflects current assessments of the time value of money and specific risks related to the liability.

A provision for restructuring costs is recognized when there is a formal and detailed restructuring plan and the plan has begun to be implemented or its main features have been announced before the end of the reporting period. Restructuring costs for which a provision is made essentially represent employee costs (severance pay, early retirement plans, payment in lieu of notice, etc.), work stoppages and compensation for breaches of contract with third parties.

33.24 Discontinued operations, assets held for sale and liabilities associated with assets held for sale

The Group applies IFRS 5, which requires the separate recognition and presentation of assets (or disposal groups) held for sale and discontinued operations.

Non-current assets, or groups of assets and liabilities directly associated with those assets, are considered as held for sale if it is highly probable that their carrying amount will be recovered principally through a sale rather than through continuing use. Non-current assets (or disposal groups) held for sale are measured and recognized at the lower of their net carrying amount and their fair value less the costs of disposal. These assets are no longer depreciated or amortized from the time they qualify as assets (or disposal groups) held for sale. They are presented on separate lines in the consolidated balance sheet, without restatement for previous periods.

A discontinued operation is defined as a component of a group that generates cash flows that can be clearly distinguished from the rest of the Group and represents a separate line of business or geographical area of operations. For all periods presented, the net income or loss from these activities is shown on a separate line of the income statement within discontinued operations and is restated in the statement of cash flows.

NOTE 34 – LIST OF CONSOLIDATED ENTITIES

Consolidation method
Full consolidation: C
Equity method: E

Company	Transaction	Dec. 31, 2023	% interest Dec. 31, 2023		% interest Dec. 31, 2022
KERING SA			**Parent company**		**Parent company**

LUXURY HOUSES

Company	Transaction		Dec. 31, 2023		Dec. 31, 2022
France					
ALEXANDER MCQUEEN FRANCE SAS		C	100.00	C	100.00
ARCADES PONTHIEU SA		C	95.00	C	95.00
ATELIER DE CONFECTION SAINT LAURENT		C	100.00	C	100.00
BALENCIAGA OPERATIONS SAS		C	100.00	C	100.00
BALENCIAGA SAS		C	100.00	C	100.00
BOTTEGA VENETA FRANCE SAS		C	100.00	C	100.00
BOUCHERON PARFUMS SAS		C	100.00	C	100.00
BOUCHERON SAS		C	100.00	C	100.00
BRIONI FRANCE SAS		C	100.00	C	100.00
DODO PARIS SAS		C	100.00	C	100.00
FRANCE CROCO SAS		C	100.00	C	100.00
GG FRANCE SERVICES SAS		C	100.00	C	100.00
GINORI 1735	Consolidation	C	100.00	–	–
GPO HOLDING SAS		C	100.00	C	100.00
GUCCI FRANCE SAS		C	100.00	C	100.00
LES BOUTIQUES BOUCHERON SAS		C	100.00	C	100.00
POMELLATO PARIS SAS		C	100.00	C	100.00
QEELIN FRANCE SARL		C	100.00	C	100.00
SAINT LAURENT CULTURE SAS	Formation	C	100.00	–	–
SAINT LAURENT EDITIONS SAS	Formation	C	100.00	–	–
SAINT LAURENT PRODUCTIONS SAS	Formation	C	100.00	–	–
SAS ETABLISSEMENTS E. BLONDEAU	Acquisition	C	100.00	–	–
SAS BELTER	Acquisition	C	100.00	–	–
SAS CHANSON ET CIE JOAILLIERS FABRICANTS	Acquisition	C	100.00	–	–
SAS FG DÉVELOPPEMENT	Acquisition	C	100.00	–	–
YSL VENTES PRIVEES FRANCE SAS		C	100.00	C	100.00
YVES SAINT LAURENT BOUTIQUE FRANCE SAS		C	100.00	C	100.00
YVES SAINT LAURENT PARFUMS SAS		C	100.00	C	100.00
YVES SAINT LAURENT SAS		C	100.00	C	100.00
Germany					
ALEXANDER MCQUEEN TRADING GMBH		C	100.00	C	100.00
BALENCIAGA GERMANY GmbH		C	100.00	C	100.00
BOTTEGA VENETA GERMANY GmbH		C	100.00	C	100.00
BRIONI GERMANY GmbH		C	100.00	C	100.00
DODO DEUTSCHLAND GmbH		C	100.00	C	100.00
GG LUXURY GOODS GmbH		C	100.00	C	100.00
POMELLATO DEUTSCHLAND GmbH		C	100.00	C	100.00
YVES SAINT LAURENT GERMANY GmbH		C	100.00	C	100.00

Company	Transaction	% interest Dec. 31, 2023		Dec. 31, 2022	
Austria					
ALEXANDER MCQUEEN GmbH		C	100.00	C	100.00
BALENCIAGA AUSTRIA GmbH		C	100.00	C	100.00
BOTTEGA VENETA AUSTRIA GmbH		C	100.00	C	100.00
GUCCI AUSTRIA GmbH		C	100.00	C	100.00
YVES SAINT LAURENT AUSTRIA GmbH		C	100.00	C	100.00
Belgium					
BALENCIAGA BELGIUM		C	100.00	C	100.00
GUCCI BELGIUM SA		C	100.00	C	100.00
SAINT LAURENT BELGIUM		C	100.00	C	100.00
Denmark					
BALENCIAGA DENMARK APS		C	100.00	C	100.00
LUXURY GOODS DENMARK AS		C	51.00	C	51.00
SAINT LAURENT DENMARK APS	Acquisition	C	100.00	–	–
Spain					
BALENCIAGA SPAIN SL		C	100.00	C	100.00
BOTTEGA VENETA ESPANA SL		C	100.00	C	100.00
DODO SPAIN SA		C	100.00	C	100.00
LUXURY GOODS SPAIN SL		C	100.00	C	100.00
LUXURY TIMEPIECES ESPANA SL		C	100.00	C	100.00
YVES SAINT LAURENT SPAIN SA		C	100.00	C	100.00
United Kingdom					
ALEXANDER MCQUEEN TRADING Ltd		C	100.00	C	100.00
AUTUMNPAPER Ltd		C	100.00	C	100.00
BALENCIAGA UK Ltd		C	100.00	C	100.00
BIRDSWAN SOLUTIONS Ltd		C	100.00	C	100.00
BOTTEGA VENETA UK CO. Ltd		C	100.00	C	100.00
BOUCHERON UK Ltd		C	100.00	C	100.00
BRIONI UK Ltd		C	100.00	C	100.00
DODO (UK) Ltd		C	100.00	C	100.00
GUCCI Ltd		C	100.00	C	100.00
GINORI 1735 LIMITED	Consolidation	C	100.00	–	–
LUXURY TIMEPIECES & JEWELLERY OUTLETS Ltd		C	100.00	C	100.00
LUXURY TIMEPIECES UK Ltd		C	100.00	C	100.00
PAINTGATE Ltd		C	100.00	C	100.00
POMELLATO (UK) Ltd		C	100.00	C	100.00
YVES SAINT LAURENT UK Ltd		C	100.00	C	100.00
Greece					
LUXURY GOODS GREECE AE		C	100.00	C	100.00
SAINT LAURENT GREECE AE		C	100.00	C	100.00
BOTTEGA VENETA GREECE SA		C	100.00	C	100.00
Hungary					
GUCCI HUNGARY RETAIL LTD		C	100.00	C	100.00
Ireland					
BALENCIAGA IRELAND LTD	Formation	C	100.00	–	–
BOTTEGA VENETA IRELAND LTD		C	100.00	C	100.00
GUCCI IRELAND Ltd		C	100.00	C	100.00
SAINT LAURENT IRELAND LTD		C	100.00	C	100.00

Company	Transaction	% interest Dec. 31, 2023		Dec. 31, 2022	
Italy					
ACCADEMIA DELLA PELLETTERIA SRL		C	51.00	C	51.00
ALEXANDER MCQUEEN ITALIA SRL		C	100.00	C	100.00
ALEXANDER MCQUEEN LOGISTICA SRL		C	100.00	C	100.00
ALEXANDER MCQUEEN ONLINE ITALIA SRL		C	100.00	C	100.00
B.V. ITALIA SRL		C	100.00	C	100.00
BALENCIAGA LOGISTICA SRL		C	100.00	C	100.00
BALENCIAGA ONLINE ITALIA SRL		C	100.00	C	100.00
BALENCIAGA RETAIL ITALIA SRL		C	100.00	C	100.00
BOTTEGA VENETA LOGISTICA SRL		C	100.00	C	100.00
BOTTEGA VENETA SRL		C	100.00	C	100.00
BRIONI GERMANICS HOLDING SRL		C	100.00	C	100.00
BRIONI ITALIA SRL		C	100.00	C	100.00
BRIONI SpA		C	100.00	C	100.00
BV ECOMMERCE SRL		C	100.00	C	100.00
CARAVEL PELLI PREGIATE SpA		C	100.00	C	100.00
CHEM – TEC SRL		C	51.00	C	51.00
COLONNA SpA		C	51.00	C	51.00
CONCERIA 800 SpA		C	51.00	C	51.00
COSTANZO & RIZZETTO SRL		E	45.00	E	45.00
DESIGN MANAGEMENT 2 SRL		C	100.00	C	100.00
DESIGN MANAGEMENT SRL		C	100.00	C	100.00
DI REMIGIO & DI DIODORO S.R.L.		C	51.00	C	51.00
DODO RETAIL ITALIA S.R.L.	Formation	C	100.00	–	–
E-LITE SRL		C	100.00	C	100.00
FALCO PELLAMI SpA		C	51.00	C	51.00
FUTURA SRL	Acquisition	C	77.00	–	–
G COMMERCE EUROPE SpA		C	100.00	C	100.00
GARPE SRL		C	100.00	C	100.00
GGW ITALIA SRL		C	100.00	C	100.00
GJP SRL		C	100.00	C	100.00
GPA SRL		C	100.00	C	100.00
GT SRL		C	100.00	C	100.00
GUCCI PALAZZO SRL		C	100.00	C	100.00
IMMOBILIARE ARNO		C	100.00	C	100.00
GUCCI LOGISTICA SpA		C	100.00	C	100.00
GUCCIO GUCCI SpA		C	100.00	C	100.00
IMMOBILIARE ARMEA SRL		C	100.00	C	100.00
K RETAIL SRL		C	100.00	C	100.00
KERING FASHION OPERATIONS SRL	Liquidation	–	–	C	100.00
LUXURY GOODS ITALIA SpA		C	100.00	C	100.00
LUXURY GOODS OUTLET SRL		C	100.00	C	100.00
MANIFATTURA VENETA PELLETERIE SRL		C	100.00	C	100.00
MARBELLA PELLAMI SpA		C	51.00	C	51.00
MFI LUXURY S.R.L	Acquisition	E	30.00	–	–
MOOD SRL		E	19.00	E	19.00
NEGOZI RICHARD GINORI SRL	Consolidation	C	100.00	–	–
PELLETTERIA ALESSANDRA SRL		C	90.00	C	90.00
PIGINI SRL		C	100.00	C	100.00
POMELLATO EUROPA SpA		C	100.00	C	100.00
POMELLATO SpA		C	100.00	C	100.00

Company	Transaction	% interest Dec. 31, 2023		Dec. 31, 2022	
ROMAN STYLE SpA		C	100.00	C	100.00
RICHARD GINORI SRL	Consolidation	C	100.00	–	–
SAINT LAURENT ECOMMERCE SRL		C	100.00	C	100.00
SL LUXURY RETAIL SRL		C	100.00	C	100.00
TEST & INNOVATION LAB SRL		C	100.00	C	100.00
TIGER FLEX SRL		C	100.00	C	100.00
TMLO HOLDING SRL		C	100.00	C	100.00
YVES SAINT LAURENT MANIFATTURE SRL		C	100.00	C	100.00
Luxembourg					
KERING PARTICIPATIONS SARL		C	100.00	C	100.00
GUCCI GULF INVESTMENT SARL		C	100.00	C	100.00
GUCCI LUXEMBOURG SA		C	100.00	C	100.00
QEELIN HOLDING LUXEMBOURG SA		C	100.00	C	100.00
Monaco					
BOUCHERON SAM		C	100.00	C	100.00
GUCCI SAM		C	100.00	C	100.00
KERING RETAIL MONACO SAM		C	100.00	C	100.00
SAM YVES SAINT LAURENT OF MONACO		C	100.00	C	100.00
SOCIETE MONEGASQUE DE HAUTE JOAILLERIE S.A.M.		C	100.00	C	100.00
Norway					
LUXURY GOODS NORWAY AS		C	51.00	C	51.00
SAINT LAURENT NORWAY AS	Acquisition	C	100.00	–	–
Netherlands					
ALEXANDER MCQUEEN (THE NETHERLANDS) BV		C	100.00	C	100.00
BALENCIAGA NETHERLANDS BV		C	100.00	C	100.00
BOTTEGA VENETA NETHERLANDS BV		C	100.00	C	100.00
G DISTRIBUTION BV		C	100.00	C	100.00
GG MIDDLE EAST BV		C	51.00	C	51.00
GG OTHER TERRITORIES BV		C	100.00	C	100.00
GUCCI NETHERLANDS BV		C	100.00	C	100.00
KERING ASIAN HOLDING BV		C	100.00	C	100.00
YVES SAINT LAURENT NETHERLANDS BV		C	100.00	C	100.00
Poland					
SAINT LAURENT POLAND SP. Z.O.O	Formation	C	100.00	–	–
Portugal					
BOTTEGA VENETA PORTUGAL, UNIPESSOAL LDA		C	100.00	C	100.00
GUCCI PORTUGAL UNIPESSOAL, LDA		C	100.00	C	100.00
SAINT LAURENT PORTUGAL SL		C	100.00	C	100.00
Czech Republic					
BALENCIAGA CZECH REPUBLIC SRO		C	100.00	C	100.00
LUXURY GOODS CZECH REPUBLIC SRO		C	100.00	C	100.00
YVES SAINT LAURENT CZECH REPUBLIC, SRO		C	100.00	C	100.00
Romania					
SIFA INTERNATIONAL SRL		C	100.00	C	100.00
Russia					
BOUCHERON RUS OOO		C	100.00	C	100.00
GUCCI RUS OOO		C	100.00	C	100.00
Serbia					
F.LLI ROSSI SHOES DOO		C	70.00	C	70.00
LUXURY TANNERY DOO		C	51.00	C	51.00

		% interest			
Company	**Transaction**	**Dec. 31, 2023**		**Dec. 31, 2022**	
Sweden					
BOTTEGA VENETA SWEDEN AB	Formation	C	100.00	–	–
GUCCI SWEDEN AB		C	51.00	C	51.00
SAINT LAURENT SWEDEN AB	Acquisition	C	100.00	–	–
Switzerland					
BALENCIAGA SWITZERLAND SA		C	100.00	C	100.00
BOTTEGA VENETA SWISS RETAIL SA		C	100.00	C	100.00
BOUCHERON (SUISSE) SA		C	100.00	C	100.00
BOUCHERON TIMEPIECES SA		C	100.00	C	100.00
BRIONI SWITZERLAND SA		C	100.00	C	100.00
FABBRICA QUADRANTI SA		C	100.00	C	100.00
GUCCI SWISS RETAIL SA		C	100.00	C	100.00
GUCCI SWISS TIMEPIECES SA		C	100.00	C	100.00
LUXURY GOODS OUTLETS EUROPE SAGL	Liquidation	–	–	C	100.00
THE MALL LUXURY OUTLET SA	Liquidation	–	–	C	100.00
POMELLATO SWITZERLAND S.A.	Formation	C	100.00	–	–
YSL SWITZERLAND SA		C	100.00	C	100.00
Aruba					
GEMINI ARUBA NV		C	100.00	C	100.00
Brazil					
BALENCIAGA BRASIL LTDA	Formation	C	100.00	–	–
BOTTEGA VENETA HOLDING Ltda		C	100.00	C	100.00
GUCCI BRASIL IMPORTACAO E EXPORTACAO Ltda		C	100.00	C	100.00
SAINT LAURENT BRASIL IMPORTACAO E EXPORTACAO Ltda		C	100.00	C	100.00
Canada					
ALEXANDER MCQUEEN TRADING CANADA INC.		C	100.00	C	100.00
BALENCIAGA CANADA Inc.		C	100.00	C	100.00
BOTTEGA VENETA CANADA Ltd		C	100.00	C	100.00
G. BOUTIQUES Inc.		C	100.00	C	100.00
QEELIN CANADA LTD		C	100.00	C	100.00
SAINT LAURENT CANADA BOUTIQUES Inc.		C	100.00	C	100.00
Chile					
LUXURY GOODS CHILE SpA		C	51.00	C	51.00
United States					
ALEXANDER MCQUEEN TRADING AMERICA, Inc.		C	100.00	C	100.00
BALENCIAGA AMERICA Inc.		C	100.00	C	100.00
BOTTEGA VENETA Inc.		C	100.00	C	100.00
BOUCHERON JOAILLERIE (USA) Inc.		C	100.00	C	100.00
BRIONI AMERICA HOLDING Inc.		C	100.00	C	100.00
BRIONI AMERICA Inc.		C	100.00	C	100.00
G GATOR USA LLC		C	100.00	C	100.00
GUCCI AMERICA Inc.		C	100.00	C	100.00
GUCCI FINANCIAL HOLDING AMERICAS, INC.		C	100.00	C	100.00
GUCCI OSTERIA USA LLC		C	100.00	C	100.00
GUCCI SAIPAN INC		C	100.00	C	100.00
GUCCI TRUST		C	100.00	C	100.00
KERING AMERICAS TRADING, LLC		C	100.00	C	100.00
LUXURY HOLDINGS Inc.		C	100.00	C	100.00
POMELLATO USA Inc.		C	100.00	C	100.00
RICHARD GINORI 1735 INC	Consolidation	C	100.00	–	–
WALL'S GATOR FARM II LLC		E	40.00	E	40.00
WG ALLIGATOR FARM LLC		E	40.00	E	40.00
YVES SAINT LAURENT AMERICA HOLDING Inc.		C	100.00	C	100.00
YVES SAINT LAURENT AMERICA Inc.		C	100.00	C	100.00

Company	Transaction	% interest Dec. 31, 2023		Dec. 31, 2022	
Mexico					
BRIONI RETAIL MEXICO, S. DE R.L. DE C.V.	Formation	C	100.00	–	–
BALENCIAGA RETAIL MEXICO, S. DE R.L. DE C.V.		C	100.00	C	100.00
BOTTEGA VENETA MEXICO, S. DE R.L. DE C.V.		C	100.00	C	100.00
D ITALIAN CHARMS, S.A. DE R.L. DE C.V.		C	100.00	C	100.00
GUCCI IMPORTACIONES S.A. DE C.V.		C	100.00	C	100.00
GUCCI MEXICO S.A. DE C.V.		C	100.00	C	100.00
SAINT LAURENT MEXICO, S. DE R.L. DE C.V.		C	100.00	C	100.00
Panama					
LUXURY GOODS PANAMA S. DE R.L.		C	51.00	C	51.00
SAINT LAURENT PANAMA Inc.		C	100.00	C	100.00
Dominican Republic					
SAINT LAURENT DOMINICAN REPUBLIC S.A.S.	Formation	C	100.00	–	–
Australia					
ALEXANDER MCQUEEN AUSTRALIA PTY Ltd		C	100.00	C	100.00
BALENCIAGA AUSTRALIA PTY Ltd		C	100.00	C	100.00
BOTTEGA VENETA AUSTRALIA PTY Ltd		C	100.00	C	100.00
GUCCI AUSTRALIA PTY Ltd		C	100.00	C	100.00
SAINT LAURENT AUSTRALIA PTY Ltd		C	100.00	C	100.00
QEELIN AUSTRALIA PTY. LTD.		C	100.00	C	100.00
New Zealand					
ALEXANDER MCQUEEN NEW ZEALAND LTD		C	100.00	C	100.00
BALENCIAGA NEW ZEALAND LTD		C	100.00	C	100.00
GUCCI NEW ZEALAND Ltd		C	100.00	C	100.00
SAINT LAURENT NEW ZEALAND Ltd		C	100.00	C	100.00
Greater China					
Mainland China					
ALEXANDER McQUEEN (SHANGHAI) TRADING Ltd		C	100.00	C	100.00
BALENCIAGA FASHION SHANGHAI CO. Ltd		C	100.00	C	100.00
BOTTEGA VENETA (CHINA) TRADING Ltd		C	100.00	C	100.00
BRIONI (SHANGHAI) TRADING Ltd		C	100.00	C	100.00
DODO (SHANGHAI) WATCHES AND JEWELRY LTD	Formation	C	100.00	–	–
GUCCI (CHINA) TRADING Ltd		C	100.00	C	100.00
GUCCI WATCHES MARKETING CONSULTING (SHANGHAI) Ltd		C	100.00	C	100.00
KERING (SHANGHAI) WATCHES AND JEWELRY Ltd		C	100.00	C	100.00
LUXURY EMOTIONS (SHENZHEN) BUSINESS MANAGEMENT CO., LTD	Formation	C	100.00	–	–
POMELLATO SHANGHAI CO. Ltd		C	100.00	C	100.00
QEELIN TRADING (SHANGHAI) CO. Ltd		C	100.00	C	100.00
GINORI 1735 RETAIL SHANGHAI CO, LTD	Consolidation	C	100.00	–	–
YVES SAINT LAURENT (SHANGHAI) TRADING Ltd		C	100.00	C	100.00
Hong Kong SAR					
ALEXANDER MCQUEEN (HONG KONG) Ltd		C	100.00	C	100.00
BALENCIAGA ASIA PACIFIC Ltd		C	100.00	C	100.00
BOTTEGA VENETA HONG KONG Ltd		C	100.00	C	100.00
BOUCHERON HONG KONG Ltd		C	100.00	C	100.00
BRIONI HONG KONG Ltd		C	100.00	C	100.00
DODO HONG KONG LTD	Formation	C	100.00	–	–
GUCCI ASIA COMPANY Ltd		C	100.00	C	100.00
GUCCI GROUP (HONG KONG) LTD		C	100.00	C	100.00
POMELLATO PACIFIC Ltd		C	100.00	C	100.00
QEELIN Ltd		C	100.00	C	100.00
YVES SAINT LAURENT (HONG KONG) Ltd		C	100.00	C	100.00

Company	Transaction	% interest Dec. 31, 2023		% interest Dec. 31, 2022	
Macau SAR					
ALEXANDER McQUEEN (MACAU) Ltd		C	100.00	C	100.00
BALENCIAGA MACAU Ltd		C	100.00	C	100.00
BOTTEGA VENETA MACAU Ltd		C	100.00	C	100.00
BRIONI MACAU Ltd		C	100.00	C	100.00
GUCCI MACAU Ltd		C	100.00	C	100.00
KERING (MACAU) WATCHES AND JEWELRY Ltd		C	100.00	C	100.00
QEELIN MACAU Ltd		C	100.00	C	100.00
YVES SAINT LAURENT MACAU Ltd		C	100.00	C	100.00
Taïwan					
BOUCHERON TAIWAN CO. Ltd		C	100.00	C	100.00
South Korea					
ALEXANDER MCQUEEN KOREA LLC		C	100.00	C	100.00
BALENCIAGA KOREA LLC		C	100.00	C	100.00
BOTTEGA VENETA KOREA LLC		C	100.00	C	100.00
BRIONI KOREA LLC	Formation	C	100.00	–	–
GUCCI KOREA LLC		C	100.00	C	100.00
KERING WATCHES & JEWELRY KOREA LLC		C	100.00	C	100.00
YVES SAINT LAURENT KOREA LLC		C	100.00	C	100.00
Guam					
BOTTEGA VENETA GUAM Inc.		C	100.00	C	100.00
GUCCI GROUP GUAM Inc.		C	100.00	C	100.00
India					
LUXURY GOODS RETAIL PRIVATE LTD		C	51.00	C	51.00
YVES SAINT LAURENT INDIA PRIVATE LTD	Formation	C	51.00	–	–
Japan					
BALENCIAGA JAPAN Ltd		C	100.00	C	100.00
BOTTEGA VENETA JAPAN Ltd		C	100.00	C	100.00
BOUCHERON JAPAN Ltd		C	100.00	C	100.00
BRIONI JAPAN CO. Ltd		C	100.00	C	100.00
GUCCI OSTERIA JAPAN G.K.		C	100.00	C	100.00
QEELIN JAPAN LIMITED		C	100.00	C	100.00
POMELLATO JAPAN CO. Ltd		C	100.00	C	100.00
RICHARD GINORI ASIA PACIFIC CO. LTD.	Consolidation	C	100.00	–	–
Malaysia					
AUTUMNPAPER MALAYSIA SDN BHD		C	100.00	C	100.00
BALENCIAGA SEA MALAYSIA SDN BHD		C	100.00	C	100.00
BOTTEGA VENETA MALAYSIA SDN BHD		C	100.00	C	100.00
GUCCI (MALAYSIA) SDN BHD		C	100.00	C	100.00
KERING WATCHES AND JEWELRY (MALAYSIA) SDN BHD		C	100.00	C	100.00
SAINT LAURENT (MALAYSIA) SDN BHD		C	100.00	C	100.00
Philippines					
LUXURY GOODS PHILIPPINES INC		C	75.00	C	75.00
Singapore					
ALEXANDER MCQUEEN (SINGAPORE) PTE Ltd		C	100.00	C	100.00
BALENCIAGA SINGAPORE PTE Ltd		C	100.00	C	100.00
BOTTEGA VENETA SINGAPORE PRIVATE Ltd		C	100.00	C	100.00
GUCCI SINGAPORE PTE Ltd		C	100.00	C	100.00
KERING (SINGAPORE) WATCHES AND JEWELRY PTE Ltd		C	100.00	C	100.00
SAINT LAURENT (SINGAPORE) PTE Ltd		C	100.00	C	100.00

Company	Transaction	% interest Dec. 31, 2023		Dec. 31, 2022	
Thailand					
ALEXANDER MCQUEEN (THAILAND) Ltd		C	100.00	C	100.00
BALENCIAGA THAILAND Ltd		C	100.00	C	100.00
BOTTEGA VENETA (THAILAND) Ltd		C	75.00	C	75.00
GUCCI SERVICES (THAILAND) Ltd		C	98.00	C	98.00
LUXURY GOODS (THAILAND) Ltd		C	75.00	C	75.00
SAINT LAURENT (THAILAND) CO. Ltd		C	100.00	C	100.00
Vietnam					
GUCCI VIETNAM CO. Ltd		C	100.00	C	100.00
South Africa					
GG LUXURY RETAIL SOUTH AFRICA PTE Ltd		C	62.00	C	62.00
Saudi Arabia					
BOTTEGA VENETA ARABIA TRADING LLC		C	75.00	C	75.00
BRIONI MIDDLE EAST GENERAL TRADING LLC	Formation	C	100.00	–	–
LUXURY GOODS ARABIA LTD		C	75.00	C	75.00
SAINT LAURENT ARABIA TRADING LLC	Formation	C	75.00	–	–
ARABIAN LUXURY GOODS TRADING (LLC)	Formation	C	75.00	–	–
Bahrain					
FLORENCE 1921 WLL		C	49.00	C	49.00
SAINT LAURENT BAHRAIN W.L.L	Formation	C	99.90	–	–
United Arab Emirates					
AP LUXURY GOODS MIDDLE EAST LLC		C	49.00	C	49.00
ATELIER LUXURY GULF LLC		C	49.00	C	49.00
FASHION LUXURY MIDDLE EAST LLC		C	49.00	C	49.00
KERING TRADING MIDDLE EAST DWC - LLC		C	100.00	C	100.00
LUXURY FASHION GULF LLC		C	49.00	C	49.00
LUXURY GOODS GULF LLC		C	49.00	C	49.00
Kuwait					
AUTUMNPAPER LUXURY GOODS FOR READYMADE CLOTHES, SHOES AND ACCESSORIES WLL		C	49.00	C	49.00
B.A.L FOR READY-TO-WEAR APPAREL AND ACCESSORIES WLL		C	49.00	C	49.00
BOTTEGA VENETA LEATHER GOODS KUWAIT WLL		C	49.00	C	49.00
LUXURY GOODS KUWAIT WLL		C	26.01	C	26.01
YSL KUWAIT FOR READYMADE CLOTHES AND ACCESSORIES WLL		C	49.00	C	49.00
Qatar					
APL LUXURY FASHION TRADING WLL.		C	49.00	C	49.00
FASHION LUXURY TRADING LLC		C	49.00	C	49.00
GUCCI QFZ LLC		C	100.00	C	100.00
LUXURY GOODS QATAR LLC		C	25.50	C	25.50
SAINT LAURENT PARIS LLC		C	24.00	C	24.00
Turkey					
BOTTEGA VENETA TURKEY LÜKS ÜRÜNLER LIMITED ŞIRKETI	Formation	C	100.00	–	–
GUCCI TURKEY LUXURY GOODS TRADE LLP		C	100.00	C	100.00
SAINT LAURENT TURKEY LÜKS ÜRÜNLER LIMITED ŞIRKETI		C	100.00	C	100.00

Company	Transaction	% interest Dec. 31, 2023		% interest Dec. 31, 2022	
KERING EYEWEAR & CORPORATE					
KERING EYEWEAR & KERING BEAUTE					
France					
FRAGRANCES PRODUCTION SARL	Acquisition	C	100.00	–	–
FONTAINE FRANCE SARL	Acquisition	C	100.00	–	–
KERING EYEWEAR FRANCE SAS		C	65.07	C	64.32
MANUFACTURE KERING EYEWEAR SAS		C	65.07	C	64.32
MYYRH SARL	Acquisition	C	100.00	–	–
MAUI JIM EUROPE SARL		C	65.07	C	64.32
USINAGE ET NOUVELLES TECHNOLOGIES S.A.S.	Acquisition	C	65.07	–	–
Germany					
KERING EYEWEAR DACH GmbH		C	65.07	C	64.32
MAUI JIM GERMANY, GMBH		C	65.07	C	64.32
Croatia					
KERING EYEWEAR SOUTH EAST EUROPE DOO		C	65.07	C	64.32
Denmark					
LINDBERG AS		C	65.07	C	64.32
Spain					
KERING EYEWEAR ESPANA SA		C	65.07	C	64.32
MAUI JIM SPAIN, S.L.		C	65.07	C	64.32
United Kingdom					
CHENAL II LTD.	Acquisition	C	100.00	–	–
FONTAINE LTD.	Acquisition	C	100.00	–	–
KERING BEAUTE UK	Formation	C	100.00	–	–
KERING EYEWEAR UK Ltd		C	65.07	C	64.32
LAGUNE LTD.	Acquisition	C	100.00	–	–
MAUI JIM UK LTD.		C	65.07	C	64.32
THE ORANGE SQUARE COMPANY LTD	Acquisition	C	100.00	–	–
Italy					
KERING EYEWEAR SpA		C	65.07	C	64.32
TRENTI INDUSTRIA OCCHIALI SPA		C	35.79	C	35.37
MAUI JIM - ITALY S.R.L.		C	65.07	C	64.32
Jersey					
CHENAL I LTD.	Acquisition	C	100.00	–	–
Luxembourg					
LINDBERG SA		C	65.07	C	64.32
FONTAINE LUXEMBOURG SARL	Acquisition	C	100.00	–	–
Portugal					
KERING EYEWEAR PORTUGAL UNIPESSOAL LDA		C	65.07	C	64.32
Sweden					
MAUI JIM NORDIC AB		C	65.07	C	64.32
Canada					
INTERNATIONAL COSMETICS & PERFUMES CANADA LTD.	Acquisition	C	100.00	–	–
MAUI JIM CANADA ULC		C	65.07	C	64.32
United States					
CREED BOUTIQUE LLC	Acquisition	C	100.00	–	–
CREED BOUTIQUE BEVERLY HILLS, LLC	Acquisition	C	100.00	–	–
CREED BOUTIQUE HOUSTON, LLC	Acquisition	C	100.00	–	–
CREED BOUTIQUE KING OF PRUSSIA, LLC	Acquisition	C	100.00	–	–
CREED BOUTIQUE LAS VEGAS, LLC	Acquisition	C	100.00	–	–
CREED BOUTIQUE LAS VEGAS CRYSTALS, LLC	Acquisition	C	100.00	–	–
CREED BOUTIQUE MIAMI, LLC	Acquisition	C	100.00	–	–

Company	Transaction	% interest Dec. 31, 2023		Dec. 31, 2022	
CREED BOUTIQUE NORTHPARK, LLC	Acquisition	C	100.00	–	–
CREED BOUTIQUE VALLEY FAIR LCC	Acquisition	C	100.00	–	–
HUIPU CORP.		C	65.07	C	64.32
INTERNATIONAL COSMETICS AND PERFUMES, INC.	Acquisition	C	100.00	–	–
INTERNATIONAL COSMETICS AND PERFUMES FLO,LLC	Acquisition	C	100.00	–	–
INTERNATIONAL COSMETICS AND PERFUMES MAT,LLC	Acquisition	C	100.00	–	–
INTERNATIONAL COSMETICS AND PERFUMES MIZ, LLC	Acquisition	C	100.00	–	–
KERING EYEWEAR USA Inc.		C	65.07	C	64.32
MAUI JIM INC.		C	65.07	C	64.32
MAUI JIM USA, INC.		C	65.07	C	64.32
NILES FISHING COMPANY, LTD.		C	65.07	C	64.32
ZEAL OPTICS, INC.		C	65.07	C	64.32
LINDBERG USA, INC.		C	65.07	C	64.32
Mexico					
COSPER INTERNATIONAL S. DE R.L. DE C.V.	Acquisition	C	100.00	–	–
CREED BOUTIQUE MASARYK S.A DE C.V.	Acquisition	C	100.00	–	–
Australia					
KERING EYEWEAR AUSTRALIA PTY Ltd		C	65.07	C	64.32
MAUI JIM AUSTRALIA PTY, LTD		C	65.07	C	64.32
Greater China					
Mainland China					
FONTAINE (SHANGHAI) INTERNATIONAL TRADE CO., LTD	Acquisition	C	100.00	–	–
KERING EYEWEAR SHANGHAI TRADING ENTERPRISES Ltd		C	65.07	C	64.32
LINDBERG SHANGHAI TRADING LTD		C	65.07	C	64.32
MAUI JIM EYEWEAR SELLING (SHANGHAI) CO., LTD		C	65.07	C	64.32
Hong Kong SAR					
FONTAINE HK LTD.	Acquisition	C	100.00	–	–
KERING EYEWEAR APAC Ltd		C	65.07	C	64.32
MAUI JIM ASIA LIMITED		C	65.07	C	64.32
Taiwan					
KERING EYEWEAR TAIWAN Ltd		C	65.07	C	64.32
South Korea					
KERING EYEWEAR KOREA Ltd		C	65.07	C	64.32
India					
KERING EYEWEAR INDIA Ltd		C	65.07	C	64.32
MAUI JIM SUN OPTICS INDIA PRIVATE LIMITED		C	65.07	C	64.32
Japan					
KERING EYEWEAR JAPAN Ltd		C	65.07	C	64.32
Malaysia					
KERING EYEWEAR MALAYSIA SDN BHD		C	65.07	C	64.32
Mexico					
MAUI JIM SUNGLASSES DE MEXICO S DE RL DE CV		C	65.07	C	64.32
Singapore					
KERING EYEWEAR SINGAPORE PTE LTD		C	65.07	C	64.32
South Africa					
MAUI JIM SOUTH AFRICA (PTY) LTD		C	65.07	C	64.32
United Arab Emirates					
CREED MIDDLE EAST PERFUMES TRADING LLC	Acquisition	C	100.00	–	–
KERING EYEWEAR MIDDLE EAST FZ-LLC		C	65.07	C	64.32
MAUI JIM MIDDLE EAST TRADING L.L.C		C	65.07	C	64.32
MAUI JIM MIDDLE EAST FZE		C	65.07	C	64.32

Company	Transaction	% interest Dec. 31, 2023		Dec. 31, 2022	
CORPORATE					
France					
56 MONTAIGNE 1 SNC	Merger	C	100.00	–	–
56 MONTAIGNE SNC	Formation	C	100.00	–	–
CASTIGLIONE 12-14 SCI	Formation	C	100.00	–	–
DISCODIS SAS		C	100.00	C	100.00
GG FRANCE 13 SAS		C	100.00	C	100.00
GG FRANCE 14 SAS		C	100.00	C	100.00
IMMO FRANCE 1 SAS		C	100.00	C	100.00
IMMO FRANCE 2 SAS	Formation	C	100.00	–	–
IMMO FRANCE 3 SAS	Formation	C	100.00	–	–
IMMO FRANCE 4 SAS	Formation	C	100.00	–	–
IMMO FRANCE 5 SAS	Formation	C	100.00	–	–
KERING BEAUTE SAS		C	100.00	C	100.00
KERING FINANCE SNC		C	100.00	C	100.00
KERING FRANCE 1	Formation	C	100.00	–	–
KERING FRANCE PARTICIPATIONS SAS		C	100.00	C	100.00
KERING SIGNATURE		C	100.00	C	100.00
KERING VENTURE SAS		C	100.00	C	100.00
MONTAIGNE 35 - 37 SCI	Formation	C	100.00	–	–
SOCIETE CIVILE KERING CAPITAL		C	100.00	C	100.00
Spain					
KERING SPAIN SL		C	100.00	C	100.00
United Kingdom					
KERING INTERNATIONAL Ltd		C	100.00	C	100.00
KERING UK SERVICES Ltd		C	100.00	C	100.00
Italy					
KERING ITALIA SpA		C	100.00	C	100.00
KERING SERVICE ITALIA SpA		C	100.00	C	100.00
NEVER GIVE UP INVESTMENTI S.R.L.		C	50.74	C	50.74
Luxembourg					
E-KERING LUX SA		C	100.00	C	100.00
GEMINGA SARL	Liquidation	–	–	C	100.00
KERING INVESTMENTS SA	Liquidation	–	–	C	94.13
KERING RE		C	100.00	C	100.00
Netherlands					
GUCCI PARTICIPATION BV		C	100.00	C	100.00
K OPERATIONS BV		C	100.00	C	100.00
KERING HOLLAND NV		C	100.00	C	100.00
KERING INVESTMENTS EUROPE BV		C	100.00	C	100.00
KERNIC-MET BV		C	100.00	C	100.00
Switzerland					
LUXURY GOODS INTERNATIONAL SA		C	100.00	C	100.00
LUXURY GOODS LOGISTICS SA		C	51.00	C	51.00
LUXURY GOODS OPERATIONS SA		C	51.00	C	51.00
Brazil					
KERING BRASIL SERVICOS ADMINISTRATIVOS LTDA		C	100.00	C	100.00
Canada					
KERING CANADA SERVICES INC		C	100.00	C	100.00
United States					
KERING AMERICAS Inc.		C	100.00	C	100.00
YOUR FRIENDS IN NEW YORK HOLDINGS, LLC	Disposal	–	0.00	E	22.22

Company	Transaction	% interest Dec. 31, 2023		% interest Dec. 31, 2022	
Mexico					
KERING MEXICO S. DE R.L. DE C.V.		C	100.00	C	100.00
Australia					
KERING AUSTRALIA PTY Ltd		C	100.00	C	100.00
Greater China					
Mainland China					
KERING INVESTMENT MANAGEMENT GROUP CO., LTD		C	100.00	C	100.00
Hong Kong SAR					
KERING ASIA PACIFIC Ltd		C	100.00	C	100.00
South Korea					
KERING KOREA LLC		C	100.00	C	100.00
Japan					
YUGEN KAISHA GUCCI		C	100.00	C	100.00
KERING JAPAN Ltd		C	100.00	C	100.00
KERING TOKYO INVESTMENT Ltd		C	100.00	C	100.00
Malaysia					
KERING SERVICES MALAYSIA SDN BHD		C	100.00	C	100.00
Singapore					
KERING SOUTH EAST ASIA PTE Ltd		C	100.00	C	100.00
United Arab Emirates					
KERING SERVICES MIDDLE EAST		C	100.00	C	100.00

2 - STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information specifically required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Kering S.A. General Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by the Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Kering S.A. for the year ended December 31, 2023.

In our opinion, the consolidated financial statements present fairly, in all material respects, the assets and liabilities and the financial position of the Group as of December 31, 2023 and the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors, for the period from January 1, 2023 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment tests on goodwill and intangible assets with indefinite useful lives

Notes 11, 12 and 33.12 to the consolidated financial statements

Risk identified	Our response
As of December 31, 2023, goodwill and brands are recorded on the balance sheet for a net carrying amount of €7,112 million and €7,208 million or 17.2% and 17.4% of the total consolidated balance sheet, respectively. The Group tests the value of its assets for impairment by allocating them to cash-generating units (CGUs). The impairment tests are performed each year, or whenever events or circumstances indicate that an impairment loss is likely. CGUs as defined by the Group represent the operating segments in which the Group's brands operate. Impairment tests seek to determine whether the recoverable amount of a CGU is less than its net carrying amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. The value in use is determined with respect to future cash flow projections, taking into account the time value of money and the specific risks attributable to the CGU. Future cash flow projections are based on medium–term budgets and plans. When the CGU's recoverable amount is less than its net carrying amount, an impairment loss is recognized. Impairment is charged first to goodwill and recognized under "Other non-recurring operating income and expenses" in the income statement. Impairments tests carried out did not lead to the recognition of any impairment loss in 2023. Given the significant amount of goodwill and brands in the consolidated balance sheet as at December 31, 2023 and the uncertainties inherent in certain assumptions, notably the probability of achieving forecasts used to calculate the recoverable amount, we considered the valuation of goodwill and intangible assets with indefinite lives to be a key audit matter.	We performed a critical review of the methodology applied by the Group to carry out the impairment tests. Our procedures consisted in, for the CGU with a risk of impairment loss: • examining the items comprising the carrying amount of the CGUs to which the goodwill and brands have been allocated by the Group; • reviewing the consistency of cash flow projections with Management assumptions and the economic environments in which the Group operates; • assessing the consistency of the long-term growth rates adopted for projected cash flows with external analyses; • assessing the reasonableness of discount rates applied to estimated cash flows, with the help of our valuation experts; • comparing cash flow projections of the previous year with corresponding actual cash flows to assess their reliability; • performing sensitivity analyses of the recoverable amount to a reasonable change in the long-term growth rate and discount rates used by Management; • confirming that Notes 11 and 12 to the consolidated financial statements provide appropriate disclosures.

Valuation of inventory impairment

Notes 17 and 33.18 tot the consolidated financial statements

Risk identified	Our response
As of December 31, 2023, inventories appear on the consolidated balance sheet for a net amount of €4,550 million and represent 11% of consolidated assets, including inventory allowances of €1,525 million. As disclosed in Note 33.18 to the consolidated financial statements, the cost of inventories is determined according to the weighted average cost method for all of the Group's businesses. An inventory impairment loss was recorded based on the prospects of inventory clearance, obsolescence and damage. Given the significant amount of inventories in the consolidated balance sheet as of December 31, 2023, and the degree of judgment inherent in certain assumptions underlying the valuation of inventory depreciation, namely related to sales projections or obsolescence, we considered this topic to be a key audit matter.	Our procedures consisted in: • assessing the methods used to value inventory impairment; • examining the data and assumptions adopted by Management to write down inventories with regard to their aging and future clearance; • assessing the consistency of the impairment rates adopted in comparison with other players in the Group's business sectors.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial information statement required by article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the information pertaining to the Group presented in the management report. Pursuant to article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. A report will be issued on this information by an independent third-party.

Other Legal and Regulatory Verifications or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation no. 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags for the notes may not be rendered identically to the accompanying consolidated financial statements.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed statutory auditors of Kering S.A. by the Shareholders' Meeting of May 18, 1994 for Deloitte & Associés, and of April 28, 2022 for PricewaterhouseCoopers Audit.

As of December 31, 2023, Deloitte & Associés was in its 30th year of uninterrupted engagement and PricewaterhouseCoopers Audit in its 2nd year.

Responsabilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified by article L. 821-55 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in article 6 of Regulation (EU) Number 537/2014, confirming our independence pursuant to the rules applicable in France such as they are set in particular by Articles L. 821-27 to L. 821-34 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, February 29, 2024

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Deloitte & Associés	
Camille Phelizon	Patrice Morot	David Dupont-Noel	Bénédicte Margerin

3 - KERING SA ANNUAL FINANCIAL STATEMENTS

3.1 Balance sheet – Assets as of December 31, 2023 and 2022

		2023			2022
(in € millions)	**Notes**	**Gross**	**Depreciation, amortization and provisions**	**Carrying amount**	**Carrying amount**
Non-current assets					
Investments		15,533	(1,656)	13,877	9,365
Other long-term investments		1,541	(123)	1,418	1,172
Total investments	**3**	**17,074**	**(1,779)**	**15,295**	**10,537**
Property, plant and equipment and intangible assets	4	669	(245)	424	381
Total non-current assets		**17,743**	**(2,024)**	**15,719**	**10,918**
Current assets					
Receivables[1]	5	518	(1)	517	392
Marketable securities	6	96	0	96	111
Cash[1]	6	2,126	0	2,126	1,365
Total current assets		**2,740**	**(1)**	**2,739**	**1,868**
ASSETS		20,483	(2,025)	18,458	12,786
(1) o/w concerning associates:				2,393	1,556

3.2 Balance sheet – Equity and liabilities as of December 31, 2023 and 2022

(in € millions)	**Notes**	**2023**	**2022**
Equity			
Share capital		494	496
Additional paid-in capital		1,381	1,711
Reserves	7	1,345	1,345
Retained earnings		2,427	2,585
Net income for the year		1,855	1,552
Total equity		**7,502**	**7,689**
Provisions	**8**	**66**	**51**
Liabilities			
Bond issues[1]	9.1	9,852	4,238
Other borrowings[1][2]	9.1	130	40
Other liabilities[2]	10	908	768
Total liabilities		**10,890**	**5,046**
TOTAL EQUITY AND LIABILITIES		18,458	12,786
(1) o/w due in more than one year:		9,351	3,638
(2) o/w concerning associates:		153	64

3.3 Income statement

For the years ended December 31, 2023 and 2022

(in € millions)	Notes	2023	2022
Operating income		653	584
Operating expenses		(718)	(633)
Net operating loss	**12**	**(64)**	**(49)**
Dividends		1,888	1,628
Other financial income and expenses		(110)	(107)
Financial result	**13**	**1,778**	**1,521**
Recurring income before tax		**1,714**	**1,472**
Net non-recurring income (expense)	14	63	41
Employee profit-sharing		(8)	(9)
Income taxes	15	86	48
Net income for the year		**1,855**	**1,552**

In the context of the certification of Kering SA's annual financial statements, a reclassification was made between operating expenses and operating income compared to the version of the Financial Document as published on February 8, 2024, with no impact on the net operating loss or the net income for the year.

3.4 Statement of cash flows

For the years ended December 31, 2023 and 2022

(in € millions)	2023	2022
Dividends received	1,888	1,628
Interest on borrowings	(148)	(51)
Income tax (paid) received	189	25
Other	33	(80)
Net cash flow resulting from operating activities	**1,962**	**1,521**
(Acquisitions) disposals of operating assets	(122)	(116)
Change in long-term investments	(5,041)	(2,713)
Net cash flow resulting from investing activities	**(5,163)**	**(2,829)**
Net change in borrowings	5,674	872
Share capital increases	–	39
Dividends paid by Kering	(1,712)	(1,483)
Net cash flow resulting from financing activities	**3,962**	**(573)**
Change in cash and cash equivalents	**761**	**(1,880)**
Cash and cash equivalents at beginning of year	**1,365**	**3,245**
Cash and cash equivalents at end of year	**2,126**	**1,365**

3.5 Statement of changes in equity

(in € millions) *(before appropriation of net income)*	Number of shares	Share capital	Additional paid-in capital	Reserves and retained earnings	Net income for the year	Equity
As of December 31, 2021	**124,692,916**	**499**	**2,052**	**2,766**	**2,769**	**8,086**
Appropriation of 2021 net income	–	–	–	2,769	(2,769)	–
Dividends paid	–	–	–	(1,047)	–	(1,047)
Interim dividend	–	–	–	(558)	–	(558)
Share capital increase	102,862	–	–	–	–	–
Share capital reduction	(725,000)	(3)	–	–	–	(3)
Employee share ownership	–	–	38	–	–	38
Cancellation of shares	–	–	(379)	–	–	(379)
Changes in tax-driven provisions	–	–	–	–	–	–
2022 net income	–	–	–	–	1,552	1,552
As of December 31, 2022	**124,070,778**	**496**	**1,711**	**3,930**	**1,552**	**7,689**
Appropriation of 2022 net income	–	–	–	1,552	(1,552)	–
Dividends paid	–	–	–	(1,154)	–	(1,154)
Interim dividend	–	–	–	(555)	–	(555)
Share capital increase	–	–	–	–	–	–
Share capital reduction	(650,000)	(2)	(330)	–	–	(332)
Employee share ownership	–	–	–	–	–	–
Cancellation of shares	–	–	–	–	–	–
Changes in tax-driven provisions	–	–	–	–	–	–
2023 net income	–	–	–	–	1,855	1,855
As of December 31, 2023	**123,420,778**	**494**	**1,381**	**3,772**	**1,855**	**7,502**

As of December 31, 2023, Kering's share capital comprised 123,420,778 shares with a par value of €4.00 each.

3.6 Notes to the annual financial statements

NOTE 1 – 2023 HIGHLIGHTS

Beginning of the second half of 2023, Kering announced a series of top appointments aimed at strengthening the stewardship of its Houses, further elevating operating expertise and strengthening its organisation.

- Francesca Bellettini, in addition to her current role as President and CEO of Yves Saint Laurent since 2013, was appointed Kering Deputy CEO in charge of Brand Development.
- Jean-Marc Duplaix, Chief Financial Officer since 2012, was appointed Kering Deputy CEO, in charge of Operations and Finance.
- Jean-François Palus, Kering Group Managing Director, was appointed President and CEO of Gucci, replacing Marco Bizzarri, who has been President and CEO of Gucci since 2015. He left the Company on September 23, 2023.
- Armelle Poulou, Director of Corporate Finance, Treasury and Insurance since 2019, was appointed Chief Financial Officer on September 1, 2023. She is reporting to Jean-Marc Duplaix.

In February 2023, Kering carried out a dual-tranche bond issue for a total amount of EUR 1.5 billion, consisting of a EUR 750 million tranche with a 6-year maturity and a 3.25% coupon and a EUR 750 million tranche with a 10-year maturity and a 3.375% coupon.

On May 13, 2023, Kering redeemed €600 million of maturing bonds.

On September 5, 2023, Kering issued €3.8 billion of bonds in four tranches: a €750 million tranche of 2-year bonds with a coupon of 3.75%, a €750 million tranche of 4-year bonds with a coupon of 3.625%, a €1 billion tranche of 8-year bonds with a coupon of 3.625% and a €1.3 billion tranche of 12-year bonds with a coupon of 3.875%.

On November 23, 2023, Kering carried out its first sterling bond issue in a total amount of £800 million, comprising a £400 million tranche of 3-year bonds with a coupon of 5.125% and a £400 million tranche of 9-year bonds with a coupon of 5%.

In 2023, Kering canceled 650,000 shares repurchased as part of the fourth tranche of the share buyback program announced on August 25, 2021, and accordingly reduced its share capital on October 31, 2023.

NOTE 2 – ACCOUNTING POLICIES AND METHODS

The annual financial statements are prepared in accordance with regulation no. 2014-03 of the French accounting standards authority (*Autorité des normes comptables* – ANC).

2.1 Intangible assets and property, plant and equipment

Property, plant and equipment and intangible assets are recorded in the balance sheet at their acquisition cost, which includes all expenses that can be directly attributed to them and that are necessary for them to operate or be brought into service. Depreciation and amortization are calculated using the straight-line method based on the nature and useful life of each component.

Property, plant and equipment are depreciated and intangible assets are amortized using the straight-line method and the following useful lives:

Software	1 to 5 years
Internally generated software	3 to 10 years
Improvements to property	10 to 24 years
Technical installations, tools and equipment	10 to 15 years
Computer equipment	1 to 10 years
Office furniture	10 years

2.2 Long-term investments

Investments

Securities classified as "Investments" are those considered necessary for the Company's activities, particularly because they provide the Company with influence over, or control of, the issuer.

The Company recognizes acquisition expenses in the cost price of investments, in accordance with the standard method under French generally accepted accounting principles.

As of the end of the reporting period, the gross value of investments is compared to their recoverable value for the Company, determined with reference to the subsidiary's estimated economic value and taking into consideration the purpose of the original transaction. Recoverable value is determined using a multi-criteria approach based on future cash flow projections, the revised asset value, the share of consolidated or revalued shareholders' equity, and other methods.

An impairment loss is recorded when this value falls below the gross value.

Other long-term investments

Other long-term investments include other investments and certain treasury shares.

Other investments (excluding treasury shares)

Other investments are investments that the Company plans or is required to hold on a long-term basis, but which are not deemed necessary for the Company's activities.

The gross amount of these investments is equal to the acquisition cost plus any related acquisition fees.

An impairment loss is recognized based on the value in use of these securities to the Company.

Treasury shares

Treasury shares acquired under liquidity agreements are recorded under "Other long-term investments". These shares are written down where necessary to reflect the average share price over the last month of the fiscal year.

Treasury shares acquired for the express purpose of being used in a future capital reduction are also classified under "Other long-term investments". These shares are not written down to reflect the share price.

Treasury shares are measured according to the first-in, first-out (FIFO) method.

2.3 Receivables

Receivables are recorded in the balance sheet at their nominal value and are written down where they present a risk of non-recovery.

2.4 Marketable securities and negotiable debt securities

Treasury shares

Treasury shares acquired for the express purpose of being subsequently granted to employees under stock option plans and free share plans are recorded under "Marketable securities". No impairment is recognized on treasury shares to reflect the share price.

Treasury shares are measured according to the first-in, first-out (FIFO) method.

Other shares

Shares are recorded at their acquisition cost. An impairment loss is recognized when their closing price falls below their carrying amount.

Bonds

Bonds are recorded on the acquisition date at their par value adjusted for any premium or discount. Accrued interest as of the acquisition date and as of the end of the reporting period is recorded in an accrued interest account.

As of the end of the reporting period, the cost of the bonds is compared to the market value of the principal over the last month of the year, excluding accrued interest. An impairment loss is recorded when this value falls below the gross value.

Mutual funds (SICAV)

Units in SICAV mutual funds are recorded at their acquisition cost excluding subscription fees, and their net asset value is estimated as of the end of the reporting period. A provision for impairment is recorded in respect of any unrealized capital losses. No unrealized capital gains are recognized.

Negotiable certificates of deposit, certificates of deposit and notes issued by financing companies

Negotiable debt securities are subscribed on the primary market or purchased on the secondary market. They are recorded at acquisition cost less accrued interest as of the acquisition date when purchased on the secondary market.

Prepaid interest is recognized as financial income on a proportional basis for the fiscal year.

2.5 Foreign currency transactions

Income and expenses denominated in foreign currencies are recorded at their euro-equivalent value on the transaction date. Borrowings, receivables and liquidity positions denominated in foreign currencies are translated at the closing exchange rate. In the case of foreign currency hedging, borrowings and receivables are translated at the hedging rate.

Any translation differences resulting from the valuation of foreign currency borrowings and receivables are recorded in accrual accounts, as an asset for unrealized losses and as a liability for unrealized gains. A contingency provision is recorded to cover any unhedged unrealized losses. Where borrowings and receivables are hedged by financial instruments, any foreign currency gains or losses are recorded in the income statement when the hedged item is settled.

2.6 Bond issue and capital increase fees – Bond redemption premiums

Bond issue fees are recognized as of the issue date.

Costs associated with increases in capital, mergers or restructuring are charged against the additional paid-in capital arising from the merger or restructuring.

Bonds are recorded at their par value.

Any issue or redemption premiums are assigned to the relevant balance sheet item and amortized over the term of the bond.

For convertible bonds, the redemption premium is recognized over the term of the bond.

2.7 Provisions

Provisions are recognized in accordance with CNC regulation no. 2000.06 and include pension and other employee benefit obligations pursuant to ANC recommendation no. 2013-02.

Under defined benefit plans, obligations are valued using the projected unit credit method based on agreements in effect in the Company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The obligation is then discounted. The actuarial assumptions used to determine the obligations vary depending on economic conditions.

These benefit obligations are assessed by independent actuaries on an annual basis. The valuations take into account the level of future compensation, the probable active life of employees, life expectancy and staff turnover.

Kering applies CRC notice no. 2008-17 of November 6, 2008, on the accounting treatment of stock option and employee free share plans.

2.8 Tax consolidation

Kering has set up a tax consolidation group in France with several sub-groups and subsidiaries.

Each subsidiary recognizes a tax expense for the amount of tax it would have paid on a stand-alone basis. The tax savings generated by the Group as a result of tax consolidation are retained by Kering SA as the parent company of the tax consolidation group.

NOTE 3 – LONG-TERM INVESTMENTS

(in € millions)	**As of Dec. 31, 2022**	**Increase**	**Decrease**	**Reclassification**	**As of Dec. 31, 2023**
Gross value					
Investments	**11,024**	**4,551**	**(43)**	**–**	**15,533**
Kering Holland NV	8,404	4,494	–	–	12,898
Marothi merger loss[(1)]	344	–	–	–	344
Redcats	1,777	–	–	–	1,777
Discodis	300	–	–	–	300
Yves Saint Laurent SAS	157	–	–	–	157
Other	43	57	(43)	–	57
Other long-term investments	**1,265**	**1,126**	**(853)**	**4**	**1,541**
Treasury shares (liquidity agreement)	–	200	(197)	–	3
Treasury shares (for cancellation)	333	–	(333)	–	–
Treasury shares (share buyback program)	605	–	(234)	4	374
PUMA	90	–	(71)	–	19
Sapardis merger loss[(2)]	11	–	(10)	–	1
Investments in funds	14	–	–	–	14
Loans and accrued interest on loans[(3)]	188	926	(8)	–	1,106
Deposits and guarantees	1	–	–	–	1
Other	23	–	–	–	23
Gross value	**12,289**	**5,677**	**(896)**	**4**	**17,074**
Impairment losses					
Investments	**(1,659)**	**–**	**4**	**–**	**(1,656)**
Redcats	(1,652)	–	4	–	(1,649)
Other	(7)	–	–	–	(7)
Other long-term investments	**(93)**	**(67)**	**37**	**–**	**(123)**
Treasury shares	(70)	(67)	37	–	(100)
Investments in funds	–	–	–	–	–
Other	(23)	–	–	–	(23)
Impairment losses	**(1,752)**	**(67)**	**41**	**–**	**(1,779)**
Carrying amount	**10,537**				**15,295**

(1) The Financière Marothi merger loss was allocated to the KHNV shares. Changes in the underlying assets as of December 31, 2023, did not give rise to recognition of an impairment.
(2) All of the assets and liabilities of Sapardis were transferred to Kering SA in 2018, resulting in a merger loss of €59.7 million, which was allocated to the investment in PUMA. Following the sales of PUMA shares in 2020, 2021, 2022 and 2023, the amount stands at €1.5 million.
(3) In 2023, loans included a USD 200 million loan and two loans of £400 million to Kering Finance.

Treasury share transactions

In 2023, the Group purchased 404,970 shares and sold 398,220 shares under the liquidity agreement.

No stock subscription options were exercised during 2023.

Since May 26, 2004, Kering has maintained agreements with a broker in order to improve the liquidity of the Group's shares and ensure share price stability. The latest agreement was signed on February 13, 2019, in accordance with AMF ruling no. 2018-01 of July 2, 2018, applicable since January 1, 2019. An amendment to that agreement came into force on July 1, 2021, providing for the resources in the liquidity account to be reduced by €25 million. As a result, there has been €25 million in the liquidity account since July 1, 2021.

As of December 31, 2023, Kering held 6,750 shares and as of December 31, 2022 it held no shares in treasury under the liquidity agreement.

Share Buyback Program

The Share Buyback Program was completed on December 15, 2022. Between August 25, 2021, and December 15, 2022, the Company repurchased 2.6 million shares. Of those, 1,700,000 shares have already been canceled.

The total purchase price of the canceled shares was €332,614,575.12, which was allocated to the following accounts:

- €2,600,000 to "share capital";
- €330,014,575.12, corresponding to the remaining surplus over par value paid for the canceled shares, to "additional paid-in capital".

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Movements in property, plant and equipment and intangible assets are presented below:

(in € millions)	Gross	Depreciation and impairment	Dec. 31, 2023 Net	Dec. 31, 2022 Net
Intangible assets	620	(222)	398	352
Property, plant and equipment	49	(23)	26	29

Changes in non-current assets

(in € millions)	Carrying amount as of January 1	Acquisitions	Disposals/ retirements	Depreciation and amortization	Reversals of depreciation and amortization	Carrying amount as of December 31
Intangible assets[(1)]	352	121	–	(75)	–	398
Property, plant and equipment	29	1	–	(4)	–	26
TOTAL	381	122	–	(79)	–	424

(1) Acquisitions in the period mainly concern IT projects for the Group.

NOTE 5 – RECEIVABLES

These line items break down as follows:

(in € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Tax consolidation current accounts	19	37
Income tax benefit	147	67
Group customers	226	138
Bond issue premiums	34	6
Other(1)	65	135
Prepaid expenses(2)	25	9
TOTAL	516	392
o/w concerning associates:	267	196

(1) The change in 2023 was mainly due to the reimbursement of guarantee deposits relating to real-estate purchases.
(2) Prepaid expenses mainly comprise fees, lease payments and insurance premiums.

NOTE 6 – MARKETABLE SECURITIES AND CASH

These line items break down as follows:

(in € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Treasury shares pending employee grants	–	–
Treasury shares granted	73	86
Mutual funds (Sicav)	23	25
Marketable securities	**96**	**111**
Bank deposits and fund transfers	–	4
Cash current accounts	2,126	1,360
Cash	**2,126**	**1,365**
CASH AND CASH EQUIVALENTS	2,222	1,475
o/w concerning associates:	2,126	1,360

Bank deposits include certificates of deposit and term deposits and accounts with a maturity of less than three months.

NOTE 7 – RESERVES

The Company's reserves before the appropriation of net income break down as follows:

(in € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Legal reserve	51	51
Tax-driven reserves	1,294	1,294
Other reserves	–	–
Reserves	**1,345**	**1,345**
Tax-driven provisions	–	–
TOTAL	1,345	1,345

NOTE 8 – PROVISIONS

(in € millions)	Dec. 31, 2022	Additions	(utilized provisions)	(surplus provisions)	Dec. 31, 2023
Disputes	1	–	–	(1)	–
Risks relating to subsidiaries	–	14	–	–	14
Pensions and other employee benefit obligations	11	1	(1)	–	11
Share plans	39	20	(10)	(10)	39
Foreign exchange risk	–	2	–	–	2
TOTAL	51	37	(11)	(11)	66
o/w:		–	–	–	
operating items		1	(1)	(1)	
financing items		1	–	–	
non-recurring items		35	(10)	(10)	

The main actuarial assumptions used to determine pensions and other employee benefit obligations are:

- discount rate of 4.5% in 2023 as opposed to 4% in 2022;
- salary increase rate of 2.50%.

8.1 Free share grants

(in €)	
Date of the Annual General Meeting	4/27/2023
Date of grant by the Board of Directors	10/3/2023
Provisional grants as of January 1, 2023	90,738
Provisional grants during the period	55,305
Grants forfeited in 2023	(21,297)
Final grants in 2023	(16,928)
Provisional grants as of Dec. 31, 2023	**107,818**
Amount of the liability on the balance sheet	**39,610,923**

The unit value of the 2023 provisional free share grants is €450.81.

NOTE 9 – BORROWINGS

Bonds

Euro-denominated bond issues

(in € millions)	Interest	Issue date	Hedge	Maturity	Dec. 31, 2023	Dec. 31, 2022
Bond issue(1)	2.75% fixed	4/8/2014 & 5/30/2014 & 6/26/2014 & 9/22/2015 & 11/5/2015	–	4/8/2024	500	500
Bond issue(2)	1.60% fixed	4/16/2015	–	4/16/2035	50	50
Bond issue(3)	1.25% fixed	5/10/2016	–	5/10/2026	500	500
Bond issue(4)	1.50% fixed	4/5/2017	–	4/5/2027	300	300
Bond issue(5)	0.25% fixed	5/13/2020	–	5/13/2023	–	600
Bond issue(6)	0.75% fixed	5/13/2020	–	5/13/2028	600	600
Bond issue(7)	1.25% fixed	5/5/2022	–	5/5/2025	750	750
Bond issue(8)	1.875% fixed	5/5/2022	–	5/5/2030	750	750
Bond issue(9)	3.25% fixed	2/27/2023	–	2/27/2029	750	–
Bond issue(10)	3.375% fixed	2/27/2023	–	2/27/2033	750	–
Bond issue(11)	3.75% fixed	9/5/2023	–	9/5/2025	750	–
Bond issue(12)	3.625% fixed	9/5/2023	–	9/5/2027	750	–
Bond issue(13)	3.625% fixed	9/5/2023	–	9/5/2031	1,000	–
Bond issue(14)	3.875% fixed	9/5/2023	–	9/5/2035	1,300	–

(1) Issue price: bond issue on April 8, 2014, comprising 1,000 bonds with a par value of €100,000 each under the EMTN program, with 1,000 additional bonds issued on May 30, 2014, 1,000 additional bonds issued on June 26, 2014, 1,500 additional bonds issued on September 22, 2015, and 500 additional bonds issued on November 5, 2015, thereby raising the issue to 5,000 bonds.
Redemption: in full on April 8, 2024.

(2) Issue price: bond issue on April 16, 2015, comprising 500 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on April 16, 2035.

(3) Issue price: bond issue on May 10, 2016, comprising 5,000 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on May 10, 2026.

(4) Issue price: bond issue on April 5, 2017, comprising 3,000 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on April 5, 2027.

(5) Issue price: bond issue on May 13, 2020, comprising 6,000 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on May 13, 2023.

(6) Issue price: bond issue on May 13, 2020, comprising 6,000 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on May 13, 2028.

(7) Issue price: bond issue on May 5, 2022, comprising 7,500 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on May 5, 2025.

(8) Issue price: bond issue on May 5, 2022, comprising 7,500 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on May 5, 2030.

(9) Issue price: bond issue on February 27, 2023, comprising 7,500 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on February 27, 2029.

(10) Issue price: bond issue on February 27, 2023, comprising 7,500 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on February 27, 2033.

(11) Issue price: bond issue on September 5, 2023, comprising 7,500 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on September 5, 2025.

(12) Issue price: bond issue on September 5, 2023, comprising 7,500 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on September 5, 2027.

(13) Issue price: bond issue on September 5, 2023, comprising 10,000 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on September 5, 2031.

(14) Issue price: bond issue on September 5, 2023, comprising 13,000 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on September 5, 2035.

USD-denominated bond issues

(in € millions)	Interest rate	Issue date	Hedge	Maturity	Dec. 31, 2023	Dec. 31, 2022
Bond issue(1)	3.639% fixed	5/27/2022	-	5/27/2027	181	188

(1) Issue price: bond issue on May 27, 2022, comprising 200 bonds with a par value of USD 1,000,000 each under the EMTN program, i.e. representing a total of USD 200 million.
Redemption: in full on May 27, 2027.

GBP-denominated bond issues

(in € millions)	Interest rate	Issue date	Hedge	Maturity	Dec. 31, 2023	Dec. 31, 2022
Bond issue(1)	5.125% fixed	11/23/2023	-	11/23/2026	460	0
Bond issue(2)	5% fixed	11/23/2023	-	11/23/2032	460	0

(1) Issue price: bond issue on November 23, 2023, comprising 4,000 bonds with a par value of £100,000 each under the EMTN program, i.e. a total of £400 million.
Redemption: in full on November 23, 2026.
(2) Issue price: bond issue on November 23, 2023, comprising 4,000 bonds with a par value of £100,000 each under the EMTN program, i.e. a total of £400 million.
Redemption: in full on November 23, 2032.

The bonds issued between 2014 and 2017 within the scope of the EMTN program are all subject to a change-of-control clause entitling bondholders to request early redemption at par if Kering's rating is downgraded to non-investment grade following a change of control.

9.1 Breakdown by type

(in € millions)	Dec. 31, 2023	Dec. 31, 2022
Bonds	**9,852**	**4,238**
Interest on bond issues	130	38
Bank overdrafts	0	2
Other borrowings	**130**	**40**
TOTAL	9,982	4,278
o/w concerning associates:	0	0

As of December 31, 2023 and 2022, no borrowings were secured by collateral.

9.2 Breakdown by maturity

(in € millions)	Dec. 31, 2023	Dec. 31, 2022
Less than one year	631	640
One to five years	4,291	2,238
More than five years	5,060	1,400
TOTAL	9,982	4,278

9.3 Net debt

(in € millions)	Dec. 31, 2023	Dec. 31, 2022
Borrowings	9,982	4,276
Cash	(2,126)	(1,365)
NET DEBT	7,856	2,911

NOTE 10 – OTHER LIABILITIES

These line items break down as follows:

(in € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Tax consolidation current accounts	175	10
Dividends payable	556	558
Tax and employee-related liabilities	60	68
Other[(1)]	117	132
TOTAL	908	768
o/w concerning associates:	153	64

(1) "Other" primarily includes liabilities to the Group, in an amount of €54.7 million.

NOTE 11 – OFF-BALANCE SHEET COMMITMENTS

11.1 Interest-rate hedges

As part of the Group's policy of hedging interest rate risk, Kering sets up interest rate swaps in connection with certain borrowings.

No interest rate hedges were in place as of December 31, 2023.

11.2 Other off-balance sheet commitments

(in € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Endorsements and guarantees in favor of:		
• associates	355	1
• third parties outside the Group[(1)]	338	181
Endorsements and guarantees	**693**	**182**

(1) Of which €226 million of lease-related commitments in 2023.

11.3 Other commitments made to Kering

As of December 31, 2023, Kering SA had €3,185 million of unused confirmed lines of credit with a remaining time to expiry of more than one year.

NOTE 12 – NET OPERATING LOSS

Net operating loss breaks down as follows:

(in € millions)	**2023**	**2022**
Group management fees	200	212
Revenue from investments	10	7
Other income[(1)]	444	365
Rent and related charges	(40)	(33)
Payroll expenses and taxes	(136)	(116)
Management fees	(67)	(65)
Other external expenses[(2)]	(469)	(413)
Income tax and other levies	(6)	(6)
TOTAL	(64)	(49)
o/w Directors' fees:	(1)	(1)

(1) Other income mainly relates to IT services.
(2) Other external expenses mainly relate to IT services.

NOTE 13 – FINANCIAL RESULT

Net financial income breaks down as follows:

(in € millions)	**2023**	**2022**
Net interest expense	**(110)**	**(107)**
Expenses and interest on non-Group debt	(152)	(43)
Other financial income and expense	42	(64)
Dividends	**1,888**	**1,628**
Kering Holland NV	1,870	1,600
Kering Finance	0	15
YSL Couture	15	9
Other	3	4
TOTAL	1,778	1,521
o/w concerning associates:		
Dividends	1,885	1,624

NOTE 14 – NET NON-RECURRING INCOME (EXPENSE)

Net non-recurring income (expense) breaks down as follows:

(in € millions)	**2023**	**2022**
Net proceeds from disposals/retirements of operating assets	0	(30)
Net proceeds from disposals of securities, impairment losses and related transactions	55	72
Cost of disputes, litigation and restructuring	(1)	0
Other non-recurring income (expense)	9	(1)
TOTAL	63	41

In 2023, net non-recurring income mainly reflects the gain on the sale of PUMA's shares.

NOTE 15 – INCOME TAX BREAKDOWN

(in € millions)	**2023**	**2022**
Tax on recurring income and employee profit-sharing	38	33
Tax on non-recurring income	41	13
	79	46
Tax with respect to previous years	(10)	(2)
Tax consolidation impact	17	4
TOTAL	86	48

Under a tax consolidation agreement that came into effect on January 1, 1988, Kering pays the tax due by members of the tax consolidation group and fulfills all relevant tax obligations.

The tax consolidation group comprised 36 companies in 2023 and 33 in 2022.

NOTE 16 – DEFERRED TAX ASSETS AND LIABILITIES

(in € millions)	
Deferred tax assets	
Paid leave	0.2
Retirement termination benefits	0.3
TOTAL	0.5

NOTE 17 – OTHER INFORMATION

17.1 Average headcount

The Company had an average of 745 employees (630 managerial-grade employees (*cadres*) and 115 other employees) in 2023 compared to 618 in 2022.

17.2 Fees paid to Statutory Auditors

Statutory Auditors' fees recorded in the income statement are shown below:

	Deloitte & Associés		PwC	
(in € thousands)	**2023**	**2022**	**2023**	**2022**
Statutory audit of the parent company and consolidated financial statements	866	817	666	612
Non-audit services[1]	407	217	32	41
TOTAL	1,273	1,034	698	653

(1) The non-audit services rendered by PwC to Kering SA and its fully-consolidated subsidiaries are mainly related to comfort letters. The non-audit services rendered by Deloitte & Associés to Kering SA and its fully-consolidated subsidiaries are mainly related to comfort letters and the verification of the non-financial information statement.

17.3 Remuneration of the Board of Directors and the Executive Committee

In 2023, total compensation of €20.1 million was awarded (paid or provisioned) to the members of the Board of Directors and the Executive Committee who are employees of Kering SA, versus €10.4 million in 2022.

This change is mainly due to the cancellation in 2022 of long-term incentives (KMU) for executive corporate officers, amounting to €8 million.

17.4 Consolidating company

Kering prepares the consolidated financial statements and is controlled by Artemis, which holds 42.23% of its capital and 59.28% of its voting rights. Artémis is wholly owned by Financière Pinault.

17.5 Transactions with related parties

The support agreement between Artémis and Kering signed on September 27, 1993, generated an expense of €6.7 million in 2023 compared with an expense of €7.2 million in 2022.

A six-month service agreement was signed with Maureen Chiquet on July 28, 2023 for €200,000.

Other transactions with related parties were contracted at arm's length conditions. As a result, no additional disclosures are required pursuant to article R.183-198 11 of the French Commercial Code.

NOTE 18 – SUBSEQUENT EVENTS

Kering SA paid an interim dividend of €4.50 per share on January 17, 2024, on positions established on the evening of January 16, 2024, pursuant to a decision by the Board of Directors on December 7, 2023.

3.7 Other information

Subsidiaries and investments as of December 31, 2023

(in € thousands)		Share capital	Shareholder's equity excl. Share capital and net income	% of capital held	Carrying amount of shares *(in euros)* Gross	Net	Outstanding loans granted by the Company	Endorsements and guarantees given by the Company	Last published revenue excl. VAT	Last published net income (loss)	Dividends received by the Company during the year
I - Detailed information											
A – Subsidiaries (more than 50%-owned and representing over 1% of the share capital)											
Discodis	France	153,567	152,578	100.00	299,736	299,736				7,579	
Kering Holland NV	Netherlands	108,246 (1)	3,144,154 (1)	100.00	13,241,719 (3)	13,241,719				1,871,116 (1)	1,600,000
Kering International[2]	United Kingdom	14,094 (1)	3,015 (1)	100.00	14,773	14,773			3,475 (1)	301 (1)	
Kering Studio	France	380	(62)	100.00	6,510	306				(12)	
Immo France 1	France	8,999	0	100.00	8,999	8,999				(3,768)	
Redcats	France	401	123,181	100.00	1,776,645	127,450				3,868	
Kering Capital	France	20,710	40,634	100.00	20,475	20,475				6,663	
Subtotal					**15,368,857**	**13,713,458**					
B – Investments (less than 50%-owned and representing over 1% of the share capital)											
Climate fund for nature	France	9,980 (1)	(4)	49.95 (5)	4,985	4,985					
Yves Saint Laurent	France	123,811	90,209	2.86	157,232	157,232			2,032,785 (1)	591,504 (1)	15,279
Subtotal					**162,217**	**162,217**					
II – Aggregate information											
A – Subsidiaries not listed in I											
French subsidiaries					864	342					
Non-French subsidiaries											
B – Investments not listed in I											
French investments											
Non-French investments											
TOTAL					15,531,938	13,876,018					

(1) Based on accounts as of December 31, 2022.
(2) Based on the GBP exchange rate as of December 31, 2022.
(3) Including the Financière Marothi merger loss of €344,066 thousand.
(4) Data not available.
(5) This % is applicable as of 12/31/2023 on the basis of funds called to date.

Payment terms for trade payables and trade receivables

Invoices received or issued and due but not settled at the end of the reporting period (table provided for in article D. 441-4(I) of the French Commercial Code).

	Article D. 441(I)(1): invoices received and due but not settled at the end of the reporting period						**Article D. 441(I)(2): Invoices issued and due but not settled at the end of the reporting period**					
	0 days (indicative)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and above**	**Total (1 or more days)**	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and above**	**Total (1 or more days)**
(A) Days late												
Number of invoices	344					243	390					360
Total amount of invoices (excl. VAT)	43,989,180	1,238,051	543	374,325	1,229,077	2,841,996	166,391,126	385,250	2,273,655	30,733,595	13,452,582	46,845,082
As a % of total purchases for the reporting period (excl. VAT)	8.51%	0.24%	–	0.07%	0.24%	0.55%						
As a % of revenue for the reporting period (excl. VAT)							26.00%	–	0.36%	4.89%	2.14%	7.45%
(B) Invoices excluded from (A) – relating to contested or unrecognized payables or receivables												
Number of invoices excluded	N/A						N/A					
Total amount of invoices excluded (excl. VAT)	N/A						N/A					
(C) Reference payment terms used (contractual or legal – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Reference payment terms used to calculate late payments	Legal terms: 30 to 60 days						Contractual terms: 30 days from date of invoice					

Legal terms:

The payment term of sums due is set at 30 days following the date on which the goods are received, or on which the service is carried out.

Parties may make exceptions to this principle. However, the term agreed by the parties may not exceed 60 days or, as an exception, 45 days from the end of the month, as of the date of issue of the invoice.

The agreed payment term must be specified on the invoice and in the general terms and conditions of sale.

Invoices issued periodically (or summary invoices) must be paid within a maximum of 45 days from the date of issue.

Purchases of VAT-exempt goods and services delivered outside the European Union may be settled up to 90 days from the invoice date. The term must be indicated in the sales contract.

3.8 Five-year financial summary

	2023		2022	2021	2020	2019
Share capital at year-end						
Share capital *(in €)*	493,683,112		496,283,112	498,771,664	500,071,664	505,117,288
Number of ordinary shares outstanding	123,420,778		124,070,778	124,692,916	125,017,916	126,279,322
Maximum number of potential shares to be issued	0		0	0	0	0
by conversion of bonds	0		0	0	0	0
by exercise of stock subscription options	0		0	0	0	0
Operations and results for the year *(in € thousands)*						
Income from operating activities	227,789		248,861	193,582	191,417	249,910
Net income before tax, employee profit-sharing, depreciation, amortization and provisions	1,902,496		1,661,129	2,522,667	2,035,513	668,442
Income tax (expense) benefit	86,441		48,000	231,694	83,711	168,205
Employee profit-sharing for the year	7,617		8,589	7,098	1,292	6,900
Net income after tax, employee profit-sharing, depreciation, amortization and provisions	1,855,171		1,552,045	2,769,080	2,079,582	917,677
Dividend distribution	1,727,891	(1)	1,736,991	1,371,622	1,000,143	1,010,235
Per share data *(in €)*						
Net income after tax, employee profit-sharing, but before depreciation, amortization and provisions	15.41		13.39	20.23	16.28	6.57
Net income after tax, employee profit-sharing, depreciation, amortization and provisions	15.03		12.51	22.21	16.63	7.27
Dividend:						
Net dividend per share[2]	14.00	(1)	14.00	12.00	8.00	8.00
Employee data						
Average number of employees during the year	745		618	536	493	438
Total annual payroll *(in € thousands)*	67,017		56,877	60,030	76,731	80,267
Total employee benefits paid during the year (social security, employee benefits, etc.) *(in € thousands)*	40,235		41,742	36,828	38,490	33,144

(1) Subject to approval by the Annual General Meeting.
Including an interim dividend of €4.50 per share paid on January 17, 2024.

(2) Pursuant to article 243 bis of the French Tax Code (*Code général des impôts*), the full amount of the dividend paid to individuals who are tax residents in France qualifies for the 40% tax credit provided under article 158-3(2) of said Code.

4 - STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

This is a translation into English of the Statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory auditors' report includes information required by French law, such as information about the appointment of the Statutory auditors or verification of the Management Report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Kering S.A. General Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by the Shareholders' Meeting, we have audited the accompanying financial statements of Kering SA for the year ended December 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie)* for statutory auditors, for the period from January 1, 2023 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of long-term investments
Notes 2.2 and 3 to the financial statements

Risk Identified	Our response
Long-term investments, appearing on the balance sheet as of December 31, 2023 for a gross amount of €15,533 million and a net amount of €13,877 milion represent the most significant balance sheet item. They are recognized at their date of entry at acquisition cost, including acquisition expenses. As indicated in Note 2.2 to the financial statements, at year-end, the gross amount of investments is compared to their value in use for the Company, determined with reference to the subsidiary's estimated economic value and taking into consideration the purpose of the original transaction. Value in use is determined using a multi-criteria approach based on future cash flow projections and the share of consolidated or revalued shareholders' equity. Other methods are used when necessary. An impairment loss is recorded when this value falls below the gross value. Given the materiality of long-term investments on the balance sheet, and the estimates and assumptions used to determine value in use, we considered the valuation of long-term investments to be a key audit matter.	To assess the reasonableness of the estimated values in use of long-term investments, based on the information communicated to us, our work mainly consisted in: • verifying that the estimated values in use determined by Management are based on an appropriate justification of the valuation method and the figures used; • ensuring that the net carrying amounts of the investments are below their value in use, taking into account the share of consolidated or revalued shareholders' equity, cash flows projections, latest available forecasted information, and the profitability outlook.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information presented in the Management Report and in the other documents with respect to the financial position and the financial statements provided to shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in article D. 441-6 of the French Commercial Code (*Code de commerce*).

Information relating to corporate governance

We attest that the section of the management report devoted to corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by or awarded to the members of the Board of Directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to article L. 22-10-11of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other Information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Kering SA by the Shareholders' Meeting of May 18, 1994 for Deloitte & Associés and April 28, 2022 for PricewaterhouseCoopers Audit.

As at December 31, 2023, Deloitte & Associés was in its 30th year of uninterrupted engagement and PricewaterhouseCoopers Audit in its 2nd.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in article L. 821-55 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 821-27 to L. 821-34 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, February 29, 2024

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Deloitte & Associés	
Camille Phelizon	Patrice Morot	David Dupont-Noel	Bénédicte Margerin

5 - STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS WITH THIRD PARTIES

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2023

This is a free translation into English of the Statutory Auditors' special report on regulated agreements with third parties issued in French and is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Kering S.A. General Shareholders' Meeting,

In our capacity as Statutory Auditors of Kering S.A., we hereby report to you on regulated agreements with third parties.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements submitted for the approval of the Shareholders' Meeting

Agreements authorized and entered into during the year

In accordance with Article L. 225-40 of the French Commercial Code, we were informed of the following agreement entered into during the year and authorized in advance by the Board of Directors.

Service agreement with Maureen Chiquet

Under the terms of a service agreement signed with Kering S.A. on July 28, 2023, Maureen Chiquet provided the following services to the Board of Directors on an ad hoc basis:

- advice on brand issues and the elevation practices of Kering's Houses;
- specific analysis of the Houses' current practices in terms of product offering, communication, customer experience and services;
- advice on investments in the luxury goods industry.

Under the terms of this specific assignment, Maureen Chiquet provided the Company and the Board of Directors with insight into dynamics at work within the luxury goods industry and existing best practices, in order to facilitate the analysis of the performance of Kering's Houses, their positioning in the luxury goods sector, and the monitoring of the implementation of their elevation strategy.

The service agreement was previously authorized by the Board of Directors on July 18, 2023 for a non-renewable six-month period, and included a lump-sum payment of €200,000. The agreement expired on December 31, 2023.

<u>Reasons why the agreement was beneficial for the Company:</u>

The Board of Directors considered that this agreement would enable Kering to benefit from personalized support, given Maureen Chiquet's specific experience, in order to accelerate the process undertaken by the Group and guarantee the success of its Houses.

<u>Person concerned:</u>

- Maureen Chiquet, Director of Kering SA since September 1, 2023.

Agreements previously approved by the shareholders’ meeting

Agreements approved in previous years that remained in force during the year

Pursuant to Article R.225-30 of the French Commercial Code, we have been advised that the following agreement, approved in previous years by the Shareholders’ Meeting, remained in force during the year.

Support agreement for services provided by Artémis SAS

Pursuant to the terms of a support agreement signed on September 27, 1993 between Kering SA and Artémis SAS, – it being specified that this company was converted from a public limited liability company (société anonyme) into a simplified limited liability company (société par actions simplifiée) on July 23, 2018 – Artémis SAS carries out research and advisory work for Kering SA in the following areas:

- strategy and development of the Kering SA Group and support in carrying out complex legal, tax, financial and real estate transactions;
- sourcing of business development opportunities in France and abroad or cost-cutting measures.

At its March 10, 1999 meeting, the Kering SA Supervisory Board authorized payment for these services amounting to 0.037% of consolidated net revenue (excluding VAT).

In line with the appropriate modifications to Kering SA’s corporate governance rules, the Board of Directors decided on July 6, 2005, without amending the agreement in force since September 27, 1993, that the Kering SA Audit Committee would perform, in addition to the usual annual review of the existence and substance of the support provided by Artémis SAS to Kering SA, an annual assessment of the services and a fair price for the services, given the conveniences provided and the cost savings realized in the common interest.

The methods for assessing the contractually agreed amount were reviewed by the Audit Committee which, at its meeting of February 5, 2024, noted that Kering SA had continued to benefit, during 2023, from the advice and assistance of Artémis SAS on recurring topics including communications, public and institutional relations, as well as the development strategy and its implementation and access to a luxury environment (loans of artwork, access to premises).

At its February 7, 2024 meeting, the Board of Directors re-examined this agreement, and duly noted the payment of €6,747 thousand (excluding VAT) under this agreement in respect of 2023, it being specified that the revenue from Kering Eyewear and from discontinued operations were excluded from the calculation base of this fee, as was the case in previous years.

Persons concerned:

- Artémis SAS, a shareholder of Kering SA with more than 10% of the voting rights;
- François-Henri Pinault, Chairman and Chief Executive Officer of Kering SA, and Chairman of Artémis SAS;
- Jean-François Palus, Director and Group Managing Director of Kering SA, until October 3, 2023, and Deputy Managing Director of Artémis SAS;
- Héloïse Temple-Boyer, permanent representative of Financière Pinault SCA, Director of Kering SA and Deputy Managing Director of Artémis SAS.

Neuilly-sur-Seine and Paris-La Défense, February 29, 2024

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Deloitte & Associés	
Camille Phelizon	Patrice Morot	David Dupont-Noel	Bénédicte Margerin

CHAPTER 7

Investor information

1 - CAPITAL

1.1 Share capital

Share capital as of December 31, 2023

As of December 31, 2023, the share capital amounted to €493,683,112 and was divided into 123,420,778 shares[(1)] with a par value of €4 each (all of the same class), all fully paid up. The number of actual voting rights at the same date totaled 175,731,386 (after deducting treasury shares, which do not carry voting rights).

As of December 31, 2023, to the Company's knowledge:

- the Directors directly held 0.03% of the share capital, representing 0.04% of the voting rights (after deducting treasury shares, which do not carry voting rights);
- the Company directly held 840,597 treasury shares, including 6,750 under the liquidity agreement. None of the Company's shares were held by controlled companies.

Share capital movements over the past three years

Year	Description of transaction	Additional paid-in capital	Nominal amount of capital changes	Aggregate amounts of Company capital (as of Dec. 31)	Aggregate number of ordinary €4 shares (as of Dec. 31)	Aggregate number of voting rights[(1)] (as of Dec. 31)
2023	**Capital reduction by cancellation of shares**	**€330,014,575**	**€2,600,000**	**€493,683,112**	**123,420,778**	**176,571,983**
2022	Capital reduction by cancellation of shares	€379,393,989	€2,900,000	€496,283,112	124,070,778	177,000,210
	Capital increase reserved for employees	€38,264,850	€411,448			
2021	Capital reduction by cancellation of shares	€207,903,954	€1,300,000	€498,771,664	124,692,916	177,587,206

(1) Total number of voting rights, including treasury shares.

1.2 Treasury shares held by the Company and its subsidiaries

Acquisition of treasury shares by the Company

The Annual General Meeting of April 28, 2022 authorized the Board of Directors to trade in Company shares for a period of 18 months in accordance with the goals and terms of the stock repurchase program filed with the AMF. This program specifies a maximum purchase price of €1,000 per share and states that the number of shares purchased may not exceed 10% of the share capital.

The authorization given to the Board of Directors to trade in Company shares for a period of 18 months was renewed at the Annual General Meeting of April 27, 2023 under the ninth resolution (maximum purchase price of €1,000 per share).

The objectives that could be pursued are defined in the corresponding resolution and include canceling shares, allotting shares to the Company's employees or corporate officers within the scope of free share or stock purchase option plans, ensuring liquidity and maintaining the Company's share price under a liquidity agreement, retaining shares and, where applicable, selling, transferring or exchanging them in external growth transactions.

Liquidity agreement

Since May 26, 2004, Kering has maintained agreements with a broker in order to improve the liquidity of the Group's shares and ensure share price stability. The latest agreement was signed on February 13, 2019, in accordance with AMF ruling no. 2018-01 of July 2, 2018, applicable since January 1, 2019. An amendment to that agreement came into force on July 1, 2021, providing for the resources in the liquidity account to be reduced by €25 million. As a result, there was €25 million in the liquidity account on July 1, 2021.

During 2023, Kering purchased 404,970 shares for an amount of €200.5 million, representing an average price of €495.06 per share. Similarly, Kering sold 398,220 shares for an amount of €197.3 million, representing an average price of €495.48 per share. From January 1, 2024 to February 7, 2024, the Company purchased 43,900 shares at an average price of €377.59 per share and sold 49,165 shares at an average price of €379.04 per share under the liquidity agreement.

Share buyback program and allocation to free share plans

The share buyback program – authorized by the General Meeting of July 6, 2021, announced on August 25, 2021 and renewed by the General Meeting of April 28, 2022, with the aim of repurchasing up to 2.0% of the Group's share capital over a 24-month period – was completed on December 15, 2022. On October 31, 2023, the Company canceled 650,000 treasury shares repurchased as part of the fourth and final tranche of the aforementioned share buyback program and reduced its share capital accordingly.

(1) Changes in the number of shares in issue are set out in chapter 6 (Kering SA annual financial statements, 3.5 - Statement of changes in equity).

1.3 Authorizations to issue securities giving access to the share capital

Authorizations to issue shares or other securities in force as of December 31, 2023

Pursuant to the decisions of the Annual General Meetings of April 28, 2022 and April 27, 2023, the Board of Directors has the following authorizations:

Description of authorization	Date of Annual General Meeting *(number of resolution)*	Period of validity *(expiry date)*	Maximum authorized nominal amount *(in € millions)*	Current use
Share capital increases with preferential subscription rights maintained				
Share capital increase via the issue, with preferential subscription rights maintained, of shares and/or securities giving access, immediately and/or in the future, to shares or to debt securities	April 27, 2023 (11th)	26 months (June 2025)	200(1)	Unused
Share capital increase via the capitalization of reserves, profits or additional paid-in capital	April 27, 2023 (12th)	26 months (June 2025)	200(2)	Unused
Share capital increases with preferential subscription rights canceled				
Share capital increase via the issue, with preferential subscription rights canceled, by public offering, of shares and/or securities giving access, immediately and/or in the future, to shares, including as payment for shares tendered to a public exchange offer, or to debt securities	April 27, 2023 (13th)	26 months (June 2025)	50(3)	Unused
Share capital increase via the issue, with preferential subscription rights canceled, via a public offering intended for certain investors, of shares and/or securities giving access, immediately and/or in the future, to equity or debt securities	April 27, 2023 (14th)	26 months (June 2025)	50(4)(5)	Unused
Authorization to set the issue price for a share capital increase, with preferential subscription rights canceled, by public offering, including a public offering to certain investors, limited to 5% of the share capital per year	April 27, 2023 (15th)	26 months (June 2025)	5% of the share capital per year(3)	Unused
Share capital increase to pay for in-kind contributions, limited to 10% of the share capital	April 27, 2023 (17th)	26 months (June 2025)	10% of the share capital(5)	Unused
Share capital increases with preferential subscription rights maintained or canceled				
Increase in the number of shares or securities to be issued within the scope of a share capital increase, with preferential subscription rights maintained or canceled, limited to 15% of the amount of the initial issue	April 27, 2023 (16th)	26 months (June 2025)	15% of the amount of the initial issue(3)(6)	Unused
Free awards of performance shares				
Free awards of existing shares and/or shares to be issued for the benefit of employees and executive corporate officers of the Group	April 28, 2022 (16th)	38 months (June 2025)	1% of the share capital	Used (see below)
Share capital increase reserved for employees				
Capital increase reserved for eligible employees, former employees and corporate officers who are members of a company savings plan	April 27, 2023 (18th)	26 months (June 2025)	0.5% of the share capital(7)	Unused
Capital increase for the benefit of Group employees or certain categories of Group employees outside of France	April 27, 2023 (19th)	18 months (October 2024)	0.5% of the share capital(7)	Unused
Share capital reductions through the cancellation of shares				
Authorization to reduce the share capital by canceling shares	April 27, 2023 (10th)	24 months (April 2025)	10% of the share capital per 24-month period	Used (see below)

(1) This amount represents the maximum total nominal amount of capital increases that may take place under the authority granted by the 11th, 13th, 14th, 15th, 16th and 17th resolutions of the April 27, 2023 Annual General Meeting. The total nominal amount of capital increases taking place pursuant to those resolutions count toward that maximum amount.

(2) This amount may not exceed the overall €200 million limit determined by the 11th resolution of the April 27, 2023 Annual General Meeting.

(3) This amount counts toward the overall €200 million limit set under the 11th resolution of the April 27, 2023 Annual General Meeting.

(4) Limited by article L. 225-136 of the French Commercial Code to 20% of the share capital per year in all cases.

(5) This amount counts toward the overall limit of €200 million and the sub-limit of €50 million determined by the 11th and 13th resolutions of the April 27, 2023 Annual General Meeting.

(6) Limited to 15% of the initial issue carried out under the 11th, 13th and 14th resolutions and subject to the limit set in the resolutions pursuant to which the issues are decided (11th, 13th and 14th resolutions), as well as the overall limit set in the 11th resolution of the April 27, 2023 Annual General Meeting.

(7) Common limit for capital increases taking place under the 18th and 19th of the April 27, 2023 Annual General Meeting.

As indicated in the above table, in the Annual General Meeting of April 27, 2023, shareholders authorized the Board of Directors to issue, with preferential subscription rights maintained or canceled, shares and/or securities giving access to the Company's share capital, immediately and/or in the future, and to increase the share capital by capitalizing reserves, profits or additional paid-in capital.

The Annual General Meeting of April 28, 2022 authorized the Board of Directors to carry out free awards of shares to employees and executive corporate officers.

In accordance with the authorization granted at the Annual General Meeting of April 27, 2023 in the 10th resolution, on October 31, 2023 the Chairman and Chief Executive Officer, acting by delegation of authority from the Company's Board of Directors, reduced the share capital by a nominal amount of €2,600,000 through the cancellation of 650,000 treasury shares resulting from the fourth and final tranche of the share buyback program announced on August 15, 2021 and finalized on December 15, 2022. This operation reduced the overall share capital to €493,683,112, divided into 123,420,778 shares with a par value of €4 each.

In addition, as part of free performance share plans set up since 2020 within the Group, and under the authorization granted by the Annual General Meeting of April 28, 2022 in its 16th resolution, on October 3, 2023 Kering awarded 73,222 performance shares to the executive corporate officer and certain employees of the Group.

The other authorizations were not used during the year.

Other securities giving access to the share capital

Special report on stock subscription and purchase options and free share grants

A free share plan was put in place on October 3, 2023 (see Note 6.2 to the consolidated financial statements, "Plans settled in Kering shares").

Stock subscription and purchase option plans

No stock subscription and purchase option plans have been set up since 2007. As of December 31, 2023, there were no stock subscription or purchase options outstanding.

Other rights giving access to the share capital

As part of the strategic partnership with the investment company Mayhoola[1], all or part of the price relating to the acquisition by Kering of the remaining 70% of Valentino may be paid, under the seller's option, in Kering shares, either existing or to be issued, in an amount not exceeding 3,000,000 shares.

Changes in share capital and rights attached to shares

Any changes in the share capital or the rights attached to shares are governed by legal requirements and the specific provisions of the Articles of Association as set out below.

Under article 15 of the Articles of Association, in the Company's internal organization, decisions by the Chief Executive Officer relating to the issue of securities, regardless of their nature, require the prior approval of the Board of Directors when such issues are likely to change the share capital.

1.4 Employee share ownership

As of December 31, 2023, Company and Group employees and executive corporate officers held 240,812 shares, representing 0.2% of the share capital, under the provisions of article L. 225-102 of the French Commercial Code. This includes the 19,338 Company shares held by employees through the employee investment fund and the 95,153 shares owned by employees as part of the KeringForYou program. This employee share ownership program, implemented for the first time in 2022, gives eligible employees in several countries the opportunity to become Kering shareholders on preferential terms and thus have a direct interest in its development and future performance.

(1) Details of which are given on pages 67 (Significant events of 2023) and 349 (Note 15 of the consolidated financial statements — Investments in equity-accounted).

1.5 Appropriation of net income – Dividends paid by the Company

Appropriation of net income

At its meeting of February 28, 2024, the Board of Directors decided to propose the following appropriation of net income to the shareholders at the Annual General Meeting:

(in €)	
Source	
Retained earnings	2,982,884,802.66
Net income for the year	1,855,170,877.52
Total for appropriation	4,838,055,680.18
Appropriation	
Statutory reserve(1)	–
Dividend(2)	1,727,890,892.00
Retained earnings	3,110,164,788.18
Total	4,838,055,680.18

(1) The amount of the statutory reserve has reached 10% of the share capital.
(2) Representing a dividend of €14 per share qualifying for the 40% tax allowance, payable on May 6, 2024. This amount corresponds to the interim dividend (€4.50 per share) paid on January 17, 2024 (€551,605,077) plus the final dividend of €9.50 per share, equal to €1,176,285,815 calculated on the basis of the maximum number of shares carrying dividend rights.

At the Annual General Meeting to be held on April 25, 2024, the Board of Directors will ask shareholders to approve a dividend of €14 in respect of 2023 for all shares carrying dividend rights as of January 1, 2023.

An interim dividend of €4.50 per share was paid on January 17, 2024 pursuant to a decision made by the Board of Directors on December 7, 2023.

If this dividend is approved, the final dividend of €9.50 per share will have an ex-dividend date of May 2, 2024 and will be paid on May 6, 2024.

Dividends paid out in respect of the past three fiscal years

The following dividends have been paid in respect of the past three fiscal years:

Fiscal years	Net dividend	Qualifying for a tax allowance of
2022	€14.00	40%
2021	€12.00	40%
2020	€8.00	40%

1.6 Share pledges

As of December 31, 2023, 5,680,000 registered shares were pledged by the Artémis group.

Registered shareholder *(direct registered)*	Beneficiary/ Security Agent	Pledge start date	Pledge expiry date	Pledge terms of release	Number of issuer's shares pledged	% of issuer's capital pledged(2)
Artémis	HSBC	06/05/20	Unspecified(1)		350,000	0.28%
Artémis	BRED	07/19/2021	Unspecified(1)		180,000	0.15%
Artémis	CA CIB	06/27/2023	Unspecified(1)		1,400,000	1.13%
Artémis	CA CIB	09/26/2023	Unspecified(1)		3,750,000	3.04%

(1) Full reimbursement or payment of the receivable.
(2) Based on the share capital as of December 31, 2023, comprising 123,420,778 shares with a par value of €4 each.

1.7 Arrangements and agreements

To the Company's knowledge, there are no contractual arrangements or agreements involving shares or voting rights of the Company that should have been disclosed to the AMF pursuant to article L. 233-11 of the French Commercial Code.

2 - SHARE OWNERSHIP STRUCTURE

2.1 Change in share ownership and voting rights

	As of December 31, 2023				
	Number of shares	% of share capital	No. of theoretical voting rights(4)(5)	% of theoretical voting rights(4)(5)	% of actual voting rights(6)
Artémis group	52,116,352	42.23%	104,167,971	58.99%	59.28%
Treasury shares	840,597	0.68%	840,597	0.48%	0.00%
Employees and executive corporate officers(1)	240,812	0.20%	361,515	0.20%	0.21%
Free float(2)	70,223,017	56.90%	71,201,900	40.32%	40.52%
TOTAL	123,420,778	100.00%	176,571,983	100.00%	100.00%

	As of December 31, 2022				
	Number of shares	% of share capital	No. of theoretical voting rights(4)(5)	% of theoretical voting rights(4)(5)	% of actual voting rights(6)
Artémis group	52,116,352	42.01%	103,887,369	58.69%	59.31%
Treasury shares	1,850,408	1.49%	1,850,408	1.05%	0.00%
Employees and executive corporate officers(1)	236,934	0.19%	369,923	0.21%	0.21%
Free float(3)	69,867,084	56.31%	70,892,510	40.05%	40.48%
TOTAL	124,070,778	100.00%	177,000,210	100.00%	100.00%

	As of December 31, 2021				
	Number of shares	% of share capital	No. of theoretical voting rights(4)(5)	% of theoretical voting rights(4)(5)	% of actual voting rights(6)
Artémis group	52,051,619	41.74%	103,788,902	58.44%	58.65%
Treasury shares	624,211	0.50%	624,211	0.35%	0.00%
Employees and executive corporate officers(1)	129,492	0.10%	232,696	0.13%	0.13%
Free float(3)	71,887,594	57.65%	72,941,397	41.07%	41.22%
TOTAL	124,692,916	100.00%	177,587,206	100.00%	100.00%

(1) Including Kering's employee investment fund.
(2) Shareholder notifications concerning the crossing of thresholds defined by law or in the Articles of Association in 2023 are detailed in section 2.2 of the present chapter.
(3) In 2022, Baillie Gifford & Co. stated that it had crossed below and then above the statutory disclosure threshold of 5% of the share capital (notification no. 222C0552 and no. 222C1378). In 2022, the Company received six threshold crossing disclosures relating to the threshold of 2% of the share capital or voting rights stated in the Articles of Association, from Invesco Ltd. (crossing below the threshold of 2% of the share capital), Amundi (crossing above and then below the threshold of 2% of the share capital) and Caisse des Dépôts et Consignations (crossing below and then above the threshold of 2% of the share capital, and then crossing above the threshold of 2% of the voting rights). No shareholder notifications concerning the crossing of thresholds defined by law or in the Articles of Association were made in 2021 to the Company's knowledge.
(4) Total number of voting rights (including treasury shares).
(5) Shares held for more than two years in a registered account in the name of the same shareholder carry double voting rights (see the section entitled "Annual General Meetings – Double voting rights" in chapter 8).
(6) Minus treasury shares that lose their voting rights in an Annual General Meeting.

Artémis is wholly owned by Financière Pinault, itself controlled by the Pinault family. Artémis holds 58.99% of the Company's theoretical voting rights (59.28% of the actual voting rights) and as such has de jure control of the Company within the meaning of article L. 233-3-I of the French Commercial Code.

The Company has implemented mechanisms contributing toward maintaining an effective balance of power within its governance and detailed in section 1.3 "Balance of Power" of chapter 3 "Corporate governance" of this document.

2.2 Shareholder notifications

In accordance with article L. 233-7, I of the French Commercial Code, the following shareholder notifications concerning the crossing of statutory thresholds were made in 2023:

- on February 21, 2023, Baillie Gifford & Co.[1] acting on behalf of clients and funds that it manages, notified the Company that on February 16, 2023 it had crossed below the threshold of 5% of the Kering's share capital and that it held, for its clients and funds, 6,202,211 of the Company's shares[2], representing the same number of voting rights, representing 4.99% of the share capital and 3.50% of the voting rights. The crossing of that threshold resulted from a sale of Kering shares in the market (notification no. 223C0338);
- on March 2, 2023, Baillie Gifford & Co.[1] notified the Company that on March 1, 2023, after acquiring Kering shares in the market, it had crossed above the threshold of 5% of the share capital and that it held, for clients and funds, 6,239,382 Kering shares, representing the same number of voting rights, representing 5.03% of the share capital and 3.53% of the voting rights (notification no. 223C0385);
- on July 5, 2023, the same company[1] notified the Company that on July 3, 2023, after transferring Kering shares held on behalf of a client, it had crossed below the threshold of 5% of the share capital and that it held, for clients and funds, 6,190,604[3] of the Company's shares, representing the same number of voting rights, representing 4.99% of the share capital and 3.49% of the voting rights (notification no. 223C1039).

In accordance with article 7 of the Company's Articles of Association, the following shareholder notifications concerning the crossing of thresholds were made to the Company in 2023:

- on January 10, 2023, Caisse des Dépôts et Consignations notified the Company that it had on December 20, 2022 crossed below the threshold of 2% of the voting rights and that it held, directly and indirectly via CNP Assurances, 2,621,679 shares and voting rights representing 2.11% of the capital and 1.48% of the voting rights;
- on December 28, 2023, Baillie Gifford & Co notified the Company that it had on December 19, 2023, crossed below the threshold of 4% of the share capital and that it held, directly and indirectly via Baillie Gifford Overseas Limited, 4,893,297 shares and voting rights representing 3.96% of the capital and 2.77% of the voting rights.

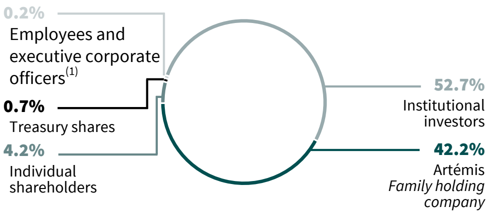
  On January 29, 2024 and February 16, 2024, Harris Associates L.P. notified the Company that it had successively crossed above and subsequently below the threshold of 2% of the share capital and that it held 2,464,429 shares representing 1.997% of the capital on February 15, 2024.

At the date of this Universal Registration Document, to the Company's knowledge:

- no other shareholder notifications concerning thresholds defined by law or in the Articles of Association were made in 2023;
- there are no shareholder agreements or other agreements whose exercise could result in a change of control over Kering.

(1) Acting as discretionary investment manager.
(2) Including 77 Kering ADR (American Depositary Receipts).
(3) Including 121 Kering ADR (American Depositary Receipts).

2.3 Breakdown of the share capital as of December 31, 2023 (rounded figures)



(1) Including Kering's employee investment fund.

As of December 31, 2023, private individual shareholders held 4.2% of the Group's share capital. Institutional investors owned 52.7%, with 6.8% held by French institutions and 45.9% by investors residing outside France.

Among the international institutional investors, North America- and United Kingdom-based shareholders held 19.9% and 11.2% of the share capital, respectively. Continental European investors (excluding France) held 7.9%, including investors in Switzerland (1.4%), Germany (1.3%) and Norway (1.3%). Shareholders based in the Asia-Pacific region represented 3.1% of the share capital.

2.4 Stock market information

Kering share	
Place of listing	Euronext Paris
Market	Eurolist A
Initial public offering	October 25, 1988 (Second Market)
Main indices	CAC 40 (since February 9, 1995)
	Euro Stoxx 50 (since September 24, 2018)
	CAC 40 ESG (since March 22, 2021)
Number of shares	123,420,778 as of December 31, 2023
Codes	ISIN: FR0000121485 Reuters ticker: PRTP.PA Bloomberg ticker: KER:FP

2.5 The Kering share

Change in the price of the Kering share compared to the CAC 40 index (rebased) from January 1, 2023 to February 29, 2024

Market price and Kering share trading volume

	2023	2022	2021	2020	2019
High[1] *(in €)*	600.0	740.8	792.1	623.5	590.7
Low[1] *(in €)*	382.0	442.5	522.3	357.6	380.7
Price[1] as of December 31 *(in €)*	399.0	475.5	706.9	594.4	585.2
Market capitalization as of December 31 *(in € millions)*	49,245	**58,996**	**88,145**	74,311	73,899
Daily average trading volume *(in number of shares)*	203,287	221,498	187,486	236,062	236,636
Number of shares as of December 31	**123,420,778**	**124,070,778**	**124,692,916**	**126,279,322**	**126,279,322**

(1) Closing price.
Source: Euronext.

Listed securities of the Group as of March 19, 2024

Securities listed on Euronext Paris	ISIN code
Shares *(in euros)*	
Kering	FR0000121485
Bonds *(in euros)*	
Kering 0.75% May 2028	FR0013512407
Kering 1.25% May 2025	FR001400A5N5
Kering 1.875% May 2030	FR001400A5M7
Kering 3.25% February 2029	FR001400G3Y1
Kering 3.375% February 2033	FR001400G412
Kering 3.75% September 2025	FR001400KI02
Kering 3.625% September 2027	FR001400KHZ0
Kering 3.625% September 2031	FR001400KHW7
Kering 3.875% September 2035	FR001400KHX5
Kering 3,375% March 2032	FR001400OM10
Kering 3,625% March 2036	FR001400OM28
Bonds *(in dollars)*	
Kering 3.639% May 2027	FR001400AKX0
Bonds *(in pounds)*	
Kering 5.125% November 2026	FR001400M6M1
Kering 5.000% November 2032	FR001400M6N9

Securities listed on the Luxembourg Stock Exchange	ISIN code
Bonds *(in euros)*	
Kering 2.75% April 2024	FR0011832039
Kering 1.60% April 2035	FR0012669257
Kering 1.25% May 2026	FR0013165677
Kering 1.50% April 2027	FR0013248721

Stock market data

Kering share

	Share price *(in €)*				Volume		
						Shares traded	
2022	Average[(1)]	High[(2)]	Low[(2)]	Monthly change	Daily average *(in number of shares)*	in € millions	Number of shares
January	683.9	740.8	632.1	-7.2%	197,017	2,830	4,137,361
February	644.8	693.2	594.7	-2.9%	229,056	2,948	4,581,116
March	580.3	637.6	523.8	-9.6%	266,363	3,556	6,126,338
April	538.1	585.8	497.0	-10.9%	248,595	2,530	4,723,314
May	467.4	511.3	432.8	-0.7%	260,610	2,698	5,733,413
June	502.9	531.6	476.9	-3.8%	260,148	2,903	5,723,256
July	513.0	564.6	474.5	+13.6%	190,336	2,047	3,997,062
August	546.2	571.3	503.0	-9.7%	135,986	1,704	3,127,686
September	494.2	540.4	446.4	-8.8%	211,199	2,297	4,646,374
October	459.4	483.5	427.6	+1.1%	213,197	2,060	4,477,128
November	529.4	571.8	464.6	+22.4%	212,464	2,475	4,674,218
December	506.4	574.9	464.4	-16.2%	237,028	2,553	4,977,593

(1) Closing price.
(2) Intraday price.
Source: Euronext.

2023	Share price *(in €)* Average(1)	High(2)	Low(2)	Monthly change	Volume Daily average *(in number of shares)*	Shares traded in € millions	Number of shares
January	537.0	571.8	478.1	+20.0%	212,728	2,509	4,680,015
February	575.3	601.1	534.5	-2.7%	254,837	2,936	5,096,739
March	571.1	603.6	535.5	+8.1%	222,920	2,909	5,127,152
April	573.4	602.6	549.8	-3.4%	197,873	2,032	3,561,722
May	538.7	577.9	495.9	-14.0%	171,818	2,037	3,779,996
June	508.5	532.2	488.5	+1.5%	187,803	2,114	4,131,675
July	509.5	546.8	474.1	+3.6%	192,716	2,074	4,047,028
August	505.7	533.9	485.8	-5.6%	134,297	1,568	3,088,829
September	458.6	498.4	423.0	-12.6%	220,687	2,136	4,634,424
October	409.3	437.6	379.3	-11.3%	221,861	2,034	4,880,942
November	400.2	421.1	376.7	+2.7%	196,918	1,737	4,332,202
December	405.6	430.1	390.6	+1.3%	235,651	1,856	4,477,365

(1) Closing price.
(2) Intraday price.
Source: Euronext

2024	Share price *(in €)* Average(1)	High(2)	Low(2)	Monthly change	Volume Daily average *(in number of shares)*	Shares traded in € millions	Number of shares
January	371.4	401.3	343.4	-3.9%	231,760	1,897	5,098,725
February	413.9	438.5	376.4	+10.9%	230,930	2,007	4,849,527

(1) Closing price.
(2) Intraday price.
Source: Euronext.

2.6 Financial communications policy and relations with our stakeholders

Kering's Financial Communications Department is committed to disseminating accurate, precise and reliable information. Its actions are targeted and customized to offer different audiences – private individual shareholders and the financial community – messages suited to their respective expectations while complying with the principle of equal access to information. Kering also places considerable importance on maintaining a dialog with and earning even greater trust from its shareholders, both institutional and individual. It provides transparent information to them on a regular basis about the Company's latest developments by holding meetings throughout the year – particularly with institutional investors – and making sure that it answers any questions and responds to any comments they may have.

Toward individual shareholders

Private individual shareholders have access to various media and tools to keep themselves informed about the Group and events affecting its shares. These include the twice-yearly Letter to Shareholders, the Shareholders' Guide (available online, in French only), the shareholders' hotline (+33 (0)1 45 64 65 64) and email address (actionnaire@kering.com), financial notices in the press and online, the Group's website, and the annual report.

Toward the financial community

The Group maintains close relationships with the European and international financial community in three main ways:

- dialog regarding financial performance and strategy: the head of investor relations and her team, overseen by the Chairman and Chief Executive Officer, Deputy CEO, Operations and Finance and the Chief Financial Officer, organize meetings with analysts and the main institutional investors in relation to the publication of annual and half-year financial results and quarterly revenue figures. As well as these periodic events, the Group proactively organizes individual and group meetings with the financial community as part of financial roadshows in Europe and around the world. Kering also takes part in numerous sector conferences organized by major banks;

- dialog regarding non-financial performance: at a time of increasing expectations among investors and other stakeholders regarding environmental, social and governance (ESG) commitments, the Investor Relations Department regularly discusses these subjects with analysts and investors in meetings and in conferences focusing on ESG matters. The Group's Chief Sustainability and Institutional Affairs Officer also takes part in the ESG roadshow held every November and attended by significant institutional investors, during which she presents details of the Group roadmap, the resources deployed by the Group and its achievements, particularly in terms of its climate ambitions and biodiversity policy. For more than 10 years, the Group has reported annually to shareholders in the AGM, through its Chief Sustainability and Institutional Affairs Officer, about its environmental ambitions and progress. Dedicated teams within the Sustainability Department regularly interact with non-financial ratings agencies in relation to their requests and questionnaires;
- dialog regarding governance: this is mainly conducted by the Lead Independent Director and the Investor Relations Department under the oversight of the Chairman and Chief Executive Officer, in tandem with the Board Secretary and the Legal Department. The Chairman and Chief Executive Officer may also hold discussions with institutional investors on these matters. In 2023, as it does every year, the Group held an ESG roadshow in the fourth quarter for major investors in the Company (representing around 40% of the free float and 22.5% of total share capital). The Lead Independent Director, the Board Secretary, the Chief Sustainability and Institutional Affairs Officer and the Investor Relations Department took part in the roadshow. In addition, the Investor Relations Department, working in tandem with the Board Secretary and the Legal Department, holds meetings with the Group's main institutional investors every year ahead of the Annual General Meeting to explain the resolutions to be submitted to shareholders for their approval.

All of the presentation material shared with institutional investors is available on the Kering website.

Procedures for communicating regulatory information

Pursuant to obligations – applicable since January 20, 2007 – to disclose regulatory information resulting from the implementation of the Transparency Directive in the AMF's General Regulations, Kering's Financial Communications Department oversees the proper and full disclosure of regulatory information. This information is filed with the AMF at the time of its disclosure and stored on the Kering website.

Full and effective communication is carried out electronically in compliance with the criteria defined by the AMF's General Regulations, which require communication to a wide audience within the European Union and under conditions guaranteeing the security of the communication and information. Accordingly, Kering's Financial Communications Department has chosen to work with a professional communications agency satisfying the communication criteria set by EU Regulation no. 596/2014 on market abuse and the AMF's General Regulations. The communications agency is included on the list published by the AMF, thus benefiting from a presumption of full and effective communication.

2024 shareholders' agenda

April 23, 2024 (after market close)	First-quarter revenue
April 25, 2024	Annual General Meeting
July 24, 2024 (after market close)	First-half results
October 2024[(1)]	Third-quarter revenue

(1) The specific date will be posted on Kering.com.

CHAPTER 8

Additional information

1 - GENERAL INFORMATION

Company name, registered office and website

Company name: Kering

Registered office: 40, rue de Sèvres, 75007 Paris, France

Contact: +33 (0) 1 45 64 61 00

Website: www.kering.com

Legal form

A French corporation (*société anonyme*).

Applicable law

French law.

Date of incorporation and term

Kering SA was incorporated on June 24, 1881 for a term of 99 years. The term was extended to May 26, 2066 at the Extraordinary General Meeting held on May 26, 1967, except in the case of an early dissolution or of an extension approved at the Extraordinary General Meeting.

Corporate purpose

- The Company's corporate purpose is: the purchase, retail sale or wholesale, either directly or indirectly, by all means and using all existing or future techniques, of all goods, products, commodities or services;
- the creation, acquisition, leasing, operating or sale, either directly or indirectly, of all establishments, stores or warehouses, by all means and using all existing or future techniques, for the retail sale or wholesale of all goods, products, commodities or services;
- the direct or indirect manufacture of all goods, products or commodities that are useful for corporate operations;
- the direct or indirect supply of all services;
- the purchase, operation and sale of all buildings that are useful for corporate operations;
- the creation of all commercial, non-trading, industrial and financial concerns, whether in moveable or real property, service businesses or otherwise, the acquisition of participating interests by all means, the subscription, acquisition, contribution, merger or otherwise of such concerns and the management of its participating interests;
- and, in general, all commercial, non-trading, industrial and financial operations, whether in moveable or real property, service or other businesses that can be directly or indirectly connected to the purposes specified above or to all similar, complementary or related purposes or purposes that are liable to favor the creation or development thereof.

(article 5 of the Articles of Association)

Company registration

Registered with the Paris Trade and Companies Registry under number 552 075 020.

APE code: 7010Z.

LEI: 549300VGEJKB7SVUZR78.

Documents available to the public

Kering's Articles of Association are available on the Company's website: www.kering.com. Other legal documents pertaining to the Company may be consulted upon appointment in print version during business hours at the Company's registered office. The Universal Registration Document filed by Kering with the *Autorité des marchés financiers* (the French financial markets authority), the Company's press releases, as well as the annual and interim reports, the parent company and consolidated financial statements and the regulated information may be consulted on the Company's website at the following address: www.kering.com.

Fiscal year

The Company's fiscal year begins on January 1 and ends on December 31 of the same year.

Appropriation of earnings

From the profit for the fiscal year, less deferred losses where applicable, a minimum withdrawal of one twentieth is made and paid into a reserve fund known as the "legal reserve". Said withdrawal ceases to be mandatory once said reserve reaches one tenth of the share capital.

From the distributable profit, which is made up of the profit for the fiscal year less deferred losses and the withdrawal referred to above, as well as the amounts to be paid into the reserves in accordance with the law, plus deferred profits, the Annual General Meeting, pursuant to a proposal by the Board of Directors, may withdraw all amounts it deems appropriate, either to be deferred to the subsequent fiscal year, or to be entered into one or more extraordinary, general or special reserve funds, the allocation and use of which is determined by the Annual General Meeting.

The balance, if any, is allocated among the shareholders.

The Annual General Meeting that votes on the financial statements for the fiscal year has the option of granting each shareholder, for all or part of the dividend or interim dividend distributed, an option between payment of the dividend or the interim dividend in cash, in kind or in shares. The Annual General Meeting may also decide, for all or part of the dividend, interim dividends, reserves, or premiums distributed, or for any capital reduction, that the distribution of dividends, reserves or premiums or the capital reduction will be made in kind in the form of corporate assets, including securities.

(article 21 of the Articles of Association)

Dividends not claimed after five years are paid to the French State.

Dividends paid over the last three fiscal years are presented in the Management Report.

Administrative and management bodies

Information regarding administrative and management bodies is presented in chapter 3, "Report on corporate governance".

Annual General Meetings – Double voting rights

Annual General Meetings are convened by the Board of Directors and deliberate on their agenda under the conditions provided for by law and the regulations.

Meetings are held at the registered office or in any other place specified in the convening notice.

All shareholders may attend meetings, either in person or via a proxy, under the conditions laid down by law, subject to providing proof of their identity and of the title to their securities, by the recognition of said securities in the accounts in their name within the regulatory timeframes, either in the accounts of registered securities held by the Company, or in the accounts of bearer securities held by an accredited intermediary. Proof of a shareholder's capacity can be provided electronically, under the conditions set by the regulations in force. Pursuant to a decision of the Board of Directors, shareholders may participate in meetings via videoconference or via telecommunications means that make it possible to identify them under the conditions laid down by the regulations in force. All shareholders may vote by correspondence using a form filled out and sent to the Company under the conditions laid down by the regulations in force, including electronically, pursuant to a decision by the Board of Directors. This form must reach the Company in accordance with the regulatory conditions in order to be taken into account. The Board of Directors may reduce said timeframe for the benefit of all shareholders. Owners of securities who are not resident on French territory may be represented by an intermediary who is registered in accordance with the conditions laid down by the regulations in force.

Meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, by the member of the Board who is specifically appointed for this purpose by the Board. Failing this, the meeting elects its own chair.

Meeting minutes are prepared and copies thereof are certified and issued in accordance with the law.

In all Annual General Meetings, a voting right that is double the right conferred on the other shares is granted to all shares that are fully paid up and for which proof is provided that they have been held in registered form for at least two years in the name of the same shareholder. This double voting right, which existed in the Articles of Association of Pinault SA prior to its merger with Printemps SA, was restated at the time of their 1992 merger.

This double voting right may be withdrawn outright at any time pursuant to a decision of the Extraordinary General Meeting and after ratification by a special meeting of the beneficiary shareholders.

(article 19 of the Articles of Association)

The double voting right existed at both Pinault SA and Printemps SA prior to their 1992 merger. The Company's Articles of Association do not provide that, in the event of a free allocation of registered shares to a shareholder in respect of old shares for which he/she/it had a double voting right, the new shares are also entitled to a double voting right.

Pursuant to the relevant legislation, double voting rights are canceled for any share converted to a bearer share or in the event of a transfer of ownership except in the case of a transfer following inheritance, liquidation of joint property between spouses, or donation between living family members (spouse or relative) with legal inheritance rights.

Voting rights are not limited under the Articles of Association.

Provisions of the Articles of Association relating to shareholder notifications

The shares shall be in registered or bearer form at the shareholder's discretion. The shares shall be entered into an account under the conditions and in accordance with the terms provided for by the regulations in force.

The Company is authorized to use the provisions of the law and regulations regarding the identification of the holders of securities that grant immediate or deferred access to voting rights at its own Annual General Meetings.

In addition to the legal obligations to notify the Company and the French financial markets authority (*Autorité des marchés financiers – AMF*) when shareholdings reach or fall below a given threshold, any individual or legal entity directly or indirectly holding shares in the Company, whether acting alone or in concert, shall notify the Company of the total number of shares and voting rights held if said number reaches or exceeds 2% or any multiple thereof, including multiples exceeding the legal threshold of 5%. Notifications shall be made by registered letter with return receipt sent to the registered office no later than 15 days after the date on which the threshold was crossed or reached, or by any other equivalent means for shareholders not residing in France, it being specified that the contents of the notification must comply with the legal and regulatory provisions applicable to shareholder notifications concerning legal thresholds, and must include the information to be provided in such circumstances to the AMF, as stated in its General Regulations. The same notification obligation shall apply under the same conditions when a shareholder's total shares and/or voting rights reach or fall below any of the aforementioned thresholds.

If the notification is not submitted, the shares exceeding the threshold for which the notification should have been made may be deprived of voting rights at the request of one or more shareholders holding a combined or individual total of at least 5% of the Company's share capital and/or voting rights, under the conditions set forth in the sixth paragraph of article L. 233-7 of the French Commercial Code. If the notification is subsequently made, the corresponding voting rights may not be exercised until the period of time defined by law or the prevailing regulations has expired.

(article 7 of the Articles of Association)

There are no shares not representing capital.

The steps required to amend shareholder rights are those provided for by law.

Share capital

The Company is authorized to use the provisions of the law and regulations regarding the identification of the holders of securities that grant immediate or deferred access to voting rights at its own Annual General Meetings.

(article 7 of the Articles of Association)

In addition to the voting right that is granted to each share by the law and by the specific provisions of article 20 below, each share grants the right to a percentage, which is proportional to the number and par value of the existing shares, of the corporate assets, the profit after deduction of the deductions provided for by law and the Articles of Association, or of the liquidating dividend.

Each time it is necessary to possess more than one share in order to exercise a right, it is the responsibility of the owners who do not possess such number to make arrangements in order to possess the required number of shares.

(article 8 of the Articles of Association)

In the event of liquidation of the Company, the remaining shareholders' equity after repayment of the par value of the shares will be allocated among the shareholders in the same proportions as their holdings in the capital.

(article 23 of the Articles of Association)

Any changes in the share capital or the rights attached to shares are governed by the legal requirements and the specific provisions of the Articles of Association as set out below.

Under article 15 of the Articles of Association, in the Company's internal organization, decisions by the Chief Executive Officer and the Group Managing Director relating to the issue of securities, regardless of their nature, require the prior approval by the Board of Directors when such issues are likely to change the share capital, except in the event of a decision by the Annual General Meeting.

2 - PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Declaration by the person responsible for the Universal Registration Document and for the Annual Financial Report

I hereby attest that the information in this Universal Registration Document is, to my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I certify that, to my knowledge, the annual consolidated and parent company financial statements of Kering SA for the year ended December 31, 2023 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings included in the consolidation, and that the Management Report (the cross-reference table for which is provided in section 5.3 of chapter 8 in this Universal Registration Document) includes a fair review of the development of the business, the results of operations and the financial position of the Company and of all the undertakings included in the consolidation, and also describes the main risks and uncertainties to which they are exposed.

Paris, March 19, 2024

François-Henri Pinault

Chairman and Chief Executive Officer

3 - STATUTORY AUDITORS

3.1 Principal Statutory Auditors

PricewaterhouseCoopers Audit

63, rue de Villiers, 92208 Neuilly-sur-Seine

Camille Phelizon and Patrice Morot

Date of first appointment: Annual General Meeting of April 28, 2022.

Appointment, term and expiry: appointed at the Combined General Meeting of April 28, 2022 for six years until the Annual General Meeting called to approve the 2027 financial statements.

Deloitte & Associés

6, Place de la Pyramide, 92908 Paris-La Défense Cedex, France

David Dupont-Noel and Bénédicte Margerin

Date of first appointment: Annual General Meeting of May 18, 1994.

Reappointment, term and expiry: reappointed at the Combined General Meeting of June 16, 2020 for six years until the Annual General Meeting called to approve the 2025 financial statements.

3.2 Substitute Statutory Auditors

Emmanuel Benoist

63, rue de Villiers, 92208 Neuilly-sur-Seine

Date of first appointment: Annual General Meeting of April 28, 2022.

Appointment, term and expiry: appointed at the Combined General Meeting of April 28, 2022 for six years until the Annual General Meeting called to approve the 2027 financial statements.

BEAS

6, Place de la Pyramide, 92908 Paris-La Défense Cedex, France

Date of first appointment: Annual General Meeting of May 19, 2005.

Reappointment, term and expiry: reappointed at the Combined General Meeting of June 16, 2020 for six years until the Annual General Meeting called to approve the 2025 financial statements.

4 - DOCUMENTS INCORPORATED BY REFERENCE

In accordance with article 19 of Regulation (EU) 2017/1129 of June 14, 2017, this Universal Registration Document incorporates by reference the following information, to which the reader is invited to refer:

- for the fiscal year ended December 31, 2022: key figures, activities of the Group, activity report, investment policy, consolidated financial statements, Kering SA financial statements and the related Statutory Auditors' reports, set out on pages 11 to 15, 32 to 57, 63 to 90, 88 and 89, 338 to 399, 404 to 420, 400 to 403, 421 to 424 of the Universal Registration Document filed on March 22, 2023 with the French financial markets authority (*Autorité des marchés financiers – AMF*);
- for the fiscal year ended December 31, 2021: key figures, activities of the Group, activity report, investment policy, consolidated financial statements, Kering SA financial statements and the related Statutory Auditors' reports, set out on pages 11 to 14, 28 to 56, 63 to 93, 92 and 93, 334 to 398, 404 to 421, 399 to 403, 422 to 425 of the Universal Registration Document filed on March 28, 2022 with the French financial markets authority (*Autorité des marchés financiers – AMF*).

Information included in these two documents other than that listed above is, where relevant, replaced or updated by the information included in this Universal Registration Document. These two documents are available at the Group's registered office and on its website, www.kering.com, under the Finance section.

5 - CROSS-REFERENCE TABLE

To facilitate the reading of this document, the tables below cross-reference:

- the main headings required under Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of June 14, 2017;
- the main disclosures required in the Annual Financial Report as provided for in article L.451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) and article 222-3 of the AMF General Regulations (Règlement général);
- the main disclosures required in the Management Report as provided for in article L.232-1 of the French Commercial Code (Code de commerce), including:
  - the report on corporate governance as provided for in article L.225-37 paragraph 6 of the French Commercial Code,
  - the Non-Financial Information Statement (NFIS) as provided for in Articles L.225-102-1 and R.225-105, I of the French Commercial Code.

Consequently, in accordance with AMF recommendation DOC-2021-02, this Universal Registration Document is a combined "three-in-one" document, containing all of the disclosures required in the above-mentioned documents:

Document	Reference texts	Page(s)
Universal Registration Document	Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of June 14, 2017	436-438
Annual Financial Report	Article L.451-1-2 of the French Monetary and Financial Code Article 222-3 of the AMF General Regulations	439
Management Report	Articles L.225-100, L.232-1 et seq. and R. 225-102 et seq. of the French Commercial Code, articles 223 quater and 223 quinquies of the French Tax Code	439-440
Report on corporate governance	Article L.225-37 paragraph 6 of the French Commercial Code	439-440
Non-Financial Information Statement	Articles L.225-102-1 and R. 225-105 et seq. of the French Commercial Code	272-274

5.1 Universal Registration Document

Cross-reference table for the Universal Registration Document – Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of June 14, 2017		Page(s)
8.	**Capital resources**	
8.1	Information concerning the Company's capital resources (both short and long-term)	74-75, 331-332, 351-355
8.2	Sources and amounts of the Company's cash flows	76-78,332, 364-366
8.3	Information on the borrowing terms and the funding structure of the Company	74-78, 307, 353-359
8.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the Company's operations	353-359
8.5	Information regarding the anticipated sources of funds	332, 353-359, 364-366
9.	**Regulatory environment**	92, 188-190, 193, 272-274, 282, 308, 312, 369
10.	**Trend information**	
10.1	The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last fiscal year, and the significant change in the issuer's financial or trading position	37-41, 64-65
10.2	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have material effect on the issuer's prospects	64-65, 88
11.	**Profit forecast or estimates**	N/A[1]
11.1	Statement on the correctness of a profit forecast or estimate which has been published and is still outstanding	N/A
11.2	Principal hypothesis underlying the profit forecast or estimate	N/A
11.3	Statement on the preparation of the profit forecast or estimate	N/A
12.	**Administrative, management and supervisory bodies and senior management**	
12.1	Members of the administrative, management or supervisory bodies	18-20, 22-23, 98-115, 142
12.2	Administrative, management and supervisory bodies and senior management conflicts of interest	122-124, 142-143
13.	**Remuneration and benefits**	
13.1	Remuneration and benefits in kind granted to corporate officers	144-176
13.2	Total amounts set aside or accrued to provide for pension, retirement or similar benefits	360-362, 367
14.	**Board practices**	
14.1	Date of expiration of current terms of office	98
14.2	Members of the administrative, management or supervisory bodies' service contracts	143, 367, 417-418
14.3	Information about the Company's Audit Committee and Remuneration Committee	135-138
14.4	Statement of compliance with corporate governance regimes applicable in France	92, 141
14.5	Potential material impacts on corporate governance	116-119
15.	**Employees**	
15.1	Number of employees	196-198, 337
15.2	Shareholdings and stock options	99-115
15.3	Arrangements for involving the employees in the capital of the Company	421-422
16.	**Major shareholders**	
16.1	Shareholders owning more than 5% of the share capital or voting rights	424-426
16.2	Existence of different voting rights	424-426, 433
16.3	Control of the Company	142,424-426
16.4	Any arrangements, known to the Company, the operation of which may at a subsequent date result in a change in its control	N/A
17.	**Related party transactions**	88, 143, 367, 409

Cross-reference table for the Universal Registration Document – Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of June 14, 2017		Page(s)
18.	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
18.1	Historical financial information	
	18.1.1 Audited historical financial information and audit report	328-416
	18.1.2 Change of accounting reference date	N/A
	18.1.3 Accounting standards	334, 369-371, 399
	18.1.4 Change of accounting framework	N/A
	18.1.5 Financial statements	396-412
	18.1.6 Consolidated financial statements	328-391
	18.1.7 Date of latest financial information	334, 410
18.2	Interim and other financial information	N/A(2)
18.3	Auditing of historical annual financial information	
	18.3.1 Statement that the historical financial information has been audited	392-395, 413-416
	18.3.2 Other information audited by the Statutory Auditors	276-278, 279-280, 417-418
	18.3.3 Source of financial data not extracted from the issuer's audited financial statements	N/A
18.4	Pro forma financial information	N/A
18.5	Dividend policy	12, 15, 77, 352, 423
18.6	Legal and arbitration proceedings	304-306, 363
18.7	Significant change in the Company's financial position	N/A
19.	**Additional information**	
19.1	Inventories	
	19.1.1 Amount of issued capital	420
	19.1.2 Shares not representing capital	N/A
	19.1.3 Shares held by the Company, on its behalf or by subsidiaries	75, 331, 332, 351-352, 378, 402, 420, 424-426
	19.1.4 Amount of any convertible securities, exchangeable securities or securities with warrants	N/A
	19.1.5 Information about the terms of any acquisition rights and/or any obligations over capital issued but not paid-up or an undertaking to increase the capital	N/A
	19.1.6 Information about the capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option	349
	19.1.7 History of share capital	420
19.2	Memorandum and Articles of Association	
	19.2.1 Issuer's objects	432
	19.2.2 Rights, preferences and restrictions attached to each class of existing shares	432-434
	19.2.3 Provision of the articles of association or other provision that would have an effect of delaying, deferring or preventing a change in control	142
20.	**Material contracts**	N/A(3)
21.	**Documents available**	429, 432, 435

(1) This Universal Registration Document does not include any profit forecasts.
(2) No quarterly financial statements have been published between the closing of the annual financial statements and the publication of the Universal Registration Document.
(3) Not material.

5.2 Annual Financial Report

5.3 Management Report

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