

# **Report of one of the Statutory Auditors, appointed as independent third-party, on the consolidated social, environmental and societal information published in the management report**

Year ended December 31<sup>st</sup> 2014

*This is a free translation into English of the original report 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 Shareholders,

In our capacity as Statutory Auditor of Kering S.A., and appointed as independent third-party, for whom the certification request has been approved by the French National Accreditation Body (COFRAC) under the number 3-1048<sup>1</sup>, we hereby present you with our report on the social, environmental and societal information prepared for the year ended December 31<sup>st</sup>, 2014 (hereinafter the “CSR Information”), presented in the management report included in the Reference Document pursuant to Article L.225-102-1 of the French Commercial Code (Code de commerce).

## **Responsibility of the company**

The Board of Directors is responsible for preparing a management report including CSR Information in accordance with the provisions of Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the reporting protocols and guidelines used by Kering (hereafter the “Reporting Protocols”), which are available on request from the Sustainability and Human Resources Departments and for which a summary is presented on Kering website.

## **Independence and quality control**

Our independence is defined by regulatory texts, the profession’s Code of Ethics as well as by the provisions set forth in Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional auditing standards and the applicable legal texts and regulations.

## **Responsibility of the Statutory Auditor**

Based on our work, our responsibility is:

- to attest that the required CSR Information is presented in the management report or, in the event of omission, is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of CSR information);
- to express limited assurance on the fact that, taken as a whole, CSR Information is presented fairly, in all material aspects, in accordance with the adopted Reporting Protocols (Formed opinion on the fair presentation of CSR Information).

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<sup>1</sup> the scope of which is available at [www.cofrac.fr](http://www.cofrac.fr)

Our work was carried out by a team of six people between October 2014 and March 2015. To assist us in conducting our work, we referred to our corporate responsibility experts.

We conducted the following procedures in accordance with professional auditing standards applicable in France, with the order of May 13, 2013 determining the methodology according to which the independent third party entity conducts its assignment and, concerning the formed opinion on the fair presentation of CSR Information, with the international standard ISAE 3000<sup>2</sup>.

## **1. Attestation of completeness of CSR Information**

Based on interviews with management, we familiarized ourselves with the Group's sustainable development strategy, with regard to the social and environmental impacts of the company's business and its societal commitments and, where appropriate, any resulting actions or programs.

We compared the CSR Information presented in the management report with the list set forth in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of certain consolidated information, we verified that explanations were provided in accordance with the third paragraph of the Article R. 225-105 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope, i.e., the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limitations presented in the chapter 3 of the Reference Document and in the methodological notes on methods available on the Kering website ([www.kering.com](http://www.kering.com)).

Based on these procedures and considering the limitations mentioned above, we attest that the required CSR Information is presented in the management report.

## **2. Formed opinion on the fair presentation of CSR Information**

### ***Nature and scope of procedures***

We conducted around fifteen interviews with the people responsible for preparing the CSR Information in the departments in charge of data collection process and, when appropriate, those responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Reporting Protocols with respect to their relevance, completeness, reliability, neutrality and understandability, taking into consideration, when relevant, the sector's best practices;
- verify that a data-collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the CSR Information and review the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of the tests and controls according to the nature and significance of the CSR Information with regard to the company's characteristics, the social and environmental challenges of its activities, its sustainable development strategies and the sector's best practices.

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<sup>2</sup> ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

Concerning the CSR Information that we have considered to be most important<sup>3</sup>:

- for the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the data consolidation, and we verified their consistency with the other information presented in the management report;
- for a representative sample of entities that we have selected<sup>4</sup> according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we held interviews to verify the correct application of the procedures and performed substantive tests using sampling techniques, consisting in verifying the calculations made and reconciling the data with supporting evidence. The selected sample represented 21% of the headcount and between 23% and 97% of the environmental quantitative information.

Regarding the other consolidated CSR Information, we have assessed its consistency in relation to our understanding of the Group.

Lastly, we assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

We believe that the sampling methods and sizes of the samples we have used in exercising our professional judgment enable us to express limited assurance; a higher level of assurance would have required more in-depth verifications. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the CSR Information cannot be totally eliminated.

### ***Conclusion***

Based on our work, we did not identify any material anomaly likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly, in accordance with the Reporting Protocols.

Neuilly-sur-Seine, March 25<sup>th</sup> 2015.

*French original signed by one of the statutory auditors:*

### **Deloitte & Associés**

Frédéric Moulin  
Partner

Julien Rivals  
Partner, Sustainability Services

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<sup>3</sup> Quantitative and qualitative indicators are presented in the appendix.

<sup>4</sup> Puma Germany, Puma China, Gucci Italy, Gucci China, LGI, Brioni Italy, Saint Laurent France, Balenciaga France, Kering Foundation

## **Appendix: CSR Information considered the most important by the Statutory Auditors, appointed as independent third-party**

- **Quantitative social information** : breakdown of the workforce as of December 31 (men/women managers, men /women non-managers) by region ; percentage of employees on permanent contracts ; breakdown of fixed-term and permanent contracts among new hires; breakdown of permanent employee departures by category ; number of employees trained (men/women and managers/non-managers) ; number of training hours (excluding safety training) ; number of disabled employees ; frequency rate and severity of work-related accidents ; overall absenteeism rate and rate of absenteeism due to illness; number of concluded collective bargaining agreements.

- **Qualitative social information** : operational implementation of new ethics measures ; deployment of an Internal Mobility platform on the 360° Group intranet ; implementation of the identification and talent development program at Gucci ; launching of international Talent Development Programme seminars for managers ; launching of Digital Academy eCampus ; launch of the internal campaign against gender stereotypes ("Hunting down stereotypes") ; achieving second edition of mentoring programme ; continuation of the People@PUMA programme.

- **Quantitative environmental information:** breakdown of energy consumption and related CO<sub>2</sub> emissions ; share of electricity derived from renewable sources; transport and business travel-related CO<sub>2</sub> emissions (B to B ; B to C ; business travel) ; breakdown of total transport- and energy-related CO<sub>2</sub> emissions ; CO<sub>2</sub> emissions by scope as per the GHG protocol (scopes 1, 2 and 3) ; offset tonnes of CO<sub>2</sub> ; volume of certified purchased gold; paper consumption; packaging consumption; water consumption.

- **Qualitative environmental information:** existence of six specific Idea Labs (leather, fur, plastic, gold, diamonds, chemicals) ; certification procedures of the Group's sites ; Gucci initiatives for recycled plastic use ; progress of Made-By project by Gucci ; development of a new 100% FSC packaging at Saint Laurent ; suppliers environmental audits conducted by Puma according to the protocol developed by ZDHC initiative; launching of a recycling programme at Balenciaga for shopping bags confection.

- **Quantitative societal information:** number of social audits carried out among the Group's suppliers ; number of badges distributed as part of the 3<sup>rd</sup> edition of the campaign "White Ribbon for Women".

- **Qualitative social information:** partnership of Gucci, Alexander McQueen, Saint Laurent, Balenciaga, Bottega Veneta, Brioni in the Clean by Design programme.