



ANNUAL GENERAL MEETING OF APRIL 27, 2023 – ANSWERS TO WRITTEN QUESTIONS

I. Questions received from the French Social Investment Forum (Forum pour l'Investissement Responsable – FIR)

Environment

1. a) Under the Paris Agreement, how does each of your initiatives to reduce direct and indirect GHG emissions contribute to your decarbonization target across all scopes (percentage of the reduction in emissions achieved through each initiative)?

What role do negative emissions play in your decarbonization targets?

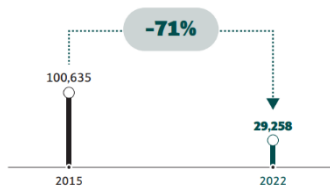
Kering has made climate action a key part of its sustainability strategy, aiming for a Net Zero trajectory consistent with the ambitions of the Paris Agreements. As the first company in the luxury sector to be certified by the Science Based Targets initiative (SBTi) in 2016 for its carbon footprint reduction targets, Kering has adopted an ambitious [Climate Strategy](#) based on three complementary targets for the short, medium and long term:

- **by 2030:** [In 2021, Kering revised its SBT to adopt the 1.5°C scenario](#): a 90% absolute reduction in greenhouse gas emissions from Kering’s own operations (whole of GHG Protocol Scopes 1 and 2) and a 70% reduction in intensity of GHG emissions arising from its supply chains (GHG Protocol Scope 3) relative to 2015;
- **by 2035:** 40% absolute [reduction](#) in emissions across the Group (GHG Protocol Scopes 1, 2 and 3) relative to 2021;
- **by 2050:** commitment to a net zero trajectory in line with the ambitions of the Paris Agreement.

Reducing greenhouse gas emissions is the priority in the Group’s climate strategy.

As regards the Group’s own operations (GHG Protocol Scopes 1 and 2), Kering has been taking action for several years:

Scopes 1 and 2 (tCO₂e)
SBT target: 90% absolute reduction by 2030



- **Energy efficiency** (implementing guidelines throughout the life cycle of its sites, electrification);

- **Energy supply strategy** (production of renewable energy, purchases of electricity from renewable sources wherever possible). In 2022, Kering achieved the RE100 target of sourcing 100% of its electricity from renewable sources in accordance with the directives of the RE100 initiative;

- **LED technology** for lighting – a source of significant energy savings (up to 90%) – has been rolled out by all stores and in the majority of store sales areas. The carbon footprint of operations under Kering’s direct control (Scopes 1 and

2) accounts for around 1% of the Group’s overall carbon footprint.

In addition, efforts to achieve these targets, including the target regarding the absolute reduction in GHG emissions, especially Scope 3, include **a set of initiatives to reduce emissions all along the supply chain**, starting with the production of raw materials. These initiatives notably include:

Scope 3 (tCO₂e per € million in gross margin)
SBT target: 70% reduction in intensity by 2030



- **Eco-design of products and sourcing strategy:** adopting the [Kering Standards](#) covering raw materials and production processes towards a lower environmental impact, particularly as regards their carbon footprint. The Kering Standards apply both to Group Houses and to their suppliers. They were updated in 2022;

- Increased **use of renewable energies** in supply chains; Kering estimates that it reduced emissions by almost 200,000 metric tons of CO₂e in 2022 (8% of its total 2022 footprint), mainly through initiatives to increase its use of renewable energies and use metal and fibers that are

recycled or certified organic.

- **Fair production:** use AI, and planning tools to improve sales forecasts and therefore optimize production volumes and distribution;
- **Purchased goods and services:** promote energy efficiency at production sites and optimize processes;

- **Transport:** optimize transport itineraries and minimize journeys; electrify transportation and opt for the most environmentally efficient transport method;
- Develop **new business models** based on the circular economy and pre-owned items.

As regards negative emissions, in addition to the Group's reduction targets validated by the SBTi, Kering has since 2012 been investing in **nature-based** carbon offsetting projects, thereby helping to protect **essential** ecosystems and **carbon sinks around the world**. These projects help to mitigate climate change beyond the Group's value chains and to preserve and restore sensitive ecosystems (forests, wetlands and coastal areas).

In December 2022, Kering also announced the creation of the Kering [Climate Fund for Nature](#), with an investment of €100 million. With the additional support of the L'OCCITANE Group, the fund has attracted €140 million of commitments out of its ambitious target of €300 million. The fund is supporting new projects involving high-quality nature-based solutions that generate carbon credits for Kering and the other co-investors. Around two thirds are removal projects and one third avoidance projects. The fund aims to reach a contribution of 10 million tCO₂e over 15 years and to deliver additional benefits for communities, with a particular emphasis on promoting women's rights and empowerment.

b) Can you state the amount of investment necessary for each initiative to reduce your direct and indirect emissions as part of your decarbonization strategy?

Kering Sustainability Strategy, which is fully integrated into the Group's overall strategy, helps define the investment policy and is supported at the highest level of the Group.

Operating expenses: Every year, around **€70 million of Kering's operating expenses** are devoted to reducing its carbon footprint. This includes the various operational efforts listed below as well as the Group's partnerships and philanthropic initiatives:

- **sourcing of raw materials** and the [Kering Regenerative Fund for Nature](#);
- **supporting suppliers** to adopt better production processes, particularly through the Clean by Design program;
- efforts to reduce the Group's energy consumption and **purchases of renewable electricity**;
- some **ongoing expenditure as part of programs to open, refurbish and certify buildings** at Group sites, with the requirement to include energy-efficiency measures in all programs (see below regarding capex);
- support for and adoption of nature-based solutions: each year, the volume of carbon credits corresponds to all of the direct and indirect emissions of the Group and its supply chain (Scopes 1, 2 and 3 as measured via the EP&L, excluding use and end-of-life of sold products). In 2022, with respect to 2021, Kering offset its entire carbon footprint of 2,143,465 metric tons of CO₂e via certified nature-based projects. **11% of credits came from projects that remove carbon dioxide** from the atmosphere (removal projects) and 89% came from projects that avoid greenhouse gas emission (avoidance projects). This includes REDD+ 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;
- the initiatives to promote biodiversity discussed below (almost €20 million, carbon removal being one of the principles of regenerative agriculture projects).

In addition, Kering has invested **€100 million** in the [Climate Fund for Nature](#), which will be progressively disbursed through successive calls for funds as project are financed.

Capital expenditure (CAPEX): In addition to operational expenses, there is also Kering's capital expenditure. In accordance with the European taxonomy regulation, information about the Group's capital expenditure was published in section 5.1.3 of its [2022 Universal Registration Document](#) (pages 215-219). Given the absence of eligible revenue, the analysis of eligible Capex relates to investments linked to assets or expenditure eligible for the taxonomy on an individual basis. Taxonomy-eligible Capex (i.e., the proportion of Capex that is eligible) represents 59% of Kering's Total Taxonomy Capex or €1,610 million. It mainly consists of new leases relating to stores (53%) and expenditure on refurbishing buildings and installing energy efficiency equipment (6%). After analyzing the technical criteria, taxonomy-aligned capex represents 15% of Kering's Total Taxonomy Capex, or €412 million:

- €87 million relating to the installation, maintenance and repair of energy efficiency equipment;
- €18 million relating to the installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings; and
- €307 million relating to the acquisition and ownership of buildings, mainly through new store leases.

In 2022, Kering also set up a department focused on Sustainable Finance. Its remit 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.

c) On what reference scenarios is your decarbonization strategy based? Is it aligned with a 1.5°C scenario?

Kering has chosen to adopt a scientific approach and thus to align its climate policy and resulting targets with the SBTi 1.5°C guidelines. These guidelines require Kering to reduce its emissions and offset its residual emissions, take into account climate-related physical and transition risks and help move the fashion industry toward more sustainable practices.

2. a) Have you recently assessed the extent to which your business activities affect and are dependent on biodiversity (directly and indirectly)?

b) If not, why not? If so, have your calculations regarding the dependency (direct and indirect) of your business activities on biodiversity (as a percentage of revenue) changed relative to last year?

Assessment of the extent to which our business activities affect and are dependent on biodiversity: our environmental profit and loss account (EP&L)

The Kering group's business activities mainly depend on natural raw materials of animal origin, such as leather, cashmere, wool and silk, and of plant origin, such as cotton. The availability and quality of these materials can be affected by environmental factors, which are particularly influenced by climate change. To address these issues, Kering started producing an **environmental profit and loss account (EP&L)** in 2012. This is an innovative way of measuring the Group's environmental footprint across all of its value chain, including upstream sourcing of materials across six dimensions. The "land use" part of the EP&L makes it possible, for example, to estimate how raw materials used by the Group affect the provision of ecosystem services and biodiversity. The methodology adopted for this indicator establishes an ecosystem service reference value for virgin biomes based on (1) species richness, (2) above-ground biomass and (3) soil organic carbon (SOC) as substitution parameters. These parameters are applied to the Group's activities, depending on the types of land use and geographic regions. Through the EP&L methodology, environmental impacts are monetized, reflecting the characteristics of the local context. For example, leather from South America, where cattle breeding can be a cause of deforestation, will have a greater impact on the EP&L than leather from Europe. This "weighting" is applied via the EP&L's monetization approach, and enables us to identify the key at-risk materials, which could become scarcer because of environmental factors.

Analysis of Kering's environmental footprint through the 2022 EP&L results shows that the "land use" pillar accounts for **31%** (estimated at €EP&L 170 million) of Kering's total impacts, with 97% of that impact taking place in Tier 4 – Production of raw materials. By factoring in this notion of dependency and this impact assessment, the conclusions we draw from the EP&L enable us to **adjust our sourcing strategy** accordingly, in order to limit risks relating to certain materials and identify alternatives, which may result from recycling, technological innovation or sustainable sourcing, for example by favoring regenerative agriculture. Comparing 2022 and 2021 EP&L results, we see a reduction in the intensity of Kering's impact in the "land use" pillar, showing the effectiveness of the action we have taken across our supply chain, at a time when the volume of certain materials purchased (such as leather) rose because of the Group's growth in 2022.

As part of Kering's Regenerative Fund for Nature, key data from Kering's supply chain have been superimposed onto an analysis carried out via a geographical information system to **identify the Earth's biodiversity hotspots**, specifically identifying locations that are critical for biodiversity, carbon removal, ecosystem services and land productivity. The first seven projects selected in 2021 under the Fund were therefore located in priority geographic regions.

Kering's alignment with SBT principles and commitment as part of the TNFD: To continue refining our targets and our impact assessment based on the best available scientific data, Kering joined the Corporate Engagement Program of the Science Based Targets Network (SBTN) in 2020. Kering undertook to follow the SBTN's recommendations, including the initial version of its Science Based Targets (SBT) for nature in early 2023. Kering is also a member of the stakeholder forum of the Taskforce for Nature-Related Financial Disclosures (TNFD), whose final recommendations should be published by the end of 2023.

c) Based on your assessment work, how much do you spend on supporting biodiversity (protection, restoration, etc.)? Please state an amount.

Kering's spending on biodiversity amounted to more than €20 million in 2022, and covered:

- **Conservation of nature and forests** through REDD+ activities: In 2022, with respect to 2021, Kering offset its entire carbon footprint via certified nature-based projects. This includes REDD+ 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.
- **The [Kering Regenerative Fund for Nature](#)** was set up in 2021 by Kering and Conservation International and endowed with €5 million over five years. The Fund aims to show the direct effect that agricultural transformation

has on nature, the climate and economic activities. It also aims to encourage new practices regarding the sourcing and production of raw materials in the fashion industry, by improving their quality and increasing their quantity. The Fund aims to convert a million hectares of farm and pastureland to regenerative agriculture in the next five years, as part of the supply chains for four of the Group's key raw materials (leather, cotton, wool and cashmere). In 2021, the first seven projects receiving grants from the Fund were announced. They are located in six countries (South Africa, Argentina, Spain, France, India and Mongolia) and will support a transition to regenerative practices across more than 840,000 hectares of land.

- **Support for farmers to accompany and support them in their shift toward regenerative farming practices and models** (capturing carbon in soil, limiting inputs such as chemical fertilizers, etc.): Projects are supported based on their use of emerging techniques in key Kering territories and in conjunction with supply chains that provide raw materials to the fashion industry. Since 2020, for example, Kering has invested in Low Carbon Label projects, in partnership with IDELE (*Institut de l'Élevage*), which support French cattle breeders in developing more carbon-efficient practices. In 2022, Kering also made a commitment to the linen industry in France with regenerative agriculture projects coordinated by Sysfarm;
- Kering will protect a further one million hectares of essential and irreplaceable habitats outside of its supply chain, primarily through programs that will be beneficial on multiple levels, in terms of biodiversity protection, carbon removal and improved livelihoods for local people;
- **Nature conservation, restoration and regeneration programs** in some of these biodiversity hotspots, including:
 - o a full reforestation program for mining sites in the Amazon rainforest, implemented in partnership with Solicaz and ReforestFinance;
 - o a soil regeneration and species protection program in the south of the Gobi Desert in partnership with Wildlife Conservation International (implemented as part of the Kering Regenerative Fund for Nature in partnership with The Good Growth Company);
 - o a support for the Karoo Lamb Consortium's efforts to preserve the heritage of biodiversity in South Africa.

Finally, the [Climate Fund for Nature](#) combines ambitious financial commitments (€140 million of commitments in 2023 out of a total target of €300 million) and relies on Mirova's expertise in managing funds focused on natural capital.

3. a) At a time of high inflation, geopolitical crises, global warming and biodiversity loss, how do you assess the financial and economic impact caused by the increasing scarcity of your strategic natural resources, or difficulties accessing them, on your business models?

b) Have you assessed the increase in costs arising from those difficulties (state the change in cost as a percentage or value)?

Each year, Kering carries out a detailed analysis of the risks that the Group may face and that may jeopardize its ability to maintain its overall performance. The approach as a whole and, in general, all aspects relating to risks, are presented in [Chapter 5 of the Universal Registration Document](#). Non-financial risks are therefore fully integrated into the overall process of identifying and managing the Group's risks, which takes into account the whole value chain, from the sourcing of raw materials to the use of products made by the Group's Houses.

In accordance with the recommendation of the Task Force on Climate-Related Financial Disclosures (TCFD), Kering has conducted an initial assessment of the financial impact of specific climate risks. The analysis carried out so far does not show any material impact on the Group's financial statements (2022 Universal Registration Document, page 388).

Kering Standards - Standards and guidance for sustainable production: Given the link between climate protection and the long-term viability of its business, the Group takes into account risks – particularly climate-related ones (physical risks and transition risks) – in order to achieve greater resilience. Since natural resources are particularly important for its business, Kering strives to protect them and ensure their long-term future through a number of initiatives, including:

- the implementation of the [Kering Standards](#), which cover almost 98% of the Group's raw materials. These standards define the Group's sourcing requirements (efforts to combat deforestation, certification, traceability, etc.). They reflect Kering's risk assessment regarding its sourcing and its desire to preserve and regenerate the natural resources on which it depends. The Group has therefore adopted the target of having 100% of its raw materials aligned with the Kering Standards by 2025 and already achieved 71% at the end of 2022;
- the deployment of its [Biodiversity Strategy](#). This strategy comprises four stages: avoid, reduce, restore/regenerate and transform.

c) What measures have you taken as a result to reduce your consumption and adopt a more circular business model (state the proportion of the company’s activities concerned by these solutions)?

In addition to our responsible sourcing approach based on the Kering Standards, along with our Biodiversity Strategy, Kering believes it is necessary to move away from the “take, make, waste” culture and toward a circular economy. This paradigm shift involves a total rethink of how the Group produces and uses resources, but also how it can extend the life cycle of products. This approach is detailed in **Kering’s circularity ambition [Coming Full Circle](#)**, which has three key aspects: 1. luxury that lasts; 2. regenerative sourcing and clean production; 3. making production processes more efficient.

Innovation and new technologies are some of the methods that we use to minimize our impact on the environment, in addition to developing new business models based on second hand. The Group therefore has a large number of initiatives, some of which are already at scale while others are the subject of pilot programs. They include the use of:

- **artificial intelligence** to hone planning and adjust production in line with customer expectations. This has a direct impact on the Group’s inventories and logistics, while optimizing its use of raw materials and its environmental footprint;
- **blockchain technology** to ensure traceability in its sourcing operations and measure more accurately the impact of each stage from extraction of raw materials to intermediate stages of production, then in the Group’s own operations and finally in stores;
- **new models based on circularity** including re-commerce in the Houses’ array of services via partnerships with external resale platforms in order to support back-office operations: Gucci x Vestiaire Collective, AMQ x Vestiaire Collective, Balenciaga x Reflaunt; or via the Group’s financial investment in Vestiaire Collective through Kering Ventures and other initiatives such as Gucci Vault;
- **the [Circular Hub](#)** launched by Gucci with Kering’s support, the first platform dedicated to circularity in Italy.

Social

4. a) Please state how the environmental and social (E&S) criteria that form part of your short- and long-term variable remuneration policies (if applicable) for your executives reflect the most material E&S issues facing your company?

The remuneration policies for the executive corporate officers (the Chairman and CEO and the Group Managing Director) have for several years included non-financial targets based on the Group’s performance regarding social and environmental responsibility.

These non-financial targets are aligned with the conclusions of Kering’s materiality analysis, the results of which are presented on pages 168-170 of its [2022 Universal Registration Document](#).

	Environmental and social performance criteria	Connection with the Group’s most material topics
Annual variable remuneration	<ul style="list-style-type: none"> o Proportion of annual variable remuneration dependent on non-financial targets: 30% o Performance criteria: <ul style="list-style-type: none"> - Sustainability (operational implementation of the 2025 Sustainability Strategy) - Organization and talent management. <p>For all intents and purposes, we would reiterate that annual variable remuneration also depends on a non-financial criterion related to Compliance.</p>	The core, major and crucial topics identified in the materiality assessment are covered by action plans and key performance indicators as part of Kering’s 2025 Sustainability Strategy.

Multi-annual variable remuneration (long-term)	<ul style="list-style-type: none"> ○ Proportion of multi-annual variable remuneration dependent on non-financial targets: 20% ○ Performance criteria: <ul style="list-style-type: none"> - Proportion of women in executive management roles - Biodiversity 	These are two topics identified as “crucial” in the materiality matrix and Kering has placed them at the heart of its strategic priorities. By taking them into account in its remuneration policy, Kering shows the importance placed on these topics at the highest level of the Group.
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The targets associated with these non-financial performance criteria are detailed in the 2023 remuneration policy described on pages 139 and 141 of the [2022 Universal Registration Document](#).

(i) Environment-related performance targets

The 2023 remuneration policy for executive corporate officers includes:

- as regards annual variable remuneration:
 - a target based on a commitment to reduce in absolute terms the carbon footprint of the Group’s supply chain (scope 3 of the GHG Protocol);
 - a target based on raising a total of €180 million in funding for the Climate Fund for Nature by year-end 2023;
 - a target based on achieving a high level of employee engagement on sustainability issues and training at least 90% of Kering’s corporate department employees at the Kering Sustainability Academy.
- as regards multi-annual variable remuneration: a target of converting 1,000,000 hectares of land linked to Kering’s supply chain to regenerative agriculture practices by 2025 and protecting 1,000,000 hectares in areas of outstanding value that are not linked to the supply chain.

In 2016, Kering was the first luxury goods group verified by the Science Based Targets initiative (SBTi) for its carbon footprint reduction targets. In 2021, the Group revised its SBTs to adopt the 1.5°C scenario. For Kering, adopting this new target for an absolute reduction of its Scope 3 emissions, while helping to develop its sustainability strategy, is a necessary step toward accelerating the implementation of its vision of a modern and responsible form of Luxury. The carbon footprint of operations outside Kering’s direct control (Scope 3) accounts for around 99% of the Group’s overall carbon footprint.

Kering’s Climate Strategy forms part of the Group’s broader sustainability approach, which recognizes the fundamental interconnectedness between the climate, biodiversity and circularity. For example, in December 2022 at the time of the COP15 biodiversity conference in Montreal, Kering announced the creation of the Climate Fund for Nature, managed by Mirova and supported by the L’OCCITANE Group. This fund is supporting new projects involving high-quality nature-based solutions that generate carbon credits for Kering and the other co-investors. It has already attracted €140 million of commitments and is open to other participants in the fashion and beauty industry, with an investment target of €300 million. Through this target in the variable remuneration of the two executive corporate officers, the Group will monitor their involvement in this project.

In addition, the vast majority of Kering’s business depends on nature and natural resources, first and foremost the raw materials used in making its products, which come from both animals (leather, wool, silk, etc.) and plants (cotton, linen, etc.). Protecting natural resources and preserving ecosystems are therefore crucial for the Group to continue to develop in a sustainable way. This is why Kering published its Biodiversity Strategy in 2020 and is committed to having a net positive impact on biodiversity by 2025. Two targets have been defined in this respect and are taken into account in performance assessments through the Biodiversity criteria adopted in the 2023 remuneration policy.

(ii) Social performance targets

Women not only account for a large share of our customers but also our workforce (63% of total employees, 57% of managers, 33% of Executive Committee members and 45% of Board members excluding directors representing employees¹), making the Group one of the most feminized companies in the CAC 40.

Looking beyond its long-standing 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 its organization and pays particular attention to women and aims at making senior positions accessible to women and taking a strong, sustained commitment to diversity.

¹ Percentage not taking into account directors representing employees, in accordance with the AFEP-MEDEF Code.

In practical terms, this commitment is reflected in the 2023 annual variable remuneration of the two executive corporate officers, via two targets:

- the first is to increase the number of women in the Group's Executive Committee by 25% in 2023;
- the second is to introduce certification in 2023 for the wage parity monitoring process within the Group; this criterion, in line with Kering's ambition of promoting an inclusive work environment, and ensuring equal pay in all roles and gender parity at all levels, is therefore fully consistent with the Group's medium-term roadmap.

Kering's multi-annual (long-term) variable remuneration also reflects that commitment, since it partly depends on a target of increasing the proportion of women in Top 500 roles to 50% by the end of the vesting period for performance shares awarded.

For all intents and purposes, it is recalled that the performance targets for the 2022 annual variable remuneration, their level of achievement and the corresponding assessment elements are also presented in the [2022 Universal Registration Document](#), pages 149 to 151.

b) How does the Board ensure that E&S targets are hit, and in particular what quantitative criteria does it apply? Are targets always raised when achievement rates are high?

As set out above, annual variable remuneration (bonus) and multi-annual variable remuneration (performance shares) awarded to the Chairman and CEO and the Group Managing Director include measurable non-financial performance targets – both quantitative and qualitative – based on criteria relating to sustainability, compliance, and organization and talent management.

The level of achievement of the non-financial targets, determined by the Board of Directors, is first assessed by the Remuneration Committee. Each year, in this Committee's meeting devoted to the topic, the heads of the Sustainability, Compliance and Human Resources departments present the year's achievements, to determine whether some or all of the targets have been hit. Memos produced by these departments are also provided.

The Board of Directors also sets demanding financial and non-financial performance targets, aligned with the Group's strategy and ambitions, and assesses their relevance every year. In doing so, the Board relies on work done by the Remuneration Committee, based on analysis and recommendations from the Group's Sustainability, HR, Compensation & Benefits and Legal departments.

The Board of Directors thus decides to adjust performance criteria or the related targets in view of the implementation of the Group's strategy or its latest developments.

As an illustration, the Board of Directors, as part of the 2023 remuneration policy and based on a recommendation by the Remuneration Committee, decided to maintain multi-annual variable remuneration (performance shares) targets relating to the proportion of women in executive management roles and the protection of biodiversity, while also increasing expectations: the target proportion of women was raised from 48% (in the 2022 remuneration policy) to 50%, and the scope concerned was expanded to the Top 500 (versus the Top 450 in the 2022 remuneration policy).

The Board of Directors also introduced new performance criteria for annual variable remuneration (bonus), including one based on the absolute reduction in the Group's carbon footprint related to its supply chains (Scope 3 of the GHG Protocol) and one based on the introduction of a process for protecting the Houses' intangible assets and reputation in response to the Balenciaga controversy.

For all intents and purposes, we reiterate that the performance targets set by the Board of Directors are presented in the Company's [Universal Registration Document](#) published on its website.

c) Please describe how E&S criteria are factored into the remuneration of your non-executive employees (bonuses, long-term remuneration, incentive plans, etc.). Please state the number of employees concerned and provide as many details as possible about E&S criteria and the proportion of employee remuneration to which they relate.

Aside from the remuneration of executive corporate officers, the annual variable remuneration of the Executive Committee members and the President and CEO of the Houses includes sustainability-related and organizational and team management targets, accounting for 20% to 30%.

In addition, the variable remuneration of some Houses' employees includes non-financial targets related to the Group's sustainability ambitions. For example, for the fourth consecutive year, all of Bottega Veneta's employees were involved in a participative approach to setting sustainability targets for their activities in 2022.

Sustainability targets also form part of collective incentive arrangements at some Houses. As an illustration, Balenciaga France entered into a three-year incentive agreement in 2020 under which employees are given a financial interest in hitting sustainability and profitability targets. The various criteria selected include commitments relating to the reduction in CO₂ emissions and the reduction in energy consumption at its sites.

Since social and environmental responsibility is a strategic issue that must be addressed by all teams, all employees are encouraged to undertake training in sustainability issues through a comprehensive range of online training sessions deployed as part of the dedicated e-learning program. The program is designed to adapt to the learner's profile (design, merchandizing, material research, product development, purchasing, production/series production, quality, etc.). It explains the related environmental and workforce-related issues associated with each material, along with the measures to be taken to ensure responsible sourcing. The course has been completed by more than 6,500 Group employees.

This approach allows a growing number of Kering's subsidiaries to incorporate sustainability gradually into pay-related targets for their employees and managers.

5. a) As part of your value-sharing policy, what proportion of repurchased shares have you allocated to your employees in the last five years (excluding performance shares)? What proportion of employees was concerned in France and abroad?

In the last five years (2018-2022), our objectives as part of the share buyback program have been as follows:

- ensuring the liquidity of Kering's shares through a liquidity agreement;
- canceling shares;
- since 2020, covering the various existing or future free performance share plans.

None of the shares repurchased in the period concerned were awarded to our employees outside of free performance share plans.

For many years, however, the Group has had an employee savings plan for its French employees comprising a company mutual fund (FCPE) invested solely in Kering shares, allowing them to become Kering shareholders indirectly.

In addition, the Group launched its KeringForYou employee share ownership plan in 2022. This initiative – a first in the Luxury industry – is a new milestone for Kering and is intended to increase employees' sense of belonging, giving them a stake in the Group's development and allowing them to share in the benefits of its financial performance. The plan was offered to Group employees (regardless of their role) based in France, Italy, the United Kingdom, the United States, Mainland China, Hong Kong SAR, Japan and South Korea, representing around 80% of Kering's total workforce. The employees in question were able to buy Kering shares, via a capital increase, on preferential terms (i.e., at a 20% discount and with an employer contribution of two shares for every two they purchased). The average take-up rate was 30%, and an impressive 66% in France.

b) Over the same period, can you break down the allocation of repurchased shares (cancellation, employee share ownership transactions, performance share awards, other beneficiaries, other purposes)?

In the last five years, 860,921 shares have been repurchased then sold again under the liquidity agreement.

As regards shares repurchased with a view to canceling them or retaining them to cover the various free performance share plans, 4,160,617 shares were repurchased, of which 2,961,406 have been canceled or will be canceled in 2023.

The breakdown by year is as follows:

Year	Purchases and sales (liquidity agreement)	Other purchases	Cancellations
2018	209,253	429,017	-
2019	240,491	832,389	-
2020	104,728	95,000	1,261,406
2021	115,344	854,211	325,000
2022	191,105	1,950,000	725,000 (*)

(*) In addition, 650,000 shares purchased in 2022 will be canceled in 2023.

A progress report on the share buyback program relating to 2,600,000 shares, announced on August 25, 2021 and completed on December 15, 2022, is also provided on page 429 of the 2022 Universal Registration Document.

c) More generally, do you have a policy governing the way you allocate repurchased shares? Is that policy public? If so, can you describe it?

As regards the share buyback policy, different programs can pursue different objectives. In Kering's case, some of the repurchased shares are intended to cover free share grant programs to some employees as part of performance share plans.

As previously explained, between August 2021 and December 2022 Kering repurchased shares amounting to 2% of its share capital through a series of tranches, each of which amounted to around 0.5% of its share capital. Of that 2%, around 65% of the repurchased shares have been or will be canceled (1.7 million out of 2.6 million) and the remainder will be used to cover the aforementioned performance share plans.

Alongside dividend payments, therefore, share buybacks are a flexible tool that increase returns to shareholders without altering the policy for distributing ordinary dividends.

Our occasional use of share buybacks is the subject of presentations to the Board of Directors and is determined by certain criteria, including our net debt or net cash position (to ensure that our financial position is efficient), our investment needs, and external growth opportunities.

6. a) What precise measures have you taken to ensure that all your employees and those of your suppliers receive a living wage (special initiatives, studies to determine living wage levels in each country, inclusion of living wage criteria in your supplier charters, supplier due diligence, etc.)?

Within our operations: Upstream of the principles of fairness and competitiveness adopted and applied by Kering, the Group has a strong commitment to guaranteeing a decent standard of living to all employees and their families. Since 2021, the Group has been carrying out comprehensive studies to define and update Kering's standards as regards living wage levels in all countries in which the Group operates. The factors taken into account when defining this standard of living include food, water, housing, education, healthcare and other essentials. The Group uses the methodology of the Fair Wage Network, which collects information in the various countries and combines it into a reference base. Each country's living wage level is defined according to the local context and criteria such as the size of the employee's household and the average number of people likely to be contributing to a household's income.

A specific process to apply living wage standards has been adopted, and the Group carries out this assessment regularly for all countries. The Kering Standards regarding living wage levels apply to the fixed portion of employees' remuneration. Each House is informed of any gaps on an annual basis.

In its supply chains, Kering's commitment to ensuring a living wage for its suppliers' employees has been formalized in its [Sustainability Principles for suppliers](#) and in the Kering Suppliers' Charter, included in its [Code of Ethics](#). These documents are incorporated into supplier contracts.

To strengthen its approach regarding workforce-related matters in its supply chain, Kering has set up a social impact team within its Sustainability Department. This team works with various internal and external stakeholders to measure the social footprint of the Group's suppliers and provide input for action plans adopted by the Houses and the Group in this area. In particular, in 2022 Kering held an in-house living wage workshop, bringing together various stakeholders of the Group and its Houses, aimed at driving collaborative efforts between Houses while capitalizing on existing work. In 2022, the Group also continued its collaboration with the Fair Wage Network to pursue its efforts around living wage in its supply chains. This work followed on from a study conducted in Italy in 2020 by Kering, the Fair Wage Network and the CNMI (Camera Nazionale della Moda Italiana), alongside other companies, to

evaluate salaries in the luxury industry (wage-setting mechanisms, wage levels and consideration of the overall wage framework in Italy). Kering also increased its commitment to several initiatives and collaborations to develop its thinking and explore priority areas of action for the Group:

- Kering is an active member of the B4IG (Business for Inclusive Growth) coalition. B4IG was founded in 2019 and is a partnership between the OECD and major corporations around the world, which are committed to combating inequality and building more inclusive growth models. By sharing best practice, developing new solutions, launching pilot programs and developing measurements to assess inclusive growth efforts more effectively, B4IG shows how companies can encourage this inclusive growth. Kering is particularly active in four working groups including the Living Wage group. In 2022 Kering hosted the first in-person meeting of the organization's members;
- Kering is also a member of the Capitals Coalition, a global non-profit platform that supports the use of different types of capital (particularly human, natural and social) when companies make strategic decisions on these matters.

b) Have you determined minimum remuneration levels in all countries in which you operate for your employees and those of your suppliers, and where do those levels lie in relation to local minimum wages? If you have determined minimum remuneration levels, do you carry out audits to ensure that the thresholds are complied with and move in line with the cost of living?

Within our operations: The Kering Standards regarding a living wage for its employees are effective in all countries in which the Group operates in 2023. They significantly exceed statutory minimum wages governed by applicable local laws and collective industry agreements.

Living wage standards are monitored particularly closely by the Group's Human Resources department. Kering carries out a comprehensive study at regular intervals to check evolution in living wage levels in each country, and to inform the Houses concerned. To ensure that these levels are reliable and up to date, the Group uses the methodology of the Fair Wage Network. New research is systematically factored in as it becomes available in each country. This committed approach is helping Kering fine-tune and strengthen its commitment over the years.

The Group's **supply chain map** shows the specific structure of its supply chain, with 92% of suppliers located in Europe and 84% in Italy, countries with strong workforce-related regulations and traditions of social dialogue.

As stipulated in its [Human Rights Policy](#) and its [Sustainability Principles applicable to suppliers](#), Kering is committed to helping its suppliers and subcontractors improve the working conditions of their employees. In addition, through the Group [Code of Ethics](#) and Suppliers' Charter, Kering imposes the Group's ethical and sustainability principles, particularly in terms of pay guarantees and compliance with statutory minimum wage levels. To ensure that these principles are complied with within suppliers' plants and sites, Kering requires them to commit to adopting effective management, monitoring and reporting systems. In this respect, all measures taken to address any discrepancies must be documented and sent to Kering, and all of their systems for safeguarding human rights must be capable of being audited, at any time without notice, by Kering and/or any third party appointed by Kering. **Workforce-related audit procedures** and the results of the **4,118 audits carried out in 2022** among the Group's suppliers are presented in detail in the 2022 Universal Registration Document, pages 207-210. In 2022, teams launched a full review of the current workforce-related audit protocol and of anomalies in order to align with increasingly tough regulatory requirements and best practice in this area. The changes will be implemented in 2023. The 13 categories that form an integral part of audit checklists include respect for freedom of association and the right to collective bargaining, discrimination, forced labor and child labor. Finally, Kering's whistleblowing system is accessible to all employees of the Group as well as to employees of external partners or service providers under contract with the Group and/or its Houses.

c) Have you taken into account and mapped the systemic risks that may prevent you from paying a living wage to your employees and those of your suppliers (such as the risk of failing to respect freedom of association)?

The Kering Standards regarding a living wage for employees are part of a set of workforce-related policies such as the Code of Ethics, the Health and Safety Policy, the Baby Leave policy, global policy on domestic violence and the policy on human rights.

The fundamental principles of social dialogue, ethics, respect and social responsibility are set out in the various policies disseminated within the Group, to which the Group attaches great value. Kering promotes free expression within the Group and maintains ongoing dialogue with employee representatives, making clear its determination to forge sustainable and constructive relationships with all its employees and their representatives.

A specific process for assessing the application of living wage standards has also been developed and implemented. Together, these frameworks, fundamental principles and practices allow the Group to monitor its workforce-related standards, including the level of the living wage for its employees.

In the Group’s supply chain: Kering uses Verisk Maplecroft’s Global Risk Dashboard (GRiD) to carry out regular assessments of its gross human rights risks in all countries in which we source materials and in those that we are exploring. The GRiD provides a large number of indices made up of structural indicators, processes and results, which Kering uses to assess its risks, particularly regarding living wage.

7. a) In France, aside from investments in your company’s own shares, what proportion of the employee savings funds offered to your employees have responsibility labels (ISR, Greenfin, CIES, Finansol or foreign labels)? Please state the names of labeled funds, the percentage of assets under management and of non-employee share ownership funds that they represent, the percentage of Group employees that benefit from them and changes relative to the previous year.

Since 2022, the employee and retirement savings arrangements of each Group House have included a unified range of funds for all French subsidiaries. Of these funds, selected from the best available funds for employee savings and pension plans in France, 70% are labeled. We offer a wide choice of responsible investment funds, including money-market funds, European and international equity funds, and prudent diversified funds. All responsible funds have been awarded the ISR, Greenfin and CIES labels. All of the Group’s staff members in France benefit from the same range of responsible funds as part of employee savings and occupational pension arrangements.

Employee savings funds offered in France (apart from funds invested in Kering shares):

FRANCE	March 31, 2023	March 31, 2022
EMPLOYEE SAVINGS AND PENSION FUNDS	Assets under management (%)	Assets under management (%)
ISR LABEL	58%	57%
CIES LABEL	33%	35%
GREENFIN LABEL	2%	2%
OTHER	7%	6%
TOTAL	100%	100%

b) If not all of your employee savings funds are labeled, please explain why not. If some are not labeled but incorporate ESG criteria, please explain how those criteria contribute to a robust and selective ESG approach.

The new range of funds in place since 2022 offers a wide array of risk levels, allowing all employees to invest responsibly regardless of whether they have a prudent or dynamic investor profile. However, some responsible funds deliver lower returns than funds that are not subject to obligations arising from governance and responsibility commitments, although the gap is narrowing. Kering aims to offer a range of high-quality investments within its employee savings arrangements, allowing all employees to select the type of investment that best suits their profile. Kering is committed to communicating with and informing employees about the choice of responsible investments open to them. Selecting savings and retirement investments remains employees’ own choice.

c) In the other countries in which you operate: What employee savings arrangements, excluding employee share ownership plans, are in place for your employees outside France? Do they incorporate robust ESG criteria? If so, which ones? If not, why not?

International employee savings and pension arrangements for Group staff members are determined according to legislation and savings and pension systems specific to each country. Most existing systems consist of basic statutory savings and pension plans, along with supplementary plans that are either mandatory or voluntary.

Investment regulations for savings and pension plans in each country stipulate strict rules. The existence of socially responsible investment funds therefore depends on each country’s legislative context and financial market. In most cases, the range of socially responsible investment funds is still being developed.

In all legislative contexts where this is possible, Kering pays particular attention to the structure of investment funds offered, so that it can gradually offer more socially responsible funds. Outside France, the range of responsible funds is being expanded, for example in the United States. In the United Kingdom, the fund in which the majority of

employee assets are concentrated has become more committed to responsible investment and carbon neutrality since 2021. In Italy and Asia-Pacific, the savings and pension systems in place allow for less flexibility.

d) How do you involve your employees in selecting the funds and checking their commitment to responsibility?

Kering regularly communicates and informs employees about its savings and pension programs. In France, for example, specific webinars were held in 2022 within each legal entity. These webinars presented existing systems, the range of funds and the choice of responsible investments available to employees, so that they can take informed decisions.

The range of funds consists mainly of eco-responsible or sustainable investment funds with ISR, Greenfin or CIES labels. Those labels are awarded and checked by third parties after independent audits.

Governance

8. To ensure that the company's responsible approach to taxation is in line with its social responsibility, the Board of Directors or Supervisory Board must be fully committed to decisions driven by tax compliance (aligned with principles such as those of the B Team initiative). The FIR expects to see a public tax responsibility report, reviewed and signed by the Board of Directors and featuring country-by-country reporting details, that is aligned with GRI 207. Accordingly:

a) Do you publish a document detailing your commitment to tax responsibility?

Yes, the Kering group's tax policy is available on its website ([link](#)).

Apart from its contribution to compliance, how does the document fit into your social responsibility policy?

In accordance with the Group's [Code of Ethics](#), its long-term vision and its sustainability strategy, the Group is a responsible corporate citizen that promotes wellbeing and respect for communities and the environment.

The Kering group is aware that the payment of taxes is an element of the tax culture and , that this is also a central part of being a responsible corporate citizen. Accordingly, it pays the taxes it is required to pay in the States in which it operates.

Is the document reviewed and approved by the Board? (Please provide a link or state where the document is located, along with a detailed explanation).

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

In the document, do you provide details of tax practices you regard as unacceptable?

Kering defines its tax policy on the basis of complying with local laws, principles and international standards, and regards any practice intended to evade tax as unacceptable.

b) Do you make your country-by-country tax reporting public?

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

Country-by-country tax reporting, as envisaged by OECD BEPS Action 13, uses markers that are limited and only partly relevant to our industry. It is based on data that is aggregated according to IFRS rules, and in our view this does not provide a proper understanding of our tax footprint, which is in line with international tax principles.

Kering does not currently publish its country-by-country tax reporting.

If not, how are you preparing for the European directive scheduled for 2024 that will require country-by-country reporting for EU member-states?

Under current rules, country-by-country tax reporting must be submitted by the ultimate parent entity. Since Kering only represents an intermediate consolidation level of the Group, country-by-country tax reporting will be submitted by the ultimate parent entity.

Are you planning to publish country-by-country reporting information in addition to that required by the directive?

Kering is not planning to publish a country-by-country reporting for the reasons set out above.

9. a) What public decisions do you target through your lobbying activities? Please provide details for the last two years, focusing on lobbying related to human rights (including fundamental social rights), the climate and governance, for the main jurisdictions in which you carry out lobbying (including the EU, United States, emerging markets and other regions).

As part of its Sustainability Strategy, Kering stands behind a responsible approach to lobbying, intended to support public decision-making in a fully transparent way, while leaving the task of defining and deciding what does and does not fall within the public interest to public-sector officials.

In the last two years, the only lobbying activities – as defined by France’s High Authority for transparency in public life (HATVP) and the transparency register of the European Union – directly carried out by the Group have related to planning applications and applications regarding occupation of the public domain.

The only lobbying expenses incurred by the Group has been via the industry associations of which the Group is a member.

b) How do you check and ensure alignment between your ESG targets and the positions of the trade bodies of which you are a member, and any potential divergence from your own positions? Do you publish a report in which you detail the ways in which your company’s positions are aligned with those of your trade bodies, but also cases where they may differ?

Kering belongs to a limited number of industry associations, particularly in France, Italy and the United Kingdom. The Group decides whether to renew its membership each year based on its own priorities.

By being a member of these associations, Kering aims to ensure that it is fully informed about changes in legislation and regulations (through Afep, Medef, Confindustria, etc.) and to keep up with the main issues in the Luxury industry (Comité Colbert, Altgamma, Walpole, etc.).

Kering’s contribution to these associations is aligned with the Group’s CSR strategy and is intended to encourage the sustainable growth of the Luxury industry.

We are particularly careful to ensure that Kering is not a member of any trade or industry association that may have positions that are controversial in regard to the public interest, or whose positions do not correspond with the rules established by the Group for its stakeholders. In practical terms, this means that Kering:

- has an internal disclosure procedure, including each new membership being referred to the Group Compliance Department;
- constantly monitors news relating to these organizations;
- arranges for some of its head-office staff members take part in proposed collective initiatives;
- ensures that people representing Kering in these associations can make a referral to the Compliance Department where they have doubts about an initiative or developments in a given situation.

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 transparency register of the European Union. Each Group employee, including the members of Kering’s Executive Committee, comply with the requirements of its Code of Ethics, and Kering’s contribution to these industry associations and any potential lobbying activity takes place in accordance with the principles established in that Code.

c) What resources (human and financial) do you allocate to your lobbying activities across all your markets around the world?

Kering’s Chief Sustainability and Institutional Affairs Officer is a member of the Group’s Executive Committee and reports directly to Kering’s Chairman and CEO François-Henri Pinault. Any potential lobbying activity carried out by Kering’s head office is done by three members of its Institutional Affairs department – where two work full-time on

this subject and one on a part-time basis. Institutional meetings attended by these three staff members, and by the Group's Chairman and Executive Management, are disclosed internally and are subject to prior checks by Kering's Compliance department in order to avoid any risk of a conflict of interest.

As stated above, in 2022, all resources used by the Group in relation to lobbying consisted of contributions to professional or industry associations (Camera Nazionale della Moda Italiana, Confindustria, Comité Colbert, etc.) that may have carried out lobbying activities.

As stated in Kering's [2022 Universal Registration Document](#) (p. 268), these contributions totaled €1,226,520 in 2022. Of that sum, €269,775 can be attributed to lobbying activities, since the activities of these associations and federations are much broader than lobbying alone.

10. a) What measures do you take to anticipate the short- and medium-term effects of ecological transition on jobs and on your group's changing skills requirements, but also in your value chain (subcontractors, suppliers, franchise holders, etc.)?

Fair transition and intersectional environmentalism: As a private actor, Kering has made strong commitments to ecological transition through its Climate Strategy, Biodiversity Strategy and Circularity Ambition. We firmly believe that reaching these targets – primarily decarbonizing our activities and achieving net zero – must have a positive social impact and must fully factor in socio-economic imperatives, in order to ensure a fair transition. This convergence between environmental and social issues is reflected by various initiatives, both within our Group and in our value chain, and by our commitment to corporate citizenship.

Preserving and passing on know-how that is crucial for the Luxury industry, both internally and among the craftspeople in our value chain, is a priority that is paramount to the strategy of the Group and our Houses. For Kering, **preserving know-how** participates to ensuring a fair transition and preserving both cultural heritage and local craftsmanship. The Group's initiatives have numerous positive social impacts, foremost among which are the creation and preservation of jobs, skill development, apprenticeships and youth employment, and passing on know-how between generations:

- more than 1,800 experts have been trained in Kering's Houses since 2015 via around 10 programs aimed at supporting excellence in craftsmanship and preserving know-how;
- the Group has set up training centers, both internally – Gucci's École de l'Amour, the Saint Laurent Couture Institute, Brioni's Scuola di Alta Sartoria, Bottega Veneta's Scuola dei Maestri Pellettieri – and through partnerships (such as Pomelatto Virtuosi with the Galdus Goldsmith School);
- the Group preserves ancestral know-how in its supply chains, such as embroidery in India and raffia in Madagascar.

By accelerating the shift toward a circular business model, we are ensuring that the skills of our employees and our suppliers' workers adjust to these new models, and we are creating new jobs, as illustrated by the following examples:

- certain new innovative materials are tanned in the Group's tanneries, allowing the people who work there to acquire new skills that are consistent with ecological transition while capitalizing on their expertise and know-how at the heart of the Group's model;
- we are setting up repair centers located as closely as possible to our markets;
- we are developing new business models around re-commerce and second-hand.

As regards employees within the Group:

Training and skill development play a key role in raising awareness of environmental issues, and in anticipating the necessary changes in each function. This is why Kering launched its Sustainability Academy in 2022, in order to train its employees as effectively as possible regarding environmental issues and prepare them for future challenges. This Academy reinforces the Group's existing programs: sustainability is one of the four mandatory modules of the annual *Ethics and Compliance* training program. In 2022 this module related to circularity, sustainable luxury and ethical sourcing.

Beyond training, Sustainability teams across the Group regularly lead environmental initiatives to raise awareness among the largest number of employees, for example through Climate Fresk workshops.

As regards our suppliers in the value chain:

Thanks to the EP&L, we know that most of our impact takes place in our supply chains: it is vital that we get our suppliers onboard with the transition and take action at each step – as far as the production of our raw materials – in order to safeguard the long-term future of our business. The EP&L is an anthropocentric way of assessing the social impact of the Group's environmental footprint along its value chain.

Kering is committed to working with its suppliers to improve their environmental and social footprint and support them towards the transformation of their business activities to ensure their long-term future.

- For several years, Kering has been implementing a set of e-learning programs for its suppliers regarding the Kering Standards, along with programs to assess and monitor their environmental and social performance (via its Vendor Portal) and social audits. The Group is also developing programs to support its **direct suppliers and subcontractors**, including:
 - o Kering's **Material Innovation Lab**, which helps almost 200 Group suppliers with their ecological transition, particularly through financial contributions to share the cost of certification or to include more sustainable materials in their fiber portfolios;
 - o the Gucci **Circular Hub**, which was launched in early 2023 to support the development of disruptive innovations to accelerate the circular transformation of the Italian fashion industry's production model through the redefinition of the entire value chain;
 - o Gucci's **Sviluppo Filiere** program, which aims to facilitate the sustainable transition of its small and medium-sized suppliers by giving them easier access to loans on preferential terms, in order to adjust their production processes in line with the green revolution and ecological transition principles supported by Italy's national recovery and resilience plan;
- We are aware that our impact begins with **the production of raw materials**, and so we are prioritizing **regenerative agriculture** as part of a socially responsible transition approach. Supporting the transition from conventional practices to regenerative agriculture is also a way for local communities to safeguard jobs and stabilize their incomes.

As regards civil society:

Kering engages with civil society and embarks the key players for tomorrow's Luxury, to encourage a fair transition and raise awareness among future generations. The Group therefore has an active policy of partnerships with design and fashion schools, and with academic institutions and universities to train future generations in the fashion and Luxury industry as regards sustainability future challenges. Examples are the Kering Sustainability Chair at the Institut Français de la Mode, which includes a training course leading to an official diploma or the Pomelatto Virtuosi Academy in partnership with the Galdus Goldsmith School.

b) How do you address environmental matters with employee representative bodies? At what level (local, national, European, worldwide) and in what contexts? Please also state whether those discussions are based on shared information, consultation or negotiation? Please be specific in terms of the various scenarios that may arise.

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

In the European Works Council's plenary meeting of June 8, 2022, the Group's Chairman and CEO made a presentation on Kering's role in addressing environmental and social issues related to the Group's activities and discussed progress made in the previous 12 months. He shared the Group's progress in reducing its environmental footprint, the commitment to biodiversity, the efforts to change practices in its supply chain and in the Luxury industry for animal welfare, and the Group's increased ambitions regarding the circular economy.

Employee representative bodies emphasize the importance of information and staff training as regards the principles of Kering's Code of Ethics, and support all initiatives of the Group's Sustainability Department, while experts within the Houses have input regarding environmental protection. They are currently working on the Group's commitments with respect to workforce-related, environmental and social responsibility and are continuing to hold meetings on these topics.

Taking into account environmental issues has become increasingly important in the Corporate France team's discussions with employee representatives. Practical measures have been taken to help factor in these issues, particularly through consultations with elected representatives, negotiations with unions and ordinary meetings of the Social and Economic Committee (SEC).

In 2023, elected representatives were consulted about Kering's issues, activities and environmental targets as part of the mandatory consultation about the Group's strategic direction. Kering's Sustainability Programme Director was involved in the consultation to ensure a constructive dialogue. They were also consulted about the introduction of the sustainable mobility grant following 2023 mandatory annual negotiations with unions.

The Social and Economic Committee's ordinary meetings provided elected representatives with regular information about initiatives relating to environmental commitments. In 2022, several matters were addressed, such as BREEAM In-Use Certification of Kering's head office in France (audit of the building's environmental performance), the adjustment and strengthening of the Sustainability Department including the creation of a Sustainable Finance department, Kering's commitment to energy sobriety, and the signature of the EcoWatt green charter.

c) What resources do you allocate to employee representative bodies so that they can play a role in your group's environmental policy (training, specific committees, etc.)?

Members of employee representative bodies, as Kering employees, benefit from a large number of initiatives aimed at introducing them to, and giving them in-depth knowledge of, sustainability matters.

They take part in the annual training provided to employees about the principles of the Code of Ethics, and support the Group's commitments with respect to workforce-related, environmental and social responsibility. In 2022, the mandatory Ethics & Compliance training for all Kering employees worldwide covered circularity, sustainable luxury and ethical sourcing in its Sustainability module; it was taken by 96.5% of Group employees worldwide.

In addition, they also benefit from presentations by operational staff on strategic subjects for the Group. The Sustainability Programme Director presented the various commitments of the environmental policy.

d) Have environmental prerogatives explicitly granted to the social and economic committees by the French Labor Code (by the French Climate and Resilience Act) led to new practices in this area within your company?

Social dialogue already played an important role in Kering's environmental approach. This is illustrated by the remote working agreements signed with employee representative bodies, which reduced transport-related carbon emissions.

France's Climate and Resilience act has led to the adoption of new practices within Kering:

- Part of each consultation is devoted to environmental impact, as far as possible.
- Environmental data have been added to the BDESE (economic, social and environmental database). This will enable Kering to make available to the employee representative bodies the data from its environmental reporting and to monitor the fulfillment of our sustainability commitments. Environmental indicators have been defined in collaboration with the Sustainability team and will be available to elected representatives from the second half of 2023.
- We communicate regularly and in a fully transparent way with the members of the Social and Economic Committee regarding the Group's environmental matters and performance.

II. Question from Ms Yutong Li, individual shareholder

We know that the company has two ways of returning profits to shareholders: dividends and share buybacks. I would like to know why you have chosen to distribute profits using both methods instead of just paying dividends. In addition, what criteria do you use to apportion your distributions between share buybacks and dividends?

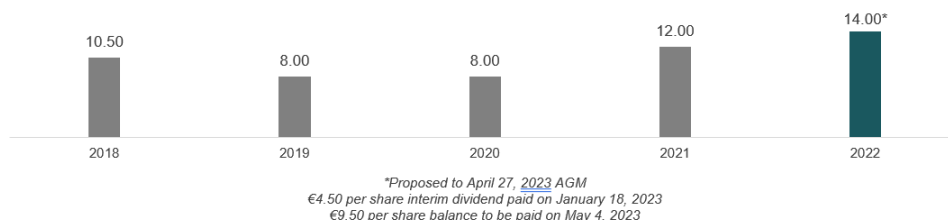
Dividends are the preferred way of remunerating shareholders. Accordingly, with respect to 2022, Kering has proposed a dividend of €14 per share, an increase of 17% relative to 2021. On average, the dividend has risen by 20% per year between 2015 and 2022.

Kering's dividend policy has been based on a payout ratio (total dividends as a proportion of net income attributable to the Group and free cash flow) of around 50% on average during that period. This payout ratio is comparable to that of Kering's sector peers.

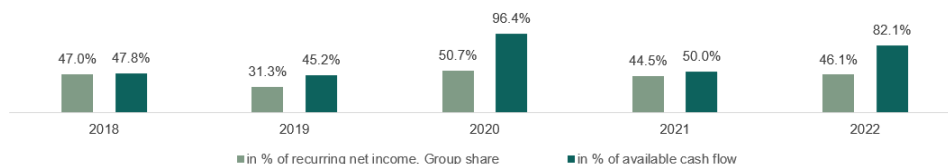
It ensures a good balance between remunerating shareholders, allowing the Group to invest in organic growth (capital expenditure) or via external growth, and covering its funding needs (management of net debt).

DIVIDEND UP 17%

DIVIDEND PER SHARE (In €)



DIVIDEND PAYOUT



17

As regards the share buyback policy, different programs can pursue different objectives. In Kering's case, some of the repurchased shares are intended to cover free share grant programs to some employees as part of performance share plans.

As the table below shows, between August 2021 and December 2022, Kering repurchased shares amounting to 2% of its share capital through a series of tranches, each of which amounted to around 0.5% of its share capital. Of that 2%, around 65% of the repurchased shares have been or will be canceled (1.7 million out of 2.6 million) and the remainder will be used to cover the aforementioned performance share plans.

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Repurchase period	August 25 to November 3, 2021	February 23 to April 6, 2022	May 18 to July 19, 2022	October 24 to December 15, 2022
Number of shares repurchased	650,000, representing around 0.5% of the share capital	650,000, representing around 0.5% of the share capital	650,000, representing around 0.5% of the share capital	650,000, representing around 0.5% of the share capital
Average price of shares repurchased	€643.70 per share	€578.71 per share	€485.53 per share	€511.71 per share
Allocation of repurchased shares	325,000 shares were canceled on December 10, 2021, pursuant to a decision by the Board of Directors at its meeting on December 9, 2021	325,000 shares were canceled on December 12, 2022, pursuant to a decision by the Board of Directors at its meeting on April 28, 2022	400,000 shares were canceled on December 12, 2022, pursuant to a decision by the Board of Directors at its meeting on July 27, 2022	The shares acquired under this fourth tranche will be canceled in 2023

Alongside dividend payments, therefore, share buybacks are a flexible tool that increase returns to shareholders without altering the policy for distributing ordinary dividends.

Our occasional use of share buybacks is determined by certain criteria, including our net debt or net cash position (to ensure that our financial position is efficient), our investment needs and external growth opportunities.

Given the large amount of cash that Kering generated in 2022, as well as maintaining a high level of capital expenditure (€1.1 billion) and acquiring Maui Jim, we were able to pay out €1.6 billion of dividends and repurchase €1 billion of shares (with the intention of canceling part of them). This allocation of resources resulted in a low level of net debt (€2.3 billion or 0.3x EBITDA) as of December 31, 2022.