



## ANNUAL GENERAL MEETING OF APRIL 28, 2022 – ANSWERS TO WRITTEN QUESTIONS

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

#### ENVIRONMENT

1. **Have you undertaken explicitly to align your revenues and investments (CAPEX/OPEX/R&D/ mergers and acquisitions etc.) with the Paris Agreement target, which aims to limit global warming to 1.5°C? How do you ensure that your revenues and investments are aligned with that target? Please describe the methods used. What are the main action plans and the amounts of any related investment being undertaken to hit the target in the short, medium and long terms?**

#### **Kering's Climate Strategy, commitments and our EP&L tool**

The Group's strategy for tackling climate change is set out in detail in its [Climate Strategy](#), published in 2021, which frames and defines the Group's ambitions in this area, together with resources for action and measurement.

For more than 10 years, the Group has been developing its Environmental Profit & Loss (EP&L) account. This is a particularly innovative and comprehensive management tool to measure and quantify our environmental footprint across our entire value chain, which extends beyond our legal obligations and scope of consolidation, and also goes further than the financial indicators that are generally used in this area. The EP&L helps the Group to understand – all along its value chain and including since 2020 the downstream part, which covers everything related to the usage and end of life of our products – the impacts, risks and opportunities associated with environmental challenges in six areas (greenhouse gas emissions, air pollution, water pollution, water consumption, waste and land use) and therefore to identify the main drivers for reducing its environmental footprint, particularly its carbon footprint. The Group's [2021 Universal Registration Document](#) and a [dedicated section of our website](#) provide details of our approach and the methods used, as well as presenting results for the past year and using the resulting perspective to draw conclusions.

It is worth noting that 86% of the Group's environmental impacts fall outside of its own operations, and that 79% are attributable to its supply chain. GHG emissions are responsible for 37% of the EP&L impact.

#### **Our Science Based Targets**

Kering started to measure its global environmental footprint more than 10 years ago and has been committed to aligning itself with the Paris Agreement. To set a relevant carbon footprint reduction target covering its main GHG emission sources, Kering has opted to take up the framework defined by the Science Based Targets Initiative as early as 2016. At the end of 2020, the Group's targets were revised to align them with the scenario of a 1.5°C temperature increase. Approved in early 2021 by the SBTi, Kering's GHG emissions reduction targets are therefore fully aligned with the Paris Agreement. In early 2022, we made a public commitment to the SBTi to define a net zero trajectory for the Group, in line with the Fashion Pact's climate commitments.

Kering has therefore made the following commitments through 2030, based on its 2015 emissions:

- 90% reduction in absolute greenhouse gas emissions from Kering operations (whole of Greenhouse Gas Protocol Scopes 1 and 2);
- 70% reduction in the intensity of supply chain-related greenhouse gas emissions (bought-in products and services under Greenhouse Gas Protocol Scope 3), consistent with the EP&L objectives.

#### **Actions and investments undertaken**

To meet these targets, not only does the Group need to take a series of actions to reduce emissions from its own operations, but also throughout its entire supply chain. The reduction in EP&L intensity (down 14% in 2021 versus 2020 on a comparable basis) proves that we are making progress in line with the goals of the Paris Agreement and that the Group's environmental strategy is effective. 2021 also represented a real turning point for Kering's progress in reducing its environmental footprint, with a 41% reduction in EP&L intensity compared to 2015. As a result, the target of reducing overall EP&L intensity by 40% by 2025 compared to 2015 was achieved four years early.

In terms of its **supply chain**, the Group has introduced standards (the [Kering Standards](#)) for all of its key raw materials and manufacturing processes with a view to shifting towards procurement solutions with a lower carbon impact. The Standards apply both to Group Houses and to their suppliers.

The Group is also striving to optimize the energy efficiency of its **own operations**, particularly at its points of sale, which represent one of its main sources of energy consumption. In 2017, Kering introduced store-specific standards that set out expected performance levels in 11 key areas. These include energy management, lighting, renewable energy, water consumption and waste. These standards cover all phases of a building's life cycle, namely site selection and relations with the lessor, design, construction or renovation, and operation ([Kering Standard for Stores – Store Planning and Construction](#) / [Kering Standard for Stores – Store Operation and Management](#)). Other standards relating to logistics and packaging round out this holistic approach.

- For all of its operations, the Group favors low-carbon energy by producing renewable energy on its sites, notably through the use of rooftop solar panels, and by purchasing power produced from renewable sources wherever possible. With this in mind, in 2020, Kering joined the RE100 initiative, with the objective of using 100% renewable electricity by 2022 (the share of renewable electricity in 2021 was 92%).
- 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.
- Plans for opening and renovating points of sale, which represent a large portion of the Group's CapEx, naturally incorporate this energy efficiency aspect.
- Certification is being sought for all of the new sites targeted by Kering's Real Estate teams in 2019. US-based LEED (Gold and Platinum level) is the Group's preferred certification system, but other certifications, such as HQE in France and BREEAM in the United Kingdom, may also be sought for certain projects. For example, our new logistics centers in [Trecate, Italy](#) and [Wayne, United States](#) are LEED-certified (Platinum and Gold, respectively).

In 2021, as part of its commitment to carbon offsetting, Kering offset all of its emissions with respect to 2020 (Scopes 1, 2 and 3 calculated using the EP&L tool, excluding product usage and end of life). This means that 1,779,888 metric tons of CO<sub>2</sub> were offset through REDD+ certified projects, preserving and restoring sensitive ecosystems (forests, wetlands, coastal areas) but also supporting green power generation projects.

In addition, Kering is continuing to diversify its carbon offsetting approach to include other natural climate solutions, such as regenerative farming practices that enhance carbon sequestration, and mangrove restoration.

### **Green Taxonomy**

In addition, applying European Regulation 2020/852 of June 18, 2020 (the "Green Taxonomy" Regulation) on the establishment of a framework to support environmentally sustainable investments, in its 2021 Universal Registration Document Kering published the information required in relation to the Regulation's first two objectives: climate change mitigation and climate change adaptation. All of that information is available on pages 208 and 209 of the document.

### **Climate governance and TCFD**

The 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. For example, a decision was taken in 2021 that will come into effect in 2022 to appoint a member of Kering's Board of Directors as **Climate Change Lead** and for the topic to be on the Board's agenda twice a year.

Finally, it should be noted that Kering has since 2017 been a member of the **Task Force on Climate-Related Financial Disclosures (TCFD)**, the benchmark framework for reporting on physical and transitional climate risks and has committed to implementing its recommendations. In 2021, continuing its work to align with that framework, the Group developed climate scenarios and carried out an initial exercise to evaluate the potential financial impacts of certain risks and opportunities. The progress made in those areas was presented to Executive Management and the Sustainability Committee of the Board of Directors and has been made public as part of the Group's 2021 climate change response to the CDP (Carbon Disclosure Project), which received a score of A, putting Kering on the CDP's A-List.

**2. What percentage of your business (expressed in revenues, net banking income etc.) depends directly on biodiversity? How much do you spend on supporting biodiversity?**

More than 50%<sup>1</sup> of the volume of materials used in production by the Group's Houses come directly from natural sources, either from animal-based materials (leather, wool, silk etc.) or plant-based fibers (cotton, linen etc.). That percentage rises to 91%<sup>2</sup> if we consider the indirect impact on biodiversity, such as the use of paper, cardboard and wood for packaging, but also metals.

These raw materials come from farms, rangelands, forests and mines. With supply chains spread around the world (wool in New Zealand, cashmere in Mongolia, organic cotton in India, etc.), Kering is therefore particularly attentive to the preservation and health of natural ecosystems.

In 2020, the Group published its [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. Kering is therefore committed to having a net positive impact on biodiversity by 2025. The Group has structured its activities around four phases: avoidance, reduction, restoration/regeneration, and transformation. Kering is applying this conservation hierarchy as recommended by the Science Based Targets Network (SBTN), which brings together leading scientists and environmental NGOs from around the world to create a trajectory for nature and to develop scientific methods for ensuring that human activities respect planetary limits.

The Group has also made quantitative commitments:

- by 2025, Kering will drive the transition to regenerative agricultural practices on an additional million hectares in areas where raw materials entering Kering's supply chain, such as leather, cotton, wool or cashmere, are extracted. To achieve this, Kering has partnered with Conservation International to create the Kering Regenerative Fund for Nature. Endowed with €5 million over five years, it supports projects to transform farming and breeding practices in areas that supply raw materials to the fashion industry,
- by 2025, Kering will protect 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 sequestration and improved livelihoods for local people.

These two million hectares represent nearly six times the global footprint of Kering's direct and indirect (supply chain) operations, which has been calculated by the EP&L as 300,000 hectares. Kering has therefore included a significant security margin in its efforts to have a net positive impact on biodiversity.

In 2021, Kering spent almost €15 million on biodiversity including its expenditure via the Kering Regenerative Fund for Nature, the various programs adopted in its supply chains (in favor of animal welfare and responsible procurement of raw materials in particular), support for scientific organizations and non-profits (IPBES, the French National Museum of Natural History, Savory Institute, Noé Conservation etc.) and projects to offset the Group's residual CO<sub>2</sub> emissions by supporting nature-based solutions, aiming to protect natural spaces and biodiversity.

**3. Please list the strategic natural resources needed to pursue your business activities and/or those of your customers (water, energy, materials, etc.). How do you evaluate and calculate how greater scarcity of those resources would affect your business models? What action are you taking to combat sourcing difficulties and seize opportunities to develop circular business models? What are your targets in this area?**

**Measuring risk exposure: our environmental profit and loss account (EP&L)**

The Group's business activities depend on key natural 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. Through the EP&L methodology, environmental impacts are monetized, reflecting

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<sup>1</sup> Animal fibers, fur, leather, plant fibers and precious skins make up 51% of the materials purchased by the Group in terms of mass (kg). This information is taken from the 2021 EP&L. Some data and information included in the EP&L were verified by Kering's Statutory Auditors in 2021 – see pages 278-279 of Kering's 2021 Universal Registration Document.

<sup>2</sup> Animal fibers, fur, leather, plant fibers, precious skins, cellulosic fibers, natural stones, metals, paper/cardboard and wood make up 91% of the materials purchased by the Group in terms of mass (kg). This information is taken from the 2021 EP&L. Some data and information included in the EP&L were verified by Kering's Statutory Auditors in 2021 – see pages 278-279 of Kering's 2021 Universal Registration Document.

the characteristics of the local context. For example, the water impact of sourcing one kilogram of cotton from a very dry region will have a much greater monetary value than sourcing it from a less dry region. Similarly, leather from South America, where cattle breeding is a cause of deforestation, will have a greater impact on the EP&L than leather from Europe. This “weighting” is applied by the EP&L’s monetization approach, and enables us to identify the key at-risk materials, which could become scarcer because of environmental factors. As a result, the conclusions we draw from the EP&L enable us to adjust our sourcing strategy accordingly, in order to limit risks relating to certain materials and identify alternatives, which may result from recycling, technological innovation or sustainable sources, for example by favoring regenerative agriculture.

> Find out more about the EP&L:

<https://www.kering.com/en/sustainability/measuring-our-impact/our-ep-l/>

In 2015, Kering and BSR published a study analyzing the consequences of climate change on the luxury industry. This report, entitled “Climate change: implications and strategies for the luxury fashion sector”, aims to help industry participants understand their vulnerabilities, and makes recommendations to help develop more resilient business models (available via this [link](#)).

### **Increasing the volume of key materials (leather, cashmere, wool, cotton) from responsible sources**

In 2012, Kering set out basic principles and guidelines on responsible sourcing, known as the Kering Standards. The Standards cover the key raw materials used by the Group, representing over 95% of its purchasing volumes. They set out the criteria imposed on the Group and its suppliers in five key areas: traceability, use of chemicals, 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. The Group’s objective of 100% alignment with the Kering Standards by 2025 is reflected by concrete targets for each of its key raw materials (see in particular page 227 of Kering’s 2021 URD). At the end of 2021, the Group’s alignment rate was 71%.

It has been proven that regenerative agricultural practices are beneficial for the climate, nature, our lifestyles and our activities. However, a lot of support is required to achieve this transition. Cattle breeders and producers need help to make changes, particularly regarding the adoption of market-appropriate mechanisms to develop regenerative agriculture on a large scale.

It was in response to this need that 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 responsible 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.

> Find out more about the Kering Regenerative Fund for Nature:

<https://www.kering.com/en/sustainability/safeguarding-the-planet/regenerative-fund-for-nature/>

As regards **circularity**, leaving behind the “take, make, waste” culture is something that involves much more than just recycling. Moving to a truly circular economy will require a profound reimagining of production, resource use and the lifespan of products. The circular economy offers Kering an opportunity not only to evolve in order to have a positive impact on resources, but also to innovate to better serve its customers and its sustainability goals.

Kering sees the circular economy as a real opportunity to shape the industry and adapt it to the needs of future generations. The “[Coming Full Circle](#)” approach, published in May 2021, has three central pillars: (1) luxury that lasts; (2) regenerative supply and clean production; (3) more efficient production processes.

Kering has set several targets:

- zero destruction of unsold products;
- 100% renewable energy by 2022;
- zero single-use plastics by 2025;
- 100% of raw materials compliant with Kering’s standards by 2025;
- zero microfiber discharge by 2030.

Such a paradigm shift will require investment, innovation and a proactive approach. But we need to go further. In particular, it is essential that Kering acts collectively with its Houses and its value chain, whilst introducing open-source solutions to allow its ecosystem to evolve. Launched in 2019, the Fashion Pact represents an initial milestone for the industry as a whole in its effort to take responsibility for its environmental impact. In February 2021, Kering announced the launch of the Made in Italy project, conducted by the Apparel Impact Institute, which works with various brands in order to improve our suppliers' efficiency, waste management and energy use. Kering also works closely with several experts including The Microfibre Consortium, The Apparel Impact Institute and The Ellen MacArthur Foundation.

#### **WORKFORCE-RELATED MATTERS**

- 4. What proportion of your corporate officers and employees (broken down by type) have variable remuneration (bonuses, long-term remuneration, incentive payments etc.) partly determined by environmental and social (E&S) criteria?  
What governance bodies are in charge of selecting and validating these E&S criteria?  
How do they ensure that the criteria are relevant, provide sufficient incentives and are correlated with targets that need to be hit in order to fulfill the Group's E&S strategy?  
(Please state the non-financial criteria adopted for corporate officers and employees).**

For executive corporate officers, the CEOs of the Group's Houses and members of the Group's Executive Committee, targets regarding sustainability and the management of organizations and teams determine 20-30% of their annual variable remuneration. This practice extends to all staff members eligible for annual variable remuneration in certain Houses.

Similarly, sustainability targets also form part of collective incentive arrangements at some Houses.

For executive corporate officers, CSR targets are also used to determine 20% of their long-term variable remuneration. As described below, for both annual and multi-annual variable remuneration, the selected CSR targets form part of medium-term roadmaps published by the Group and are regularly reviewed by the management committee members in charge of the relevant themes.

2022 non-financial targets used to determine the annual variable remuneration of executive corporate officers:

<b>Sustainability</b>	<p><b>Objective: Sustainability and, more particularly, a reduction in Kering's environmental impact, in line with the strategy for 2025</b></p> <ul style="list-style-type: none"> <li>- continue to embed an active sustainability culture across all Group entities and supply chains;</li> <li>- eliminate single-use plastics from B2C packaging;</li> <li>- step up and run sustainability partnerships and initiatives in conjunction with universities;</li> <li>- add more ESG indicators to the existing list;</li> <li>- lead the Fashion Pact, positioning Kering at the vanguard of the international industry and attracting new members;</li> <li>- establish and lead the Watches and Jewellery Initiative 2030 coalition.</li> </ul> <p><b>Objective: Ethics</b></p> <ul style="list-style-type: none"> <li>- strengthen the culture of ethics within the Group;</li> <li>- conduct internal communication initiatives to promote this culture;</li> <li>- increase the number of employees who have completed the new Code of Ethics e-learning module.</li> </ul>
<b>Organization and talent management</b>	<p><b>Commitment shown by executive corporate officers through championing, supporting and leading initiatives to:</b></p> <ul style="list-style-type: none"> <li>- increase diversity in the workforce, with a particular emphasis on achieving gender balance;</li> <li>- ensure that succession plans are in place for Executive Committee members and key positions, as well as talent development overall;</li> <li>- entrench Kering's culture and values and to enhance organizational efficiency and ensure the Group remains in step with new business priorities and changing external conditions.</li> </ul>
<b>Corporate social responsibility</b>	<p><b>Commitment shown by executive corporate officers through regular communication about compliance issues, to provide real leadership:</b> The Chairman and Chief Executive Officer and the Group Managing Director must issue at least one compliance-related message every year, emphasizing the importance to the Group of having a Culture of Integrity. This message must be supported by an equivalent message from the Houses' CEOs.</p>

2022 non-financial targets used to determine the multi-annual variable remuneration of executive corporate officers:

<b>Proportion of women in executive management roles</b>	10%	<p>Increase the proportion of women in Top 450 roles to 48% by 2024</p> <ul style="list-style-type: none"> <li>- Proportion &lt; 40%: 0 shares</li> <li>- Proportion between 40% and 48%: 50% of the shares relating to the criterion</li> <li>- Proportion ≥ 48%: 100% of the shares relating to the criterion</li> </ul>
<b>Biodiversity</b>	10%	<p>Switch over to regenerative agriculture practices by 2024 on 400,000 hectares of land linked to Kering's supply chain and protect 500,000 hectares in key areas that are not part of the supply chain</p> <ul style="list-style-type: none"> <li>- No targets met: 0 shares</li> <li>- One of the two targets met: 50% of the shares relating to the criterion</li> <li>- Both targets met: 100% of the shares relating to the criterion</li> </ul>

**5. What conclusions do you draw from the new ways of working adopted in relation to the COVID-19 pandemic (remote working, digitalization of communication methods, increased flexibility, etc.) within your company in terms of their impact on working conditions? How does your Human Resources strategy now accommodate those new ways of working? What dialogue has taken place between management and employees on this matter (agreements, joint discussions on future ways of working; etc.) across all your business lines and regions?**

The organization of working time remains a topic addressed by the Group's Houses and varies 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 environmental guidelines, including those relating to the health crisis.

The Group and its Houses are implementing actions in favor of a better organization of professional and personal lives, benefiting both men and women and based around three pillars:

**1. Operating a strong parental leave policy:** The 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 circumstances, guaranteeing all Group employees worldwide the same minimum benefits on the arrival of a child, namely 14 weeks' paid leave.

**2. Encouraging, where possible, more flexible work methods that enable employees to better organize their lives:** Flexible work was suggested by Kering employees as a way of improving quality of life at work and enhancing work-life balance, in response to the open-ended question included in the employee opinion survey conducted in 2019 and 2021 in all host countries. Flexible work has been discussed as part of management-employee dialogue at the local level, and in 2021 flexible working was included in the measures deployed by the Group and its Houses as part of their action plans, addressing this desire among employees for more flexible organizational and working methods.

**3. Creating a work environment in which work-life balance is both an objective and a reality:** Since 2016, Kering has been a member 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 social security programs. Kering continues to contribute to the work of the French-speaking ILO network and has been involved in the production of three guides to best practice. The most recent of these, "Adopting a strategy of parental support and measuring its impact" was published in 2021.

**6. To enable us to assess changes from one year to the next, we are asking again the question we asked in 2021, for which answers did not reach a level deemed satisfactory. Do you have a definition of a "decent salary" that is not limited to the statutory local minimum wage? If so, what is it? How does your company ensure that its employees and its suppliers' employees receive a decent salary?**

In line with its values and convictions regarding social responsibility, Kering is committed to offering all of its employees a decent salary for their work. A decent salary must provide a decent standard of living for the worker and her or his family. By doing this, Kering is helping to build a fairer and more inclusive society.

To develop its decent salary policy and ensure that it is applied properly **within the Group**, a global study was conducted to define Kering standards that would ensure a decent standard of living for each employee and his or her family in each of the countries in which the Group operates. Food, water, housing, education, healthcare and other essential needs are included in the definition of a decent living standard. Decent salaries are calculated according to the local context and a list of criteria defined by an independent organization, such as the size of the employee's household and the average number of people likely to be contributing to a household's income. To ensure the reliability and legitimacy of these figures, the Group uses the methodology of the Fair Wage Network, which collects and analyzes existing information in different countries against a single benchmark. New research that becomes available in each country is systematically integrated. This committed approach will help Kering fine-tune and strengthen its commitment over the years.

Kering's standards regarding decent salaries apply to the fixed portion of staff members' remuneration. They significantly exceed statutory minimum wages governed by applicable local laws and collective industry agreements. They will apply in all of the 50 countries in which the Group operates by 2023.

Decent salaries supplement Kering's [Human Rights Policy](#), which it published in early 2021. In this policy, Kering fully recognizes the right of its employees to work in an environment that is both fulfilling and stimulating and to receive compensation that is fair and proportional to the work carried out.



**In its supply chains**, Kering's commitment to providing a decent salary 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.

Since the launch of B4IG (Business for Inclusive Growth) in 2019, Kering has been a member of this coalition, which is committed to combating inequality in terms of income and opportunities. In 2021, B4IG made decent salaries a corporate priority by setting up a working group dealing specifically with the matter. Kering is heavily involved in that working group, which enables it to explore various methodologies and partners in order to develop its own approach to the matter within its own value chain.

Alongside other companies, Kering, the Fair Wage Network and the CNMI (Camera Nazionale della Moda Italiana) also carried out a study in Italy in 2020 to evaluate salaries in the luxury industry. In a pragmatic approach to obtain more control over our supply chain, we joined the CNMI's Social Responsibility Committee in 2019. With support and expertise from the Fair Wage Network, this committee assessed the remuneration practices of manufacturers in the luxury goods sector by examining their wage levels and wage-setting methods, while also evaluating the overall wage framework in Italy.

- 7. 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 or Finansol labels)? How do you explain the continuing presence of non-responsible funds in the absence of any difference in returns and given that the Paris financial center is a leader in this area?**  
**In your other countries, do your savings arrangements for your staff members (retirement savings or other) also factor in ESG criteria?**  
**How does the board of directors or supervisory board encourage staff members to subscribe to these types of employee savings funds?**

In 2022, Kering changed its employee and retirement savings arrangements within each of the Group's French subsidiaries. As part of those changes, Kering introduced a new unified range of funds for all French subsidiaries. 70% of funds in the new range have labels, and there is a wide choice of responsible investment funds, including money-market funds, European and international equity funds, diversified funds and cautious investment funds. The responsible funds have been awarded the ISR, Greenfin and CIES labels. The introduction of the new range of funds, offering a wide array of risk levels, will allow all employees to invest responsibly regardless of whether they have a conservative or dynamic investor profile. However, figures show that 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, along with all of its executive and supervisory bodies, is committed to ensuring that its employee savings arrangements are of high quality and suited to the various markets. Kering is committed to communicating with and informing employees about the choice of responsible investments open to them, while respecting the fact that selecting savings and retirement investments is a matter for employees themselves.

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 currently in place allow for less flexibility.

## **GOVERNANCE**

- 8. Do you publish a charter detailing your commitment to tax responsibility?**

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

**If so, is tax responsibility integrated more broadly into your approach to social responsibility?**

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

Accordingly, since Kering is aware of how important taxes are for the economy and for maintaining social cohesion, and as part of its commitment to social responsibility, Kering is determined to ensure that Group entities pay the tax they are meant to pay in all countries in which they operate.

**Does your Board review and approve this charter?**

The Kering group's tax policy has been reviewed and approved by the Board's Audit Committee.



**Do you report annually on the application of this charter's principles through a tax responsibility report?**

Currently, the Group's tax matters and compliance with the principles set out in our tax policy are presented twice per year to the Board's Audit Committee. The Chair of the Audit Committee then reports to the Group's Board of Directors.

**Does the report give details of tax paid in each country?**

The tax paid in each country forms part of a dedicated report ("Country-by-Country Reporting" or CBCR) which, in accordance with the rules in force, Kering files with the French tax authorities through the Group's ultimate shareholder, Financière Pinault SCA.

**9. Do you publish a responsible lobbying\* charter?**

**Are you a member of professional associations that adopt positions on some matters that are controversial in regard to the public interest? If so, what action are you taking to make those associations change their position?**

**Across your entire geographical scope, what human and financial resources do you allocate to lobbying?**

\* "Lobbying is playing a growing role in public decision-making. The organizations concerned (companies, professional organizations, non-profits, public-sector bodies, etc.) spend a lot of time and money on lobbying. When conducted with integrity and when its use is made clear and transparent, lobbying can play a positive role and help give public-sector decision-makers information that is useful for them to consider. However, unregulated lobbying can give rise to abuses, the effect of which is that decisions are taken more in response to specific private-sector interests than the public interest." (Transparency International)

As part of its overall sustainability strategy, Kering agrees that a responsible approach to lobbying is needed, 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. Although it has not published any responsible lobbying charter to date, Kering complies fully with the requirements of its Code of Ethics in this matter, and 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 Commission's transparency register.

Any lobbying activity carried out by Kering is done by four members of its Institutional Affairs department (two of whom work full-time and two part-time). In 2021, they carried out no direct lobbying. Institutional meetings attended by those four 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.

In 2021, all resources used by the Group in relation to lobbying consisted of contributions to professional or industry associations (Association Française des Entreprises Privées, British Fashion Council, Comité Colbert, etc.). In this area, we are particularly careful to ensure that Kering is not a member of any professional association that may have positions that are controversial in regard to the public interest.

As stated in the 2021 Universal Registration Document (p. 255), these contributions totaled €1,503,318 in 2021. Of that sum, €272,000 can be attributed to lobbying activities, since the activities of these associations and federations are much broader than lobbying alone.

**10. France's duty of care act provides for a duty of care plan to be prepared in conjunction with the company's stakeholders, including staff representative bodies. In addition, one of the plan's measures must include setting up a whistleblowing system for raising and receiving alerts about the existence or realization of risks, established in conjunction with representative unions. Unions have grass-roots knowledge, along with the ability to alert the company and pass on useful information to help the company fulfill its duty of care.**

**How does your Group include its staff representative bodies – at the local and global levels – in the various stages of preparing, updating and implementing its duty of care plan?**

**What resources does the Group provide to them to fulfill that task? How are staff representative bodies involved in reporting on the duty of care plan's effective implementation?**

Respect for human rights and the protection of the environment are central values for Kering, which considers the requirements of France's duty of care act to be an integral part of its ethical commitments. Kering's duty of care plan, based around the act's five pillars, is presented in a dedicated section within Chapter 5 of the Group's 2021 Universal Registration Document.

The plan was prepared after the 2021 update to the risk map, which aims to identify serious risks to and infringements of human rights and fundamental freedoms, severe harm to the health and safety of individuals, and serious damage to the environment, resulting from the Group's activities and its supply chains. This risk map, along with the related action plan, involved various internal stakeholders of the Group and its Houses, particularly from the Compliance, Sustainability, Human Resources, Inclusion & Diversity, Internal Audit and Safety functions. Those functions were also involved in preparing the duty of care plan and are responsible for implementing measures intended to prevent serious breaches of human rights and fundamental freedoms and serious damage to the environment, including within the Group's supply chains. The duty of care plan was also presented in a plenary meeting of Kering's European Works Committee in December 2021, during which members were able to ask questions and request clarifications. Those discussions were included in the minutes of the meeting, which were sent to the Committee's members along with a copy of the duty of care plan.

As well as these regulatory obligations, Kering promotes constant dialogue with its staff representative bodies throughout the year through regular reports and communication campaigns, in order to seek their opinions and feedback and identify areas for improvement. Kering carries out an in-house opinion survey every two years to measure the level of engagement among all employees of the Group and its Houses. In 2021, in addition to the standard questions, the survey included ten new questions on the theme of Inclusion & Diversity. The response rate was 87% and the results produced an engagement rate of 82%, despite the difficult circumstances. After that survey, the Group Executive Committee and the CEOs of Group Houses prepared and shared detailed action plans with their employees and have committed to responding to the expectations expressed.

In addition, all Group employees, as well as those of any service provider or external partner with whom the Group and/or its Houses maintain contractual relationships, can report an ethical issue through the whistleblowing system set up by the Group. In 2020, Kering undertook an extensive communication campaign designed particularly to remind employees of its direct suppliers about the existence of its whistleblowing system and how it works.

## II. Question received from PETA

**Just months ago, a PETA Asia investigation into an Indonesian slaughterhouse supplying Gucci revealed that workers bashed lizards in the head with machetes and hacked at their necks up to 14 times before they were decapitated. Due to lizards' unique physiology, their brains were probably conscious for over 30 minutes after they had been beheaded.**

**We are pleased to see Kering embracing innovative, animal-free materials, including via a partnership with Bolt Threads to create a supply chain for mushroom leather and Gucci's release of an in-house vegan leather containing wood compounds. This needs to be the rule, not the exception, if the company is to appeal to today's smart, young, compassionate consumers. When will Kering take seriously its need to evolve to stay relevant by using only sustainable, luxurious vegan materials that don't involve the torture and slaughter of exotic animals?**

Kering has always been committed to ensuring high standards in terms of animal welfare, sustainability and working conditions when sourcing precious skins.

In 2018, we formally adopted these Animal Welfare Standards and made them public. In particular, we took the decision to restrict purchases of skins to certain species and sources only.

Our traceability and verification system ensures that the skins we use come exclusively from supply chains that meet the Kering Animal Welfare Standards.

Our aim is for our key raw materials to be 100%-traceable by 2025. The precious skins used by the Group are already 96%-traceable, *i.e.* up to the farm or abattoir.

While supporting breeders that ensure animal welfare, Kering is also investing in research into innovative materials such as mycelium or bio-based leather, in order to expand the range of environmentally friendly and responsible materials available in the Luxury industry.

Finally, we are aware of the report you mention, and we responded to the allegations by sending a message to PETA.